

PERAK CORPORATION BERHAD
Company No: 199101000605 (210915-U)
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter Ended 30/09/2022 RM'000	Preceding Year Corresponding Quarter Ended 30/09/2021 RM'000	Current Year Ended 30/09/2022 RM'000	Preceding Year Corresponding Period Ended 30/09/2021 RM'000
REVENUE	37,612	50,661	109,427	117,827
COST OF SALES	(8,722)	(15,407)	(25,835)	(31,809)
GROSS PROFIT	28,890	35,254	83,592	86,018
Administrative expenses	(22,455)	(17,360)	(66,086)	(57,115)
Other income	391	1,639	2,976	3,506
Other expenses	(190)	(1,047)	(580)	(2,478)
Net reversal of impairment losses on receivables	(38)	(586)	1,748	(172)
OPERATING PROFIT	6,598	17,900	21,650	29,759
Finance costs	(1,312)	(4,079)	(6,329)	(7,676)
PROFIT BEFORE TAX	5,286	13,821	15,321	22,083
Tax expense	(2,525)	(4,838)	(7,508)	(10,580)
PROFIT FROM CONTINUING OPERATIONS	2,761	8,983	7,813	11,503
LOSS FROM DISCONTINUED OPERATION	-	(7,781)	-	(22,819)
NET PROFIT/(LOSS) FOR THE FINANCIAL PERIOD	2,761	1,202	7,813	(11,316)
OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD, NET OF TAX	-	-	-	-
TOTAL COMPREHENSIVE PROFIT/(LOSS) FOR THE FINANCIAL PERIOD	2,761	1,202	7,813	(11,316)
NET PROFIT/(LOSS) / TOTAL COMPREHENSIVE PROFIT/(LOSS) FOR THE FINANCIAL PERIOD ATTRIBUTABLE TO:				
Owners of the Company	(828)	1,620	(3,115)	(10,700)
Non-controlling interest	3,589	(418)	10,928	(616)
	2,761	1,202	7,813	(11,316)
Profit/(Loss) per share attributable to equity holders of the parent (cent)				
Basic/diluted				
- continuing operations	(0.83)	5.59	(3.12)	0.94
- discontinued operation	-	(3.97)	-	(11.64)
Total	(0.83)	1.62	(3.12)	(10.70)

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

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INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As at 30/09/2022 RM'000	As at 31/12/2021 RM'000 (Audited)
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	90,812	92,845
Right-of-use assets	92,078	93,030
Port facilities	147,012	140,584
Investment properties	7,375	7,588
Other investments	25	25
Intangible assets	25,388	26,058
Inventories	1,330	1,330
	<u>364,020</u>	<u>361,460</u>
CURRENT ASSETS		
Inventories	105,716	105,595
Receivables, deposits and prepayments	83,687	31,445
Finance lease receivable	-	57
Current tax assets	1,611	461
Other investments	4,295	4,293
Deposits, bank and cash balances	54,682	45,897
	<u>249,991</u>	<u>187,748</u>
TOTAL ASSETS	<u>614,011</u>	<u>549,208</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		
Share capital	272,770	272,770
Accumulated losses	(197,036)	(193,921)
	<u>75,734</u>	<u>78,849</u>
Non-controlling interests	150,209	139,281
TOTAL EQUITY	<u>225,943</u>	<u>218,130</u>
LIABILITIES		
NON-CURRENT LIABILITIES		
Loans and borrowings	60,504	24,593
Deferred tax liabilities	13,024	12,573
	<u>73,528</u>	<u>37,166</u>
CURRENT LIABILITIES		
Loans and borrowings	123,549	158,619
Payables and accrued liabilities	188,726	132,715
Current tax payable	2,265	2,578
	<u>314,540</u>	<u>293,912</u>
TOTAL LIABILITIES	<u>388,068</u>	<u>331,078</u>
TOTAL EQUITY AND LIABILITIES	<u>614,011</u>	<u>549,208</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
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INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Issued and fully paid share capital RM'000	Accumulated losses RM'000	Total RM'000	Non- controlling interest RM'000	Total equity RM'000
At 1 January 2022	272,770	(193,921)	78,849	139,281	218,130
<u>Total comprehensive (loss)/profit for the financial year</u>					
Net (loss)/profit for the financial year	-	(3,115)	(3,115)	10,928	7,813
At 30 September 2022 (unaudited)	<u>272,770</u>	<u>(197,036)</u>	<u>75,734</u>	<u>150,209</u>	<u>225,943</u>
(Audited)					
At 1 January 2021	272,770	(181,295)	91,475	(208,210)	(116,735)
<u>Total comprehensive loss for the financial year</u>					
Net loss for the financial year	-	(12,626)	(12,626)	(3,346)	(15,972)
<u>Changes in ownership interests in subsidiaries</u>					
Effects arising from changes in composition of the Group	-	-	-	355,837	355,837
<u>Total transactions with owners, recognised directly in equity</u>					
Dividend paid by a subsidiary to non-controlling interests	-	-	-	(5,000)	(5,000)
At 31 December 2021	<u>272,770</u>	<u>(193,921)</u>	<u>78,849</u>	<u>139,281</u>	<u>218,130</u>

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

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INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	30/09/2022 RM'000	30/09/2021 RM'000
OPERATING CASH FLOW		
Cash collection from trade/other receivables	170,629	171,055
Cash received from other income	2,953	3,421
Cash paid for other expenses	(56,523)	(53,558)
Cash paid to trade/other payables	(29,066)	(26,960)
Cash paid for tax	(7,679)	(8,742)
Cash flow from operating activities (discontinued operation)	-	(1,075)
Net operating cash flow	<u>80,314</u>	<u>84,141</u>
INVESTING CASH FLOW		
Interest received	329	364
Dividend income received	2	4
Proceeds from disposal of property plant & equipment	-	38
Purchase of property plant & equipment	(708)	(644)
Purchase of port facilities	(13,347)	(12,521)
Development costs	(94)	(475)
Net investing cash flow	<u>(13,818)</u>	<u>(13,234)</u>
FINANCING CASH FLOW		
Cash repayment from amounts borrowed	(57,061)	(45,047)
Dividend paid to non-controlling interests	-	(5,000)
Interest paid	(651)	(3,322)
Placement of fixed deposits	(254)	(262)
Cash flow from financing activities (discontinued operation)	-	1,119
Net financing cash flow	<u>(57,966)</u>	<u>(52,512)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	8,530	18,395
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	24,940	20,296
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	<u>33,470</u>	<u>38,691</u>
Cash and cash equivalents comprise :		
Deposits, bank and balances	54,682	60,120
Less:		
Deposits pledged with banks	(2,329)	(2,857)
Fixed deposits with maturity of more than 3 months	(13,829)	(13,548)
Overdraft	(5,054)	(5,024)
Cash and cash equivalents	<u>33,470</u>	<u>38,691</u>

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

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NOTES TO THE INTERIM FINANCIAL STATEMENTS
- THIRD QUARTER ENDED 30 SEPTEMBER 2022

A1 Basis of Preparation

The interim financial report is unaudited and has been prepared in accordance with MFRS134 Interim Financial Reporting and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia”). The interim financial report should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2021.

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 2021.

As at 30 September 2022, the Group’s current liabilities exceeded its current assets by RM64.5 million (2021: RM106.2 million). As at that date, deposits, cash and bank balances of the Group totalled RM54.7 million and borrowing due repayment over the next 12 months after reporting date totalled RM123.5 million.

