KUMPULAN PERANGSANG SELANGOR BERHAD

(Company No. 23737-K)
(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 MARCH 2016

KUMPULAN PERANGSANG SELANGOR BERHAD
Company No. 23737 K

A1 Unaudited Condensed Consolidated Income Statement
For the quarter ended 31 March 2016

PARTICULARS	INDIVIDUAL QUARTER CURRENT YEAR QUARTER 31/03/2016 RM'000	INDIVIDUAL QUARTER PRECEDING YEAR CORRESPONDING QUARTER 31/03/2015 RM'000	CUMULATIVE QUARTER CURRENT YEAR TO DATE 31/03/2016 RM'000	CUMULATIVE QUARTER PRECEDING YEAR CORRESPONDING PERIOD 31/03/2015 RM'000
Continuing operations				
Revenue	19,190	22,546	19,190	22,546
Cost of sales	(14,524)	(15,626)	(14,524)	(15,626)
Gross profit	4,666	6,920	4,666	6,920
Other income	92,107	950	92,107	950
Other expenses	(10,029)	(9,692)	(10,029)	(9,692)
Operating profit/(loss)	86,744	(1,822)	86,744	(1,822)
Finance costs	(148)	(2,813)	(148)	(2,813)
Share of profit of associates	32,818	28,053	32,818	28,053
Profit before tax	119,414	23,418	119,414	23,418
Income tax and zakat	(2,262)	(558)	(2,262)	(558)
Profit from continuing operations	117,152	22,860	117,152	22,860
Discontinued operations				
Loss from discontinued operations, net of tax	-	(1,741)	-	(1,741)
Profit for the period	**117,152**	**21,119**	**117,152**	**21,119**
Profit/(loss) attributable to owners of the parent:				
- Continuing operations	116,425	21,840	116,425	21,840
- Discontinued operations	-	(1,572)	-	(1,572)
	116,425	20,268	116,425	20,268
- Non-controlling interests	727	851	727	851
	117,152	**21,119**	**117,152**	**21,119**
Earnings/(loss) per share ("EPS") attributable to owners of the parent:				
Basic EPS (sen)				
- Continuing operations	23.3	4.4	23.3	4.4
- Discontinued operations	-	(0.3)	-	(0.3)
Diluted EPS (sen)				
- Continuing operations	23.3	4.4	23.3	4.4
- Discontinued operations	-	(0.3)	-	(0.3)

(The Unaudited Condensed Consolidated Income Statement should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements)

KUMPULAN PERANGSANG SELANGOR BERHAD
Company No. 23737 K

A2 Unaudited Condensed Consolidated Statement of Comprehensive Income For the quarter ended 31 March 2016

PARTICULARS	INDIVIDUAL QUARTER CURRENT YEAR QUARTER 31/03/2016 RM'000	INDIVIDUAL QUARTER PRECEDING YEAR CORRESPONDING QUARTER 31/03/2015 RM'000	CUMULATIVE QUARTER CURRENT YEAR TO DATE 31/03/2016 RM'000	CUMULATIVE QUARTER PRECEDING YEAR CORRESPONDING PERIOD 31/03/2015 RM'000
Profit for the period	117,152	21,119	117,152	21,119
Other comprehensive income (net of tax)	-	-	-	-
Total comprehensive income for the period	**117,152**	**21,119**	**117,152**	**21,119**
Attributable to owners of the parent:				
- Continuing operations	116,425	21,840	116,425	21,840
- Discontinued operations	-	(1,572)	-	(1,572)
	116,425	20,268	116,425	20,268
- Non-controlling interests	727	851	727	851
	117,152	**21,119**	**117,152**	**21,119**

(The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements)

KUMPULAN PERANGSANG SELANGOR BERHAD
Company No. 23737 K

Unaudited Condensed Consolidated Statement of Financial Position
As at 31 March 2016