The financial statements of the Group and the Company are prepared on a non-going concern basis. There has been no change in the basis of preparation since the previous financial year. As part of the regularisation efforts, management have initiated a private debt settlement arrangement and are in discussion with bankers to complete the proposed debt settlement agreements. At the date of this report, discussions with bankers are ongoing.

On 28 February 2022, Bursa Malaysia extended the regularisation plan submission dateline to 10 August 2022. On 9 August 2022, the Company has submitted an application to Bursa Malaysia to seek a further extension of time of twelve (12) months i.e. up to 9 August 2023 to submit the Company’s regularisation plan to the relevant regulatory authorities. On 2 September 2022, Bursa Malaysia has decided to grant the Company an extension of time up to 10 February 2023 to submit its regularisation plan to the relevant regulatory authorities. As of the date of this report, the regularisation plan is still being formulated.

The key chronological events are laid out below with the key determinants considered by directors in concluding on the above basis of preparation.

Key chronological events

Default of syndicated term loan by Animation Theme Park Sdn. Bhd.

On 26 September 2019, Animation Theme Park Sdn. Bhd. (“ATP”), a direct 51% owned subsidiary of PCB Development Sdn. Bhd. (“PCB Development”), which in turn was a wholly owned subsidiary of the Company, defaulted on a RM25.7 million principal repayment of its syndicated term loan of RM245.1 million representing the principal amount drawn down and interest due at the event of default. 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 liabilities” as at 31 December 2019 are borrowings totalling RM191.8 million with cross default provision under different financing facilities undertaken by companies within the Group which are now repayable on demand.

Appointment of receiver and manager

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, was classified as 'assets held for sale' under current assets as at 31 December 2019. On 28 January 2020, receiver and manager of ATP decided to close the operation of ATP's Theme Park.

Demand of full payment from PCB Development Sdn. Bhd. of the syndicated Term Loan pursuant to the Corporate Guarantee

On 18 December 2019, AHIB demanded from PCB Development 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 PCB Development in favour of AHIB for the syndicated term loan provided to ATP.

Event of default declared on the Company

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 of RM3.3 million on 31 January 2020 for the outstanding credit facilities of RM75.9 million representing the principal amount drawn down and interest due as at the date of the event of default relating to Musharakah Mutanaqisah Term Financing-i and Tawarruq Revolving Credit-i.

Declaration of PN17 status by the Company

After taking into consideration the Group's cash flow position vis-a-vis its total debt obligations payable and the available cash flow then, 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. As a result of the COVID-19 pandemic, Bursa Malaysia had announced temporary relief on 26 March 2020 whereby the Company has 24 months to submit its regularisation plan to Bursa Malaysia from the date it was first announced as PN 17 Company, which was due on 11 February 2022. On 28 February 2022, Bursa Malaysia has decided to grant the Company an extension of time up to 10 August 2022 to submit its regularisation plan. On 9 August 2022, the Company has submitted an application to Bursa Malaysia to seek a further extension of time of twelve (12) months i.e. up to 9 August 2023 to submit the Company's regularisation plan to the relevant regulatory authorities. On 2 September 2022, Bursa Malaysia has decided to grant the Company an extension of time up to 10 February 2023 to submit its regularisation plan to the relevant regulatory authorities. At the date of this report, management is in the midst of formulating a proposed regularisation plan.

Cross defaults declared on the Company and PCB Taipan Sdn. Bhd.

Following the declaration of an event of default by AIB for the credit facilities extended to the Company and the Company's declaration being a PN 17 company, CIMB Bank Berhad ("CIMB") had 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. ("PCB Taipan") respectively and demanded full payment of RM91.3 million representing the principal amount drawn down and interest due as at the date of the event of default within 14 days from 28 February 2020.

Proposed Scheme of Arrangement with Non-Financial Institutions creditors

On 23 July 2020, the High Court of Malaya in Ipoh, Perak Darul Ridzuan granted the Company and its wholly owned subsidiary, PCB Development (collectively "the Scheme Companies") to convene a Secured Creditor's Meeting (hereinafter "the Court Convened Creditors' Meeting") pursuant to Section 366 of the Companies Act 2016 (hereinafter "the Act") for the purpose of taking into account and if deemed appropriate, to approve with or without modification, a proposed scheme of arrangement and compromise between the Applicant and its Secured Creditors ("the Scheme Creditors") within ninety (90) days from 23 July 2020.

Extensions of time granted for the Proposed Scheme Arrangement with Non-Financial Institutions Creditors

On 19 October 2020, the High Court of Malaya in Ipoh, Perak Darul Ridzuan granted the Scheme Companies further extension of 90 days from 19 October 2020 to convene the Court Convened Creditors' Meeting pursuant to Section 366 of the Companies Act 2016. On 8 January 2021, the Court Convened Creditors' Meetings for the Non-Financial Institutions creditors and Direct Financial Institutions creditors of the Company, Corporate Guarantee Financial Institutions and Non-Financial Institutions creditors of PCB Development were adjourned. On 13 January 2021, the High Court of Malaya in Ipoh, Perak granted a further extension of the Restraining Order for a period of ninety (90) days and a period of one hundred eighty (180) days from 13 January 2021 to convene a new Court Convened Creditors' Meeting with the Scheme Creditors pursuant to the provisions of Section 366 of the Companies Act 2016 for the purpose of considering the Proposed Scheme of Arrangement.

On 9 April 2021, the Scheme Companies obtained another extension for the restraining order pursuant to Section 366 and 368 of the Companies Act 2016 from the High Court of Malaya at Ipoh granting the Scheme Companies additional time of ninety (90) days to finalise the proposed scheme of arrangement and compromise between the Scheme Companies and the Scheme Creditors pursuant to Section 366 of the Companies Act 2016.

Approvals of the Scheme of Arrangement by the Non-Financial Institutions Creditors and the Court
On 19 April 2021, the Company and PCB Development obtained the approval from their respective Non-Financial Institutions creditors for an Explanatory Statement, together with the Notice to convene the meetings of the new scheme creditors, comprising of unsecured creditors other than the banks and financial institution ("New Scheme Creditors") issued on 26 March 2021, pursuant to the provisions of Section 366 of the Companies Act 2016 for the purpose of considering the Proposed New Scheme of Arrangement ("PNSA"), to the New Scheme Creditors pursuant to the Section 366 and other relevant provisions of the Companies Act 2016.

On 7 May 2021, the High Court had approved and sanctioned the Proposed Scheme of Arrangement as detailed in the Explanatory Statement dated 26 March 2021 and the sealed order granted thereof had been extracted on 11 May 2021 following an application made by the Scheme Companies pursuant to section 366(3), (4), (5), (6) and (7) of the Companies Act 2016 for the sanction and approval of the Proposed Scheme of Arrangement. The Proposed Scheme of Arrangement shall be binding on the Scheme Companies and the New Scheme Creditors.

Proposed Private Debt Settlements with Financial Institutions

On 8 November 2021, the Company had entered into debt settlement agreements with AIB and CIMB for the proposed debt settlement of debts owing by the Company via cash settlement and via issuance of up to 35,814,980 redeemable cumulative preference shares ("RPS") at an issue price of RM1.00 per RPS. The proposed debt settlement and proposed amendments to the Constitution of the Company to facilitate the issuance of RPS under the proposed private debt settlement were approved by the shareholders of the Company during the Extraordinary General Meeting held on 31 January 2022.

The debt settlement agreements with AIB and CIMB shall be conditional upon the certain terms and conditions precedent to be fulfilled, for AIB by 31 March 2022 and for CIMB by 30 June 2022. On 21 August 2022, CIMB has agreed to extend the conditions precedent completion date until 31 October 2022. On 23 September 2022, AIB has approved the extension of time to the debt settlement agreement for another 8 months up till 30 November 2022 to remit the cash settlement amount and the extension of time is subject to additional compensation charges until full settlement of the outstanding debt as referred to the debt settlement agreement. As at the date of this report, the Company is seeking to amend certain terms under the debt settlement agreements with AIB and CIMB respectively.

Presently, PCB Taipan and CIMB are still in the midst of formulating the private debt settlement framework for the debt owing by PCB Taipan as part of the private debt settlement plan currently undertaken by the Group.

Creditor's Voluntary Winding-Up of PCB Development Sdn. Bhd.

On 20 December 2021, the Company announced that PCB Development is undergoing a Creditors' Voluntary Winding where Mr Andrew Heng and Ms Anoopal Kaur of Baker Tilly Insolvency PLT have been appointed as the Interim Liquidators of PCB Development to commence the Creditors' Voluntary Winding Up proceedings pursuant to Section 440(1) of the Companies Act 2016. The meetings of the PCB Development shareholders and the creditors of PCB Development are scheduled to be held within thirty (30) days from 20 December 2021.

On 6 January 2022, a meeting of PCB Development and a meeting of creditors of PCB Development were held, Mr Andrew Heng and Ms Anoopal Kaur of Baker Tilly Insolvency PLT ("Liquidators") have been appointed as the Joint and Several Liquidators of PCB Development by way of a resolution of its members and creditors. As a result, the Liquidators has assumed control of PCB Development's business undertakings and all powers of the directors and management now vest in the Liquidators.

The Creditors' Voluntary Winding Up is necessary in view of PCB Development's inability to address and resolve all debts owing to its creditors. The shareholder of PCB Development has resolved to not provide further financial assistance to PCB Development. As such, PCB Development cannot by reason of its liabilities to continue business as usual.

The assets of PCB Development to be realised by the Liquidators will be utilised to settle all the unsecured creditors not settled under the approved and sanction Scheme of Arrangement, including the syndicated term loan lenders.

As the Company lost control of PCB Development and its subsidiary, ATP, the Company derecognised the assets and liabilities of these former subsidiaries from the consolidated statement of financial position as at 20 December 2021 and recognised the gain associated with the loss of control attributable to the former controlling interest.

Regularisation Plan

The submission of its regularisation plan to Bursa Malaysia was due on 11 February 2022. The Company had on 4 February 2022 submitted an application to Bursa Malaysia for an extension of time for a period of 12 months up to 9 February 2023. On 28 February 2022, Bursa Malaysia extended the regularisation plan submission dateline to 10 August 2022. On 9 August 2022, the Company has submitted an application to Bursa Malaysia to seek a further extension of time of twelve (12) months i.e. up to 9 August 2023 to submit the Company's regularisation plan to the relevant regulatory authorities. On 2 September 2022, Bursa Malaysia has decided to grant the Company an extension of time up to 10 February 2023 to submit its regularisation plan to the relevant regulatory authorities.

With the resolutions of majority of the debt issues, the Company is in the midst of formulating a plan to regularise its financial conditions to achieve the following:

- (a) complete the proposed debt settlements, which is an important milestone towards resolving/restructuring its debt obligations and rehabilitate its business viabilities through the private debt settlement agreements;
- (b) repayment of the Group's future debt obligations via the redemption of RPS to be issued to the financial institutions and New Scheme Creditors as well as the settlement to the New Scheme Creditors in the ordinary course of business; and
- (c) improve the financial state of the Group by securing new projects/business to revitalise the Group's existing ports and logistics, property development and hospitality and tourism business segments.

Key determinants in arriving at the basis of preparation of the financial statements on a non-going concern basis

The main determinant to resolve the Group's and the Company's non-going concern issue is the ability of the Group to repay their loans and borrowings with the financial institutions. As at 30 September 2022, the total loans and borrowings of the Group amounted to RM184.1 million (2021: RM183.2 million), constituted about 47.4% of the total liabilities of the Group.

In addition, out of the total loans and borrowings of the Group, RM123.5 million (2021: RM158.6 million) are due repayable on demand or within 1 year.

The bank and cash position of the Group as at 30 September 2022 of RM54.7 million, together with the projected cash inflows to be generated from the on-going projects undertaken by the entities within the Group are insufficient to settle the loans and borrowings due for repayment on demand or within 1 year.

As the private debt settlement arrangement is still under discussion with the banks as at the date of this report, the directors are of the view that the Group is unable to realise its assets and discharging its liabilities and obligations in the normal course of business. The directors are of the view that the Group's ability to continue its operations and business had been significantly curtailed since the previous financial year and continued to be curtailed up to the date of this report. In view of this, the directors continued to prepare the consolidated financial statements of the Group for the financial period ended 30 September 2022 on a non-going concern basis. Consequently, the directors applied the requirements of paragraph 25 of MFRS 101 "Presentation of Financial Statements" which states that "...*When an entity does not prepare financial statements on a going concern basis, it shall disclose that fact, together with the basis on which it prepared the financial statements and the reason why the entity is not regarded as a going concern.*"

Basis of measurement

Accordingly, 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 and the Company as disclosed above. This includes realisation of assets through forced sale transactions, where applicable;
- 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 and of the Company 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 and the Company have 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 of the Group and the Company do not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

A2 Significant Accounting Policies

The accounting policies applied by the Group in these condensed consolidated financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2021 save for the adoption of the following new Malaysian Financial Reporting Standards (“MFRS”) and Interpretations, and amendments to certain MFRSs and Interpretations:

MFRSs and/or IC Interpretations (Including the Consequential Amendments)	Effective Date
Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material impact on the Group’s financial statements.

The Group has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial period:-

MFRSs and/or IC Interpretations (Including the Consequential Amendments)	Effective Date
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 17 Insurance Contracts	1 January 2023
Amendment to MFRS 17: Initial Application of MFRS 17 and MFRS 9 – Comparative Information	1 January 2023
Amendment to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application.

A3 Discontinued Operations

A discontinued operation is a component of the entity that has been ceased operation. The Group therefore presents and disclose in its financial statements, the financial effects of discontinued operations in accordance to MFRS 5 (Non-Current Assets Held For Sale and Discontinued Operations). The results of discontinued operation are presented separately in the statements of comprehensive income.

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 receivership strategy, the R&M ceased the operations of MAPS on 28 January 2020. Thereafter, the R&M would proceed to conduct an offer for sale exercise to identify strategic investors for the sale of the charged assets of ATP.

On 20 December 2021, the immediate holding company of ATP, PCB Development was put under Creditors’ Voluntary Winding Up pursuant to Section 440(1) of the Companies Act 2016. As a result, the Company lost control of PCB Development and its subsidiary, ATP. Accordingly, the financial performance and cash flow information of ATP were included in discontinued operation up to 20 December 2021.

In presenting the discontinued operations, the Group continued to apply MFRS 10: Consolidated financial statements which requires elimination of the intra-group transactions.

Financial performance and cash flow information of ATP presented as discontinued operation up to 20 December 2021.

The financial performance and cash flow information presented were for the three months and nine months ended 30 September 2021.