	31-Mar-16 RM'000	Audited 31-Dec-15 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	129,095	130,619
Investment properties	6,488	6,510
Investments in associates	1,070,708	1,037,889
Club membership	523	523
Other receivables	33,658	-
Goodwill on consolidation	-	2,020
	1,240,472	1,177,561
Current assets		
Inventories	1,319	1,186
Receivables	46,209	47,888
Tax recoverable	11	265
Cash and bank balances	114,281	92,558
	161,820	141,897
Assets of disposal group classified as held for sale	-	42,530
TOTAL ASSETS	**1,402,292**	**1,361,988**
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	499,004	499,004
Share premium	39,088	39,088
Other reserves	8,000	8,000
Retained earnings	807,548	691,123
Shareholders' equity	1,353,640	1,237,215
Non-controlling interests	18,159	17,432
TOTAL EQUITY	1,371,799	1,254,647
Non-current liabilities		
Borrowings (interest bearing)	88	88
Deferred tax	31	31
	119	119
Current liabilities		
Payables	27,820	76,716
Borrowings	31	30,042
Taxation	2,523	464
	30,374	107,222
TOTAL LIABILITIES	30,493	107,341
TOTAL EQUITY AND LIABILITIES	**1,402,292**	**1,361,988**
Net assets per ordinary share attributable to owners of the parent (RM)	2.71	2.48

(The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements)

KUMPULAN PERANGSANG SELANGOR BERHAD
Company No. 23737 K

Unaudited Condensed Consolidated Statement of Changes In Equity
For the year ended 31 March 2016

		Attributable to Owners of the Parent							
			{---- Non Distributable				----}	Distributable	
	Equity, total RM'000	Equity attributable to owners of the parent, total RM'000	Share capital RM'000	Share premium RM'000	Other reserves, total RM'000	Revaluation reserve RM'000	General reserve RM'000	Retained Earnings RM'000	Non-controlling Interests RM'000
At 1 January 2016	1,254,647	1,237,215	499,004	39,088	8,000	-	8,000	691,123	17,432
Total comprehensive income	117,152	116,425	-	-	-	-	-	116,425	727
At 31 March 2016	**1,371,799**	**1,353,640**	**499,004**	**39,088**	**8,000**	**-**	**8,000**	**807,548**	**18,159**
At 1 January 2015	1,223,141	1,200,354	499,004	39,088	110,080	102,080	8,000	552,182	22,787
Total comprehensive income	21,119	20,268	-	-	-	-	-	20,268	851
Transactions with owners:									
Dividend for the financial year ended 31 December 2015	(9,980)	(9,980)		-	-	-	-	(9,980)	-
	(9,980)	(9,980)	-	-	-	-	-	(9,980)	-
At 31 March 2015	**1,234,280**	**1,210,642**	**499,004**	**39,088**	**110,080**	**102,080**	**8,000**	**562,470**	**23,638**

(The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements)

KUMPULAN PERANGSANG SELANGOR BERHAD
Company No. 23737 K

Unaudited Condensed Consolidated Statement of Cash Flows
For the period ended 31 March 2016

	3 months ended 31-Mar-16 RM'000	3 months ended 31-Mar-15 RM'000
Cash Flows From Operating Activities		
Profit before tax and zakat		
- Continuing operations	119,414	23,418
- Discontinued operations	-	2,634
Adjustment for non-cash items	(120,438)	(5,880)
Adjustment for non-operating items	141	16,070
Operating (loss)/profit before working capital changes	(883)	36,242
(Increase)/decrease in working capital:		
Net change in current assets	1,545	(24,172)
Net change in current liabilites	(8,896)	(7,009)
Cash (used in)/generated from operating activities	(8,234)	5,061
Tax and zakat paid, net of refunds received	51	(1,402)
Net cash (used in)/generated from operating activities	(8,183)	3,659
Cash Flows From Investing Activities		
Interest received	110	103
Profit from Islamic short term placement	7	363
Purchase of property, plant and equipment	(52)	(601)
Proceeds from assets held for disposal	60,000	-
Net movements in money market deposits	(18,534)	23,950
Net cash generated from investing activities	41,531	23,815
Cash Flows From Financing Activities		
Dividend paid	-	(9,980)
Interest paid	(148)	(22,997)
Proceeds from government soft loan	-	1,448
Repayment of borrowings	(30,011)	(13)
Net movements in deposits with licensed banks	7,019	-
Net cash used in financing activities	(23,140)	(31,542)
Net increase/(decrease) in cash and cash equivalents	10,208	(4,068)
Cash and cash equivalents at 1 January	19,657	69,809
Cash and cash equivalents at 31 March	**29,865**	**65,741**

Cash and cash equivalents included in the statement cash flows comprise:

	As at 31-Mar-16	As at 31-Mar-15
Cash and bank balances	114,281	136,456
Less:		
Deposits with licensed banks with maturity period of more than 3 months	(5,070)	(10,243)
Money market deposits	(79,346)	(60,472)
	29,865	**65,741**

(The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements)

A. NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

A1 Basis of preparation

The unaudited interim financial statements have been prepared in accordance with FRS 134 Interim Financial Reporting and Chapter 9, Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad.