	Current Year Quarter Ended 30/09/2022 RM'000	Preceding Year Corresponding Quarter Ended 30/09/2021 RM'000	Current Year Ended 30/09/2022 RM'000	Preceding Year Corresponding Period Ended 30/09/2021 RM'000
Revenue	-	-	-	-
Cost of sales	-	-	-	-
Gross profit	-	-	-	-
Other income	-	-	-	-
Selling and distribution expenses	-	-	-	-
Administrative expenses	-	(499)	-	(1,505)
Impairment losses	-	-	-	-
Depreciation and amortisation expenses	-	(836)	-	(2,507)
Loss from discontinued operation	-	(1,335)	-	(4,012)
Finance costs	-	(6,518)	-	(19,023)
Loss before taxation	-	(7,853)	-	(23,035)
Tax credit	-	72	-	216
Net loss from discontinued operation	-	(7,781)	-	(22,819)
Net cash flow used in operating activities	-	(132)	-	(1,075)
Net cash flow generated from investing activities	-	-	-	-
Net cash flow generated from financing activities	-	361	-	1,119

A4 Changes in Estimates

There were no changes in estimates that have a material effect in the current financial period ended 30 September 2022.

A5 Changes in Composition of the Group

Casuarina Pangkor Sdn. Bhd. ("Casuarina Pangkor"), was a wholly owned subsidiary of PCB Leisure Sdn. Bhd, which in turn a wholly owned subsidiary of the Company. Casuarina Pangkor was struck off on 21 February 2020 and upon the application to the Court, being reinstated to the Registrar on 7 January 2022. Upon the reinstatement, Casuarina Pangkor will be able to carry on business transactions.

A6 Segmental Information

Segment revenue	Current Quarter Ended		Cumulative Year To Date	
	30/09/2022	30/09/2021	30/09/2022	30/09/2021
	RM'000	RM'000	RM'000	RM'000
Port & Logistics	32,542	27,874	93,144	87,056
Property development	-	21,210	-	23,039
Hospitality & tourism	5,229	1,207	16,686	6,392
Management services and others	1,657	6,709	5,418	10,109
Total revenue	39,428	57,000	115,248	126,596
Eliminations	(1,816)	(6,339)	(5,821)	(8,769)
	37,612	50,661	109,427	117,827
Segment results				
Profit/ (loss) before tax				
Port & Logistics	9,569	10,278	29,071	31,589
Property development	-	6,088	-	(9,839)
Hospitality & tourism	(374)	(11,107)	(981)	(31,310)
Management services and others	(199)	66,563	(8,888)	61,566
	8,996	71,822	19,202	52,006
Eliminations	(3,710)	(65,854)	(3,881)	(52,958)
	5,286	5,968	15,321	(952)

The discontinued operation was included and reported under the "Hospitality and Tourism" segment. The split by continuing operations and discontinued operation are as follows:

	Current Quarter Ended		Cumulative Year To Date	
	30/09/2022	30/09/2021	30/09/2022	30/09/2021
	RM'000	RM'000	RM'000	RM'000
Revenue				
Continuing operations	37,612	50,661	109,427	117,827
Discontinued operation	-	-	-	-
	37,612	50,661	109,427	117,827
Profit/ (loss) before tax				
Continuing operations	5,286	13,821	15,321	22,083
Discontinued operation	-	(7,853)	-	(23,035)
	5,286	5,968	15,321	(952)

All inter-segment transactions have been entered into in the normal course of business and have been established on negotiated terms.

All activities of the Group's operations are carried out in Malaysia.

There has been no material change in total assets and no differences in the basis of segmentation or in the basis of measurement of segment profit or loss as compared to the last financial statements.

Comparison between Quarter 3 2022 and Quarter 3 2021

Group Summary

The Group recorded revenue of RM37.6 million for the current quarter ended 30 September 2022 compared to revenue of RM50.7 million in the corresponding quarter of the previous financial year. Higher revenue in corresponding quarter of the previous financial year was mainly due to realisation of revenue from sale of land in property development segment of RM21.2 million which is non-recurring in current quarter. This is mitigated with higher revenue generated from port & logistics segment and its hospitality & tourism segment gradually recover from the slowdown caused by the global outbreak of COVID-19.

Port & Logistics

The port & logistics segment 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 (“LBT”) and rental of LMT port related industrial land. For the quarter under review, the revenue of RM32.5 million is higher than the corresponding quarter of previous financial year (30/09/2021: RM27.8 million) by 17% with higher throughput in current quarter. However, the profit before tax for the quarter under review of RM9.6 million is lower than corresponding quarter of previous financial year (30/09/2021: RM10.3 million) due to higher operating expenses e.g. maintenance charges and depreciation.

The summary results are as follows:

	Current Quarter Ended		% change
	30/09/2022	30/09/2021	
	RM'000	RM'000	
Revenue			
Port Operations	32,542	27,874	17%
Total	32,542	27,874	17%
Profit before tax			
Port Operations	9,569	10,278	-7%
Total	9,569	10,278	-7%
Throughput	metric tonnes	metric tonnes	% change
LMT	3,143,879	2,993,322	5.03%
LBT	1,217,372	887,250	37.21%
	4,361,251	3,880,572	12.39%

Property Development

The revenue from this segment in corresponding quarter of previous financial year mainly contributed by realisation of revenue from sale of land by a former subsidiary.

Hospitality & Tourism

The hospitality & tourism segment gradually recover from the slowdown caused by the global outbreak of COVID-19 pandemic and the implementation of various lockdown measures in Malaysia. This segment recorded revenue from hotel operations, food and beverage amounting to RM5.2 million for the current financial quarter under review compared to RM1.2 million in the corresponding quarter of previous financial year. The segment also generated a lower loss before tax of RM0.4 million for the current financial quarter as opposed to loss before tax of RM11.1 million in the corresponding quarter of previous financial year as a result of the improvement in revenue and the loss before tax from discontinued operations in corresponding quarter of previous financial year which is non-recurring due to the derecognition as at 20 December 2021.

Management Services and others

This segment reported a revenue of RM1.7 million in the current financial quarter under review (30/09/2021: RM6.7 million). Higher revenue in the corresponding quarter of previous financial year mainly contributed by dividend income from a subsidiary. The segment recorded a loss before tax of RM0.2 million for the current financial quarter under review as opposed to profit before tax of RM66.6 million in the corresponding quarter of previous financial year. Profit before tax recorded in the corresponding quarter of previous financial year mainly due to reversal of impairment loss on receivables within the group.

Comparison between Cumulative Year To Date Quarter 3 2022 and Quarter 3 2021

Group Summary

The Group recorded revenue of RM109.4 million for the current financial period ended 30 September 2022 compared to RM117.8 million in the corresponding period of the previous financial year. Higher revenue in corresponding period of the previous financial year was mainly due to realisation of revenue from sale of land and joint arrangement project in property development segment of RM23.0 million which is non-recurring in current quarter. This is mitigated with higher revenue generated from port & logistics segment and its hospitality & tourism segment gradually recover from the slowdown caused by the global outbreak of COVID-19. The Group generated a profit before tax of RM15.3 million for current financial period as opposed to a loss before tax of RM0.9 million in the corresponding period of the previous financial year.

Port & Logistics

The port & logistics segment remain the largest contributor to the Group's revenue amounting to RM93.1 million for the current financial period compared to RM87.1 million in the corresponding period of the previous financial year. The increase in revenue was mainly contributed by LMT activities such as wharf handling, diesel recovery, and stevedore coupled with increase in charge to LBT base operating payment.

The profit before tax of RM29.1 million in the current financial period is lower compared to RM31.6 million in the corresponding period of the previous financial year due to higher operating expenses e.g. maintenance charges and depreciation charge in the current financial period.

The summary results are as follows:

	Cumulative Year To Date		% change
	30/09/2022	30/09/2021	
	RM'000	RM'000	
		(Audited)	
Revenue			
Port Operations	93,144	87,056	7%
Total	93,144	87,056	7%
Profit before tax			
Port Operations	29,071	31,589	-8%
Total	29,071	31,589	-8%
Throughput	metric tonnes	metric tonnes	% change
LMT	8,910,797	9,100,032	-2.08%
LBT	3,465,511	3,211,834	7.90%
	12,376,308	12,311,866	0.52%

Property Development

The revenue from this segment in the corresponding period of previous financial year comprised realisation of revenue from sale of land and joint arrangement project by a former subsidiary.

Hospitality & Tourism

The hospitality & tourism segment recorded revenue of RM16.7 million for the current financial period compared to RM6.4 million in the corresponding period of the previous financial year. This segment posted a lower loss before tax of RM1.0 million for the current financial period compared to loss before tax of RM31.3 million in the corresponding period of previous financial year.

Management Services and others

This segment recorded a revenue of RM5.4 million in the current financial period compared to RM10.1 million in the corresponding period of previous financial year. Higher revenue in the corresponding quarter of previous financial year mainly contributed by dividend income from a subsidiary. This segment recorded pre-tax loss of RM8.9 million for the current financial period compared to profit before tax of RM61.6 million in the corresponding period of previous financial year. Profit before tax recorded in the corresponding quarter of previous financial year mainly due to reversal of impairment loss on receivables within the group.

A7 Comments about Seasonal or Cyclical Factors

The Group's operations 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.

A8 Profit/(Loss) for the Period

	Current Quarter Ended		Cumulative Year To Date	
	30/09/2022	30/09/2021	30/09/2022	30/09/2021
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) for the period is arrived at after crediting/(charging):				
<u>Continuing Operations</u>				
Interest income	103	1,222	291	1,569
Dividend income	2	4	2	4
Reversal of allowance for impairment loss on amount due from trade receivables	-	-	-	371
Reversal of allowance for impairment loss on amount due from other receivables	-	-	3	-
Reversal of allowance for impairment loss on amount due from ultimate holding co	-	-	1,164	43
Reversal of allowance for impairment loss on amount due from associate	-	-	711	-
Gain on disposal of property, plant and equipment	-	-	-	38
Interest expense	(1,312)	(4,079)	(6,329)	(7,676)
Depreciation and amortisation	(3,889)	(3,595)	(11,354)	(10,743)
Impairment losses on property, plant & equipment	(4)	(1,047)	(20)	(1,047)
Impairment losses on investment properties	-	-	-	(1,431)
Impairment losses on trade receivables	-	(60)	-	(60)
Impairment losses on other receivables	(38)	-	(130)	-
Impairment losses on amount due from fellow subsidiaries	-	(292)	-	(292)
Impairment losses on amount due from associates	-	(234)	-	(234)
Provision for slow moving inventories	(186)	-	(560)	-
<hr/>				
<u>Discontinued Operation:</u>				
Interest expense	-	(6,518)	-	(19,023)
Depreciation	-	(836)	-	(2,507)
<hr/>				

Save as disclosed above, there were no gain/loss on disposal of the quoted investment, during the current financial quarter as well as in the preceding corresponding quarter.

A9 Taxation

The taxation charge for the Group comprises:

	Current Quarter Ended		Cumulative Year To Date	
	30/09/2022	30/09/2021	30/09/2022	30/09/2021
	RM'000	RM'000	RM'000	RM'000
For continued operations:				
Income tax	2,375	4,530	7,058	9,655
Deferred Tax	150	308	450	925
Tax expense	<u>2,525</u>	<u>4,838</u>	<u>7,508</u>	<u>10,580</u>

The Group's effective tax rate for the current financial period was higher than the statutory tax rate of 24% (2021: 24%) principally due to losses incurred by certain subsidiaries not available to offset against profit made by other entities within the Group and certain expenses being disallowed for tax purposes.

A10 Loss Per Share

Loss per share is calculated by dividing loss for the quarter/period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares in issue during the current financial quarter/period by the Company.

	Current Quarter Ended		Cumulative Year To Date	
	30/09/2022	30/09/2021	30/09/2022	30/09/2021
Loss for the financial period attributable to owners of the Company (RM000)	(828)	1,620	(3,115)	(10,700)
Weighted average number of ordinary shares in issue ('000)	100,000	100,000	100,000	100,000
Loss per share (sen) for :	<u>(0.83)</u>	<u>1.62</u>	<u>(3.12)</u>	<u>(10.70)</u>

Continuing Operations

Loss for the financial period attributable to owners the parent (RM000)	(828)	5,588	(3,115)	938
Weighted average number of ordinary shares in issue ('000)	100,000	100,000	100,000	100,000
Loss per share (sen) for :	<u>(0.83)</u>	<u>5.59</u>	<u>(3.12)</u>	<u>0.94</u>

Discontinued Operation

Loss for the financial period attributable to owners the parent (RM000)	-	(3,968)	-	(11,638)
Weighted average number of ordinary shares in issue ('000)	100,000	100,000	100,000	100,000
Loss per share (sen) for :	<u>-</u>	<u>(3.97)</u>	<u>-</u>	<u>(11.64)</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 2021 and current financial period ended 30 September 2022.

A12 Cash and cash equivalents

Cash and cash equivalents comprised the following amounts:

	As at 30/09/2022 RM'000	As at 30/09/2021 RM'000
Deposits, bank and cash balances	54,682	60,120
Less:		
Deposits pledged with banks	(2,329)	(2,857)
Fixed deposits with maturity of more than 3 months	(13,829)	(13,548)
Overdraft	(5,054)	(5,024)
Cash and cash equivalents	<u>33,470</u>	<u>38,691</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.

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
30 September 2022				
Other investments	4,295	-	25	4,320
	<hr/>			
31 December 2021 (Audited)				
Other investments	4,293	-	25	4,318
	<hr/>			

A14 Borrowings

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

	As at 30/09/2022 RM'000	As at 31/12/2021 RM'000 (Audited)
<u>Secured</u>		
(a) <u>Current</u>		
Hire purchase and finance lease liabilities	801	736
Term financing-i	1,430	5,720
Business financing-i and cash line-i	28,942	28,942
Term loans	1,241	1,241
Revolving credits	86,081	116,955
Overdrafts	5,054	5,025
	<u>123,549</u>	<u>158,619</u>
(b) <u>Non-current</u>		
Hire purchase and finance lease liabilities	16,249	16,153
Term financing-i	8,440	8,440
Redeemable preference shares	35,815	-
	<u>60,504</u>	<u>24,593</u>
<u>Total borrowings</u>		
Hire purchase and finance lease liabilities	17,050	16,889
Term financing-i	9,870	14,160
Business financing-i and cash line-i	28,942	28,942
Term loans	1,241	1,241
Revolving credits	86,081	116,955
Redeemable preference shares	35,815	-
	<u>184,053</u>	<u>183,212</u>

(c) **Currency**

None of the Group's borrowings is denominated in foreign currency.

(d) There was no borrowing default or breach of any borrowing's agreement by the Group during the current financial period except as disclosed in Note A1.

(e) All long-term borrowings which have cross default clauses in their 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 current financial period ended 30 September 2022.

A17 Capital Commitments

The amount of commitments for the purchase of property, plant and equipment and port facilities as at 30 September 2022 are as follows:

	As at 30/09/2022 RM'000	As at 31/12/2021 RM'000 (Audited)
Authorised and contracted for	42,260	26,113

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 18 January 2016 and 11 April 2016, the Company has provided a corporate guarantee of RM26.0 million and RM21.7 million to a financial institution for facilities granted to subsidiary companies, Casuarina Teluk Intan Sdn. Bhd. and Lanai Casuarina Sdn. Bhd. As at the reporting date, Casuarina Teluk Intan Sdn. Bhd. have utilised up to RM10.1 million and Lanai Casuarina Sdn. Bhd. has utilised up to RM19.4 million.