The unaudited interim financial statements should be read in conjunction with the Group's annual audited financial statements for the year ended 31 December 2015.

A2 Changes in Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2015 except for the adoption of the following new and revised Financial Reporting Standards (FRSs) and Amendments to FRSs with effect from 1 January 2016.

A2.1 Adoption of FRSs and Amendments to FRSs

On 1 January 2016, the Group adopted the following new and amended FRSs mandatory for annual financial periods beginning on or after 1 January 2016.

1 January 2016

FRS 14	Regulatory Deferral Accounts
Amendments to FRSs	Annual Improvements to FRSs 2012-2014 Cycle
Amendments to FRS 10, FRS 12 and FRS 128	Investment Entities: Applying the Consolidation Exception Associate or Joint Venture
Amendments to FRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to FRS 101	Disclosure Initiative
Amendments to FRS 116 and FRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to FRS 127	Equity Method in Separate Financial Statements

The adoption of the above amendments to standards did not have any significant impact on the financial statements of the Group.

A2.2 Standards issued but not yet effective

The Group has not adopted the following standards and interpretations that have been issued but not yet effective:-

1 January 2018

MFRS 9	Financial Instruments
MFRS 15	Revenue from Contracts with Customers

The Group plans to apply the abovementioned FRSs in the annual financial statements when they become effective and that the adoption of these Standards will have no material impact on the financial statements of the Group in the period of initial application.

A2.3 Malaysian Financial Reporting Standards ("MFRS Framework")

On 19 November 2011, the Malaysian Accounting Standards Boards ("MASB") issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (MFRS Framework).

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture (MFRS 141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venture (herein called "Transitioning Entities").

On 7 August 2013, the MASB issued another announcement that Transitioning Entities would only be required to adopt the MFRS framework for the annual periods beginning on or after 1 January 2015. Subsequently, on 2 September 2014, MASB has further announced that Transitioning Entities shall be required to apply the MFRS Framework for annual periods beginning on or after 1 January 2017.

On 28 October 2015, the MASB issued another announcement that the Transitioning Entities would only be required to adopt the MFRS Framework for the annual periods beginning on or after 1 January 2018.

The Group falls within the scope definition of Transitioning Entities and have opted to defer adoption of the new MFRS Framework. Accordingly, the Group will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2018. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework.

The Group is in the process of making its assessment of the financial effects of the differences between Financial Reporting Standards and accounting standards under the MFRS Framework. Accordingly, the consolidated financial performance and financial position as disclosed in these unaudited interim financial statements for the period ended 31 March 2016 could be different if prepared under the MFRS Framework.

The Group expects to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 December 2018.

A3 Audit report of preceding annual financial statements

The audited financial statements for the financial year ended 31 December 2015 were not subject to any audit qualification.

A4 Seasonal or cyclical factors

The Group's operations are not affected by seasonal or cyclical factors.

A5 Unusual items affecting assets, liabilities, equity, net income or cash flows

There were no items affecting the assets, liabilities, equity, net income or cash flows of the Group that were unusual because of their nature, size or incidence during the current quarter.

A6 Material changes in estimates

There were no material changes in estimates of amounts reported in prior interim period that have a material effect in the period under review.

A7 Debt and equity securities

There were no issuances, cancellations, repurchases, resale and repayments of debt securities during the current quarter.

A8 Dividend paid

There was no dividend paid during the current quarter.

A9 Segmental Information

	3 months ended	
	31.03.2016	**31.03.2015**
	RM'000	**RM'000**
Segment Revenue		
Continuing Operations:		
Trading	15,075	16,095
Hospitality	2,009	3,584
Investment holding	2,132	3,005
Total revenue including inter-segment sales	19,216	22,684
Elimination of inter-segment sales	(26)	(138)
Total Continuing Operations	19,190	22,546
Discontinued Operations:		
Infrastructure and utilities	-	46,466
Total Discontinued Operations	-	46,466
Total Revenue	**19,190**	**69,012**
Segment Results		
Continuing operations:		
Infrastructure and utilities *	29,405	29,148
Trading	1,362	2,115
Hospitality	(857)	(1,410)
Oil and gas	4,098	193
Telecommunication	(685)	(1,288)
Investment holding	86,325	(5,076)
Total profit	119,648	23,682
Eliminations	(234)	(264)
Profit before tax, from continuing operations	119,414	23,418
Discontinued Operations:		
Infrastructure and utilities	-	2,933
Golf club and recreational facilities	-	(297)
Profit before tax, from discontinued operations	-	2,636
Total profit before tax	**119,414**	**26,052**

* Share of profit of associates.

There is no segmental information analysis by geographical location as the Group operates predominantly in Malaysia.

A10 Valuation of property, plant and equipment

Property, plant and equipment, other than freehold land are stated at cost less accumulated depreciation and any impairment losses. Freehold land is stated at cost less any impairment losses and is not depreciated. The Group has not carried out any valuation of its property, plant and equipment during the current quarter.

A11 Material events subsequent to the end of the interim period

There were no material events subsequent to the end of the reporting period which is likely to substantially affect the results of the operations of the Group.

A12 Changes in the composition of the Group

Save as disclosed below, there were no other changes in the composition of the Group for the current quarter including business combination, acquisition or disposal of subsidiaries and long term investments, restructuring and discontinuing operations:-

(i) Assets held for disposal

On 6 February 2013, Cash Band (M) Berhad ("CBB"), a 99.87% owned subsidiary of the Company, entered into a Development Agreement ("the Agreement") with Rockbay Streams Sdn Bhd (know known as Setia Eco Templer Sdn Bhd ("SET")), a wholly-owned subsidiary of SP Setia Berhad, for a mixed development project comprising residential and commercial properties ("the Project").

CBB is the registered and beneficial owner of the following lands:-

(1) The land held under PN 16838 for lot 614, Pekan Templer, District of Gombak, measuring in the area approximately 56.62 hectares being a leasehold land for ninety-nine (99) years expiring on 26 March 2094;

(2) The land held under PN 17396 for Lot 11, Pekan Templer, District of Gombak, measuring in area approximately 183,000 square metres being a leasehold land for ninety-nine (99) years expiring on 26 March 2094; and

(3) The land held under HSM 6815 for Lot PT 11444 Templer Park Resort, Mukim Rawang, District of Gombak, measuring in area approximately 3.954 hectares being a leasehold land for ninety-nine (99) years expiring on 29 December 2095.

The above lands ("said Lands") were formerly used as a golf club with commercial facilities located in Templer Park ("the Perangsang Templer Golf Club"). Perangsang Templer Golf Club had ceased its operations with effect from 1 January 2015 to facilitate the Project. CBB and SET have mutually agreed to declare the Agreement unconditional on 4 December 2015 and have further agreed to finalise and execute a supplemental agreement to vary the Agreement within a period of twenty one (21) business days commencing from 6 December 2015. On 8 January 2016, CBB and SET have mutually agreed to extend the period for the finalization and signing of the Supplemental Agreement from 8 January 2016 to 15 February 2016. Subsequently, on 15 February 2016, CBB and SET have further agreed to extend the period for the finalisation and signing of the supplemental agreement from 15 February 2016 to 30 April 2016. On 4 March 2016, CBB and SET entered into a Supplemental Agreement to amend and vary the Agreement.

Arising from the execution of the Supplemental Agreement, the Group has recognised the gain realised on assets held for disposal amounting to RM91,128,086 in the current quarter.

(ii) Proposed Investment in the rehabilitation of water mains, drains and sewers in Malaysia via a proposed subscription of 51% equity stake in Smartpipe Technology Sdn Bhd by its wholly-owned subsidiary, Nada Biru Sdn Bhd

On 21 March 2016, the Company acquired two (2) ordinary shares of RM1.00 each in Nadi Biru Sdn Bhd (“NDSB”) representing 100% of the total issued and paid up capital of NBSB for a total cash consideration of RM2.00.

On the even date, NBSB has entered into a Shareholders’ Agreement (“SHA”) with Smartpipe Holdings Sdn Bhd (“SHSB”) and Smartpipe Technology Sdn Bhd in relation to amongst others, the subscription by NBSB of new ordinary shares of RM1.00 each in SPT to own 51% equity stake of the enlarged issued share capital of SPT for a total investment cost of RM5.1 million to carry out SPT’s business which principally include the following activities:

a) the marketing, selling and installing of pipes and other products, knowhow and technology granted under the License Agreement primarily for the rehabilitation of water mains, drains and sewers; and

b) such other business as NBSB and SHSB may agree in writing from time to time.