For corporate guarantee granted to associates and subsidiary, the Group has performed the assessment on the risk of defaults and has made the necessary loss allowance on impairment for the financial guarantee contracts.

A19 Related party transactions

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

	Current Quarter Ended		Cumulative Year To Date	
	30/09/2022 RM'000	30/09/2021 RM'000	30/09/2022 RM'000	30/09/2021 RM'000
Transactions with:				
Ultimate Holding Corporation ("UHC")				
Interest expenses	(90)	(90)	(270)	(270)
Advances received	-	(36)	39	165
Rental receivable	461	291	1,383	1,011
Other transaction	29	27	66	59
Fellow subsidiaries of the UHC				
Advances received	-	-	-	84
Rental receivable	-	-	-	272
Other transaction	11	-	38	18
Associate				
Deposits received	1,500	-	4,000	-
Related parties				
Port services receivable	12,125	11,594	34,922	34,134
Provision of utility	(596)	(746)	(1,811)	(1,747)

Account balances with significant related parties of the Group at the current financial period ended 30 September 2022 and 31 December 2021 are as follows:

	As at 30/09/2022 RM'000	As at 31/12/2021 RM'000 (Audited)
<u>Account balance with UHC</u>		
Receivables	4,825	5,600
Payables	(37,486)	(37,178)
<u>Account balances with fellow subsidiaries</u>		
Receivables	10,337	10,311
Payables	(1,488)	(1,486)
<u>Account balances with related parties</u>		
Receivables	9,816	10,058

A20 Significant event

There was no significant event during the current financial period except for:

- (a) On 6 January 2022, a meeting of PCB Development and a meeting of creditors of PCB Development were held, where Mr Andrew Heng and Ms Anoopal Kaur of Baker Tilly Insolvency PLT ("Liquidators") have been appointed as the Joint and Several Liquidators of PCB Development by way of a resolution of its members and creditors.
- (b) On 31 January 2022, the Proposed Debt Settlement and Proposed Amendments to the Constitution of the Company were approved by the shareholders of the Company during the Extraordinary General Meeting.
- (c) Pursuant to the shareholders' approval on the Proposed Debt Settlement and Proposed Amendments to the Constitution of the Company, the Company has on 31 January 2022 allotted the following redeemable preference shares ("RPS"):
 - (i) 20,900,309 RPS-A amounting to RM20,900,309 at the issue price of RM1.00 per RPS-A to CIMB Bank Berhad ("CIMB"); and
 - (ii) 14,914,671 RPS-A-2 amounting to RM14,914,671.00 at the issue price of RM1.00 per RPS-A-2 to Affin Islamic Bank Berhad ("AIB").

These RPS are reported as liability in the Statement of Financial Position as it is means of debt settlement, provides for mandatory redemption for a fixed amount at a fixed date, non-convertible and carry rights to mandatory dividend payments.

- (d) On 4 February 2022, the Company submitted an application to Bursa Malaysia for an extension of time for a period of 12 months of up to 9 February 2023 to submit its regularisation plan to the relevant authorities. On 28 February 2022, Bursa Malaysia has decided to grant the Company an extension of time up to 10 August 2022 to submit its regularisation plan.
- (e) The debt settlement agreements with CIMB and AIB shall be conditional upon the certain terms and conditions precedent to be fulfilled, for AIB by 31 March 2022 and for CIMB by 30 June 2022. On 21 August 2022, CIMB has agreed to extend the conditions precedent completion date until 31 October 2022. On 23 September 2022, AIB has approved the extension of time to the debt settlement agreement for another 8 months up till 30 November 2022 to remit the cash settlement amount and the extension of time is subject to additional compensation charges until full settlement of the outstanding debt as referred to the debt settlement agreement. As at the date of this report, the Company is seeking to amend certain terms under the debt settlement agreements with AIB and CIMB respectively.

- (f) PCB Equity Sdn. Bhd. (“PCB Equity”), a wholly owned subsidiary of the Company, has on 24 May 2022 entered into a Sale and Purchase Agreement for shares (“SSA”) with Encik Mohd Khalid bin Shuib (“Purchaser”) and VC Telecoms Sdn Bhd (“VC Telecoms”) for the disposal of its entire equity interest in VC Telecoms, representing 49% equity interest in VC Telecoms, for a total cash consideration RM12,500,000.00 (“Proposed Disposal”).
- (g) On 9 August 2022, the Company has submitted an application to Bursa Malaysia to seek a further extension of time of twelve (12) months i.e. up to 9 August 2023 to submit the Company’s regularisation plan to the relevant regulatory authorities. On 2 September 2022, Bursa Malaysia has decided to grant the Company an extension of time up to 10 February 2023 to submit its regularisation plan to the relevant regulatory authorities.
- (h) PERAK CORP, has on 12 August 2022 entered into a Memorandum of Understanding (“MoU”) with Perbadanan Kemajuan Negeri Perak (“PKNPk”), its immediate holding corporation, to establish synergistic collaborative initiatives involving utilisation of PERAK CORP’s expertise to jointly develop PKNPk’s assets and proposed appointment of PERAK CORP as the master developer of part of PKNPk’s industrial development area in the Silver Valley Technology Park (“SVTP”) (collectively referred to as the “Collaboration”). The MoU which is valid for a period of twelve (12) months effective from the date of its execution (“Completion Date”) may be extended for a further period of six (6) months, if necessary.
- (i) On 15 September 2022, the Company received compensation amount for the government acquisition of all piece of leasehold land held under H.S.(D) 932771 PT 279467 in the Mukim of Hulu Kinta, Daerah Kinta, Perak Darul Ridzuan (“Government Acquisition”). As at the date of this report, the compensation amount has been remitted to AIB and CIMB as cash settlement amount pursuant to the debt settlement agreements.

A21 Material events subsequent to the end of the current financial period

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:

- (a) The Government Acquisition was completed on 4 October 2022.

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 A6.

	Current Quarter Ended		Changes (%)	Cumulative Year To Date		Changes (%)
	30/09/2022 RM’000	30/09/2021 RM’000		30/09/2022 RM’000	30/09/2021 RM’000	
Revenue	37,612	50,661	-26%	109,427	117,827	-7%
Operating profit	6,598	17,900	-63%	21,650	29,759	-27%
Profit before tax	5,286	13,821	-62%	15,321	22,083	-31%
Profit after tax from continuing operations	2,761	8,983	-69%	7,813	11,503	-32%
Loss after tax from discontinued operation	-	(7,781)	100%	-	(22,819)	100%
Net profit/(loss) for the financial period	2,761	1,202	-130%	7,813	(11,316)	169%
Loss for the financial period attributable to owners of the Company	(828)	1,620	151%	(3,115)	(10,700)	71%

B2 Comment on Material Change in Profit Before Taxation

	Current Quarter Ended 30/09/2022 RM'000	Immediate Preceding Quarter Ended 30/06/2022 RM'000	Changes RM'000	%
Revenue	37,612	39,612	(2,000)	-5%
Operating profit	6,598	8,393	(1,795)	-21%
Profit before tax	5,286	5,782	(496)	-9%
Net profit for the financial period	2,761	3,034	(273)	9%
Loss for the financial period attributable to owners of the Company	(828)	(1,084)	256	24%

The Group reported a net profit of RM2.8 million for the current financial quarter ended 30 September 2022 compared to net profit of RM3.0 million for the immediate preceding quarter ended 30 June 2022. The lower revenue and net profit for the current financial quarter mainly due to ports & logistic segment and hospitality & tourism segment.