A13 Capital Commitments

The amount of commitments not provided for in the unaudited interim financial statements as at 31 March 2016 is as follows:

	RM’000
Property, plant and equipment:	
(i) Approved but not contracted for	25,760
(ii) Approved and contracted for	2,495

A14 Significant Related Party Transactions

The following are the related party transactions of the Group for the current quarter under review:-

	RM’000
Sale of goods to a subsidiary company of non-controlling interest:	
- Sungai Harmoni Sdn Bhd	3,931
- Taliworks (Langkawi) Sdn Bhd	287
Sale of goods to a related company:	
- Konsortium Abass Sdn Bhd	2,285
- Konsortium Air Selangor Sdn Bhd	318
Management fees received from immediate holding company:	
- Kumpulan Darul Ehsan Berhad	23
Management fees received from related companies:	
- Konsortium Air Selangor Sdn Bhd	9
Rental income received from immediate holding	
- Kumpulan Darul Ehsan Berhad	20
Rental income received from related companies:	
- Konsortium Abass Sdn Bhd	69
- Konsortium Air Selangor Sdn Bhd	19
- Hebat Abadi Sdn Bhd	17

A15 Contingent liabilities and contingent assets

The contingent liabilities as at 31 March 2016 are as follows:

	RM'000
i) **Secured:**	
a) Provision of proportionate corporate guarantee for an associate:	
i) For financing/refinancing of the credit facilities for the purchase consideration of business and identifiable assets	44,578
ii) Working capital and issuance of bank guarantees	28,000
iii) For the warrant guarantee	3,225
Sub-total	75,803
ii) **Unsecured**	
a) Performance guarantees to third parties	669
Total	76,472

There were no contingent assets as at the reporting date.

B. ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS

B1 Performance review

a) Current quarter against previous year corresponding quarter

<u>Continuing Operations</u>

For the current quarter ended 31 March 2016, the Group registered a profit before tax of RM119.41 million as compared to a profit of RM23.42 million for the preceding year corresponding quarter 2015. The significant increase in profit by RM95.99 million was mainly due to the gain realised on assets held for disposal of RM91.13 million arising from the execution of Supplemental Agreement to the Development Agreement with Setia Eco Templer Sdn Bhd for a mixed development project comprising residential and commercial properties.

The Group's revenue for the current quarter was RM19.19 million as compared to RM22.55 million for the corresponding quarter 2015, a reduction by RM3.36 million. The decrease in revenue was mainly due to the lower revenue recorded by the trading and hospitality sectors by RM1.02 million and RM1.57 million respectively.

Performance of the respective operating business segments for the first quarter ended 31 March 2016 as compared to the preceding year corresponding quarter is analysed as follows:-

1. Infrastructure and utilities

   Share of profits from infrastructure and utilities sector for the current quarter has marginally increased by RM0.26 million from RM29.15 million in the preceding year corresponding quarter 2015 to RM29.41 million.

2. Trading

   The trading sector registered lower revenue by RM1.02 million or 6% from RM16.10 million to RM15.08 million due to lower sales of chemical and equipment products for the current quarter. The dry season during the current quarter had caused a reduced chemical demands for treating the raw water. Correspondingly, on current quarter against corresponding quarter 2015 comparison, profit before tax for the current quarter was lower by RM0.75 million due to lower revenue.

3. Hospitality

   The hospitality sector registered lower revenue of RM2.01 million as compared to the corresponding quarter 2015 of RM3.58 million. The lower revenue by RM1.57 million was mainly due to lower revenue from rooms and food and beverages recorded by Quality Hotel City Centre as a result of lower occupancy rates in the current quarter of 46.87%, as compared to 68.5% recorded in the corresponding quarter of 2015, and coupled with the closure of Brisdale Hotel’s operations with effect from 15 April 2015. However, loss before tax for the hospitality sector for the current quarter was lower at RM0.86 million as compared to a loss of RM1.41 million in the corresponding quarter of 2015.

4. Oil and gas

   For the current quarter, NGC Energy Sdn Bhd (“NGC Energy”) has registered a profit after tax of RM10.24 million as compared to a profit of RM0.48 million in the corresponding quarter of 2015. As a result, the Group’s share of profits was RM4.10 million as compared to a share of profit of RM0.19 million in the corresponding quarter 2015. Higher profit recorded by NGC Energy during the current quarter was mainly due to lower cost of sale as a result of increase in the government subsidy under the Assets Pricing Mechanism coupled with lower administrative expenses.

5. Telecommunication

   The Group’s share of loss from Ceres Telecom Sdn Bhd for the current quarter was RM0.69 million as compared to a share of loss of RM1.29 million for the corresponding quarter of 2015. The lower loss was due to higher revenue by RM6.08 million as compared to corresponding quarter 2015 and reduced by lower gross profit margin (Q1 2016: 5.60% ; Q1 2015: 7.96%) coupled with lower marketing and administrative costs.

6. Investment holding

   Investment holding recorded revenue of RM2.13 million as compared to RM3.01 million in the corresponding quarter 2015 due to lower management fees charged coupled with lower rental income. This sector recorded a profit before tax of RM86.33 million as compared to a loss of RM5.08 million in the corresponding quarter 2015 and was due to the gain realised on assets held for disposal of RM91.13 million.

B2 Comment on material change in profit before tax

The Group recorded a profit before tax of RM119.41 million for the current quarter ended 31 March 2016 as compared to a profit of RM0.10 million in the previous quarter ended 31 December 2015. The higher profit before tax was mainly due to the gain realised on assets held for disposal of RM91.13 million in the current quarter and lower share of profit of associates by RM10.32 million as compared to the previous quarter. However, during the previous quarter, the group recorded a loss on disposal of a subsidiary company of RM32.49 million.

B3 Commentary on prospects

1. Infrastructure and utilities

Following the completion of the Group's equity interest in TMSB in December 2015, the Group will continue to be involved in the infrastructure and utilities (via the Group's 30% equity interest in Syarikat Pengeluar Air Sungai Selangor Sdn Bhd ("SPLASH") held through Viable Chip (M) Sdn Bhd, a wholly owned subsidiary of the Company. The Selangor State Government through Kumpulan Darul Ehsan Berhad ("KDEB") had, on 26 February 2014, made offers to all the shareholders of SPLASH (including our Group) for the purchase of their respective equity interest in SPLASH with the objective of consolidating the water services industry in Selangor. However, the offers from KDEB were deemed to have lapsed on 10 March 2014 as the shareholders of SPLASH were unable to reach a final decision in accepting the indicative terms and conditions set out in KDEB's offer letter dated 26 February 2014. Given the intention of the Selangor State Government to complete the proposed restructuring of the water supply industry in the State of Selangor and Federal Territories of Kuala Lumpur and Putrajaya, a fresh offer for SPLASH may be made in the future.

The outlook for the water services sector is expected to be positive with opportunities arising from the State Government's consolidation exercise to provide a holistic water services in Selangor, Kuala Lumpur and Putrajaya. In the light of this opportunity, the Group through its wholly owned subsidiary Nadi Biru Sdn Bhd, has acquired 51% equity stake in Smartpipe Technology Sdn. Bhd ("SPT"), which has been granted a licence from Netherlands-based Wavin Overseas BV to market, sell and install plastic pipe systems and other patented products in Malaysia. With the acquisition of SPT, the Group has acquired the exclusive licensing rights for Smart Pipe, a pipe rehabilitation technology solution which has significant value to be unlocked in the domestic market as there are approximately 4,460 km of pipes nationwide that are in need of replacement or rehabilitation throughout Malaysia, according to the latest estimates from the Ministry of Energy, Green Technology and Water.

2. Trading

The Company had on 25 May 2016 entered into agreements with Prismachem Sdn Bhd and Hydrovest Sdn Bhd to enable the Company to directly hold 51% equity stake in Aqua Flo Sdn Bhd ("AFSB") which is involved in the sale of chemicals and equipment for the potable water industry. The prospects for trading sector are positive as AFSB was recently awarded three (3) new contracts from Konsortium Air Selangor Sdn. Bhd, PNSB Water Sdn Bhd and Konsortium ABASS Sdn Bhd respectively, with a total estimated value of RM98.11 million over a period of two years.

The Group would also look into and explore possibility to strengthen the sector's revenue base and profitability by expanding its market reach to other states, capitalising on its vast experience in the water industry. The water and wastewater treatment in Malaysia is expected to grow in tandem with the Malaysian socio-economic growth. Demands are anticipated to be primarily driven by the municipal needs for providing water and sanitary services, including industry verticals e.g. food and beverages, power, automotive and palm oil. Further to support the growth, factors e.g. urbanisation and population growth, manufacturing and industrialisation as well as stringent regulatory governance will propel the market, of which AFSB could benefit from.