B3 Commentary on Prospects

Port & Logistic

Despite the ongoing disruption in the supply chain, soaring inflation, zero COVID policy in China, and conflict in Europe are not conducive to global economic growth, LMT is expected to sustain its financial and operational performance for FY2022 and will stay resilient through the year. In addition, LMT will continue to seek and explore potential opportunities to enhance its profitability.

Property Development

According to Property Guru Malaysia Property Market Report Q3 2022, The Malaysia Property Sale Market Index saw marginal improvement in Q2 2022, performing slightly better than it did in the previous quarter.

The Sale Price Index, which tracks the movement of asking prices for listed properties on PropertyGuru.com.my, improved on the 1.04% QoQ and 1.71% YoY growth captured in Q1 2022 by registering an increase of 1.08% QoQ and 2.87% YoY in Q2 2022.

The Supply Index, which is based on the overall volume of listed properties, continued to move upwards by 6.20% QoQ and 13.21% YoY. This was an improvement on the 0.31% QoQ gain in the previous quarter, but the yearly gain slowed in comparison to 19.10% YoY increase in Q1.

The Demand Index, based on the number of listings that were viewed, actioned upon, and enquired by users on PropertyGuru.com.my, showed a change in trajectory. Demand moved up by a notable 7.93% QoQ in Q2 2022, after dropping by 2.40% in the previous quarter. It also rose by 18.37% YoY, improving on the previous 15.43% YoY gain in Q1.

Factors contributed to the performance of property sales during the quarter includes:

- 1) More positive outlook due to the normalisation of economic activity.
- 2) Re-categorisation of the COVID-19 health crisis to "endemic".
- 3) Reopening of border;

Landed properties outperformed high-rise properties in the sales market. Landed Sales Price Index moved upwards by 1.32% QoQ and 5% YoY in Q2 2022, improving slightly on the 1.10% QoQ and 3.64% YoY increase in Q1. Supply also saw an increase of 1.91% QoQ and 7.31% YoY.

In Bandar Meru Raya, PERKESO has commenced earthwork for the development of '*Pusat Rehabilitasi PERKESO*,' this development is expected to enhance the development of the township.

Hospitality & Tourism

With the COVID-19 transition into endemicity, the Company envisaged its hospitality and tourism business and earnings visibility to gradually recover from the slowdown caused by the global outbreak of COVID-19 pandemic and the implementation of various lockdown measures in Malaysia.

Corporate Restructuring

The Proposed Debt Settlement is a first step for the Group to restructure its debt obligations on a self-rescue plan. The Proposed Debt Settlement will also enable the Group to achieve the following objectives:

- (a) the Proposed Debt Settlement is a prelude propose to secure the participation of the secured creditors to comprehensively restructure the Group's debt obligation, which in turn enables the Group to preserve its cash flow position, thus further strengthening the capital base of the Company; and
- (b) allowing the Group to have the financial flexibility to formulate and implement is operational strategies which are important towards the formulation of its regularisation plan to regularise its financial condition under the PN17 Listing Requirements.

The debt settlement agreements with AIB and CIMB shall be conditional upon the certain terms and conditions precedent to be fulfilled, for AIB by 31 March 2022 and for CIMB by 30 June 2022. On 21 August 2022, CIMB has agreed to extend the conditions precedent completion date until 31 October 2022. On 23 September 2022, AIB has approved the extension of time to the debt settlement agreement for another 8 months up till 30 November 2022 to remit the cash settlement amount and the extension of time is subject to additional compensation charges until full settlement of the outstanding debt as referred to the debt settlement agreement. As at the date of this report, the Company is seeking to amend certain terms under the debt settlement agreements with AIB and CIMB respectively.

Presently, PCB Taipan and CIMB are still in the midst of formulating the private debt settlement framework for the debt owing by PCB Taipan as part of the private debt settlement plan currently undertaken by the Group.

The Group's future prospect is dependent on its efforts to formulating a suitable regularisation plan with all other stakeholders and boost its existing business activities as well as venture into new businesses, if it deems fit and proper, in order to uplift the Company from being an Affected Listed Issuer under the PN17 Listing Requirements. The Group will continue to explore new opportunities and review its capital and business structure to gear itself towards the exit of being an Affected Listed Issuer. At this juncture, the Group is still evaluating its options and in the midst of formulating a proposed regularisation plan to regularise the Company's Affected Listed Issuer status.

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

Saved for the Proposed Debt Settlement and as disclosed below, there are no corporate proposals which have been announced and not completed as at the date of this announcement:-

(a) Scheme of Arrangements

The Scheme Companies propose to undertake the Proposed Scheme of Arrangement pursuant to Section 366 of the Act for the settlement of the Scheme Companies' outstanding liabilities and debt obligations.

On 26 March 2021, the Company has issued an Explanatory Statement, together with a Notice to call for a Court Convened Meetings consisting of unsecured creditors other than the banks and financial institutions (“New Scheme Creditors”), to be held on 19 April 2021 pursuant to the provisions of Section 366 of the Companies Act 2016 for the purpose of considering the Proposed New Scheme of Arrangement.

On 19 April 2021, the Company and PCB Development obtained the approval from their respective Non-Financial Institutions creditors on the Proposed Scheme of Arrangement as detailed in the Explanatory Statement, together with the Notice to convene the meetings of the new scheme creditors, unsecured creditors other than the banks and financial institution (“New Scheme Creditors”) issued on 26 March 2021 for the purpose of considering the Proposed Scheme of Arrangement to the New Scheme Creditors pursuant to the Section 366 and other relevant provisions of the Companies Act 2016.

On 7 May 2021, the High Court had approved and sanctioned the Proposed Scheme of Arrangement as detailed in the Explanatory Statement dated 26 March 2021 and the sealed order granted thereof had been extracted on 11 May 2021 following an application made by the Scheme Companies pursuant to section 366(3), (4), (5), (6) and (7) of the Companies Act 2016 for the sanction and approval of the Proposed Scheme of Arrangement. The Proposed Scheme of Arrangement shall be binding on the Scheme Companies and the New Scheme Creditors.

On 17 December 2021, the Company has completed the proof of debt exercise to verify the outstanding liabilities and debt obligations of the New Scheme Creditors for the Proposed Scheme of Arrangement.

B6 Changes in Material Litigation

There were no pending material litigations as at the latest practicable date except for:

COURT PROCEEDINGS – PERAK CORPORATION BERHAD

NO	PARTIES/ SUIT	SUBJECT MATTER	STATUS/ NEXT DATE	CLAIM AMOUNT (RM)
1.	Ipoh High Court Originating Summons No: AA-24NCVC-112-03/2022 ARX-YSC Sdn Bhd V 1. Perak Corporation Berhad 2. Pejabat Pengarah Tanah dan Galian Negeri Perak	Land Matters: Removal of Caveat	Originating Summons dated 8.3.2022 and Notice of Application dated 8.3.2022 Hearing on 7.7.2022. Decision was delivered on 5.9.2020 allowing the Plaintiff's application to maintain the caveat.	-
2.	Industrial Court: Proposed joinder parties 2 and 3 1. State 2. PKNP 3. Perak Corporation Berhad 4. PCB Development 5. Receiver Animation Theme Park vs. 1. 10/1-670/21-Hasbullah bin Padzil 2. 10/1-675/21-Mohd Shamsudin bin Mukhtar 3. 10/1-666/21-Inderjit Singh a/l Cuar 4. 10/1-674/21-Ng Yoot Mei 5. 10/1-669/21-Zaber Nassar bt Pinda Khan 6. 10/1-664/21-Hamiruddin bin Bakar 7. 10/1-667/21-Choo Kam Ming 8. 10/1-665/21-Rejinimala a/p Gopal 9. 10/1-676/21-Liew Wei Chee 10. 10/1-671/21-Suguneswari a/p Subramaniam 11. 10/1-672/21-Shahrul Efendy bin Shukur 12. 10/1-668/21-Ashwin Kumar Kaura a/l Krishan Kumar	In respect of IR Matter in Industrial Court - dismissal.	Awards on the Constructive Dismissal of all the Claimants were received on: 21 January 2021 The Claimants filed Notice of Application and Affidavit in Support for Joinder a were sent to solicitor on 28.08.2021 Case Management on 17.1.2022:- Court's direction:- The Complainants are to file their Affidavit in Reply on or before 10.2.2022; All parties are to file their respective written submissions on or before 28.2.2022; All parties are to file their respective written submissions in reply (if any) on or before 11.3.2022; Case management on: 14.3.2022 at 8:30am for the Court to give further directions / to fix hearing date of this matter. Case Management fixed on 29.4.2022	1. 57,530.00 2. 52,500.00 3. 57,530.00 4. 117,120.00 5. 64,000.00 6. 78,500.00 7. 76,879.00 8. 112,035.00 9. 77,400.00 10. 51,500.00 11. 115,324.00 12. 50,000.00

NO	PARTIES/ SUIT	SUBJECT MATTER	STATUS/ NEXT DATE	CLAIM AMOUNT (RM)
			<p>Industrial Court handed down its interim award on 1.6.2022, joining Perak Corp and PCBD as Parties to the Interim Awards No. 1020/2022 dated 1.6.2022.</p> <p>The Court fixed the matter for Non-Compliance Proceedings Hearing on 21.10.2022 ('Proceedings').</p> <p>Pursuant to Court Order on 29.9.2022,</p> <ul style="list-style-type: none"> i. The proceedings at the Ipoh Industrial Court involving Perak Corporation Berhad are now stayed until the full and final disposal of the appeals at the Perak High Court; and ii. All the 12 appeals will be heard together before Yang Arif Tuan Bhupindar Singh A/L Gurcharan Singh Preet <p>Case Management on 24.11.2022 at 9am – The Court directed the parties to file their respective written submission in respect of appeal on or before the next case management: i.e.31.1.2023</p>	

NO	PARTIES/ SUIT			SUBJECT MATTER	STATUS/ NEXT DATE	CLAIM AMOUNT (RM)		
	Ipoh High Court Civil Appeal - Perak Corporation Berhad v. Choo Kam Ming & 11 Others			<p>Appeal against the Interim Awards.</p> <p>Consolidation of Appeal</p> <p>Stay of Proceedings.</p>	<p>In view of the Interim Award, Perak Corp file appeals against the Interim Awards in the High Court.</p> <p>Subsequently, Perak Corp had filed an application on 24.8.2022 to consolidate the appeals and have the same heard together. Perak Corp had also filed an application to stay the Proceedings at the Industrial Court.</p>			
	Respondent	High Court's directions	AA -16A-10-06/2022				Suguneswari A/P Subramaniam	The next e-Review is fixed on 14.9.2022 for the Court to give further directions.
AA -16A-1-06/2022	Choo Kam Ming							
AA -16A-11-06/2022	Shahrul Effendy Bin Shukur							
AA -16A-4-06/2022	Hasbullah Bin Padzil							
AA -16A-7-06/2022	Lim Wei Chee							
AA -16A-8-06/2022	Inderjit Singh A/L Cuar		The hearing for the Consolidation Application is fixed on 11.10.2022					
AA -16A-12-06/2022	Zaber Nassar Binti Pinda Khan							
AA -16A-5-06/2022	Ng Yoot Mei							

NO	PARTIES/ SUIT			SUBJECT MATTER	STATUS/ NEXT DATE	CLAIM AMOUNT (RM)
	AA -16A-2-06/2022	Mohd Shamsudin Bin Mukhtar				
	AA -16A-9-06/2022	Hamiruddin Bin Bakar	<p>The hearing for the Consolidation Applications is fixed on 20.9.2022;</p> <p>The next Case Management for the Stay Applications and the appeals are fixed on 20.9.2022.</p>			

COURT PROCEEDINGS - PCB TAIPAN SDN BHD

NO	PARTIES/ SUIT	SUBJECT MATTER	STATUS/ NEXT DATE	CLAIM AMOUNT (RM)
1.	<p>Nova Spectra Sdn Bhd vs. Integrated Media Sdn Bhd & Azenan Bin Azalan AND Taipan Merit Sdn Bhd & Perbadanan Kemajuan Negeri Perak</p> <p>Third Parties 1) Taipan Merit Sdn. Bhd. 2) Perbadanan Kemajuan Negeri Perak (PKNP)</p> <p>Shah Alam Sessions No. BA-A52NCvC-694-11/2019</p>	<p>Third installation and testing two panel LED screen with three years guarantee in Contract party proceeding for non-payment of supply of works, design, No. 2.</p>	<p>Summons Received on: 02/10/2020 Defence Filed on: 20/11/2020</p> <p>Filed an application to strike out the third-party proceeding.</p> <p>The application was heard on 17.02.2021</p> <p>The striking out application was allowed with cost of RM 1,000.00</p> <p>Plaintiff's solicitor served Notice of Appeal dated 1.3.2021 to appeal the decision of Court Judge.</p>	<p align="center">275,000.00</p>
	<p>Court of Appeal No. B-01(IM)(NCvC)-523-09/2021</p> <p>Integrated Media ...Appellant Taipan Merit ...Respondent</p>	<p>Appeal against the decision of the High Court. (Wherein at the High Court, PCB Taipan was not made a party to the proceedings)</p>	<p>The COA has fixed Hearing for the Appellant's Application on 26.7.2022</p> <p>Outcome: The COA unanimously held that the Appellant's 3rd party proceeding has merits and has a claim to be heard in Court.</p> <p>The matter is now reverted to Sessions Court pending case management date from the Court.</p>	

LANAI CASUARINA SDN BHD – CONSTRUCTION INDUSTRY PAYMENT AND ADJUDICATION

NO	PARTIES/ SUIT	SUBJECT MATTER	STATUS/ NEXT DATE	ADJUDICATION CLAIM AMOUNT (RM)
1.	Solar Alert Sdn. Bhd. vs Lanai Casuarina Sdn Bhd CIPAA: [AIAC/D/ADJ-4207-2022] Claimant's Solicitor: Messrs. Roni & Co Respondent's Solicitor: Messrs. Belden	Default in payment to Solar Alert Sdn Bhd. Throughout the progress of the project, the Claimant had issued out multiple demands for payment that is due but was not paid by the Respondent.	Adjudication Claim (RM4,887,760.75) dated 12.5.2022 Adjudication Response: 7.6.2022 Adjudication Reply: 14.6.2022 Adjudication Rejoinder:22.6.2022 Decision on 7.7.2022, partly in favor of the Claimant for an amount of RM 2,009,879.36 inclusive of Adjudication Cost of RM79,568.49, excluding interest of 5% from due date up to settlement date	4,887,760.75

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 30 September 2022 or the previous financial year ended 31 December 2021.

B9 Risk and policies for derivatives

The Group did not enter into any derivatives during the current financial period.

B10 Disclosure of gain/losses arising from fair value changes of financial liabilities

The Group did not have any financial liabilities measured at fair value through profit or loss as at 30 September 2022 and 31 December 2021.

B11 Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the financial year ended 31 December 2021 was unmodified.

B12 Dividends

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