3. Hospitality

For the hospitality sector, the Group is continuously assessing its investments in this sector. The Group had on 12 May 2016 signed a leasing agreement with a third party to lease out its Quality Hotel City Centre building whereby the Group will receive rental income together with revenue sharing of

15 to 20 per cent of the gross revenue generated from the hotel operations. Arising from the leasing agreement, the hotel operations and all employees of Quality Hotel City Centre will be taken over by the lessee effective from 1 June 2016.

4. Oil and gas

Future outlook for the oil and gas sector will be challenging due to the weaker Ringgit Malaysia against the US Dollar. However, during the first quarter of 2016, oil prices have recovered from its low of USD29 per barrel in January 2016 to USD48 per barrel in April 2016. The Group remains confident in the long-term prospects of the oil and gas sector as the Group expects an increase in demand for liquefied petroleum gas in the domestic and commercial sectors over the next few years.

5. Telecommunication

For the telecommunication sector, Ceres Telecom Sdn Bhd (“Ceres”), a 34.35% associated company, is currently pursuing several initiatives to streamline its business and improve its financial performance; refocusing of its market segment, introducing new products, extending its network of distributors. Efforts are continuously being pursued in order to ensure that Ceres contributes positively to the results of the Group in the future.

6. New business sectors

The Group is continuously assessing business opportunities in sectors where it already has existing investments as well as new business sectors or areas to ensure sustainability of the Group. The Group is actively engaging potential partners and is focusing to acquire assets which meet its investment criteria that include amongst others, controlling stake in mature and immediately income generating assets as well as having a dedicated dividend policy in place. In pursuit of this, the Group has ventured into the franchise licensing industry with the acquisition of 60% equity stake in Kaiserkorp Corporation Sdn Bhd, which wholly owns King Koil Licensing Company Inc, the United States-based owner of King Koil® brand-licensing business. The brand licensing business model represents high growth potential, as the revenue is mainly derived from collection of royalty payments based on the terms of the license agreements. It also requires minimal capital expenditure in the future. The acquisition of a global franchising and licensing investment with a global franchisee turnover of over USD 1 billion will provide the Group with immense opportunities to further enhance the brand visibility globally, directly creating value to Perangsang Selangor’s shareholders.

B4 Profit forecast and profit guarantee

No profit forecast or profit guarantee was issued during the current quarter.

B5 Other operating income/(expenses)

Included in other operating income/(expenses) are the follow credits/(charges):

	3 months ended	
	31.03.2016 RM'000	**31.03.2015 RM'000**
Notional income on unwinding of discounting of:		
- concession receivables	-	4,645
- imputed interest income	-	2,621
- loan and receivables	-	1,256
Profit from Islamic short term placement	7	363
Interest income - fixed deposit	110	103
Gain realised on assets held for disposal	91,128	46
Gain/(loss) on foreign exchange	2	(19)
Finance costs	(148)	(22,997)
Depreciation of property, plant and equipment	(1,577)	(1,947)
Depreciation of investment properties	(21)	(21)
Amortisation of concession rights	-	(4,186)
Impairment on trade receivables	-	(15,269)
Impairment of goodwill on consolidation	(2,020)	-

Other items not applicable to the Group are write off of receivables, write off of inventories and gain or loss on derivatives.

B6 Income tax and zakat expense

	3 months ended	
	31.03.2016 RM'000	**31.03.2015 RM'000**
Continuing operations:		
Income tax expense	349	540
Real property gain tax	1,901	-
	2,250	540
Zakat expense	12	18
Income tax and zakat expense	2,262	558
Discontinued operations:		
Current tax position	-	5,421
Deferred tax transfer to balance sheet	-	(1,046)
Income tax expense	-	4,375
Total Income tax and zakat expense	2,262	4,933

The effective tax rate for the Group for the current quarter is lower due to capital gain not subject to business tax income.

B7 Status of corporate proposals

There are no other corporate proposals announced but not completed as at the date of this report.

B8 Borrowings

The Group borrowings as at 31 March 2016 and all denominated in local currency are as follows:

	RM'000
Short term borrowings	
Secured	31
Long term borrowings	
Secured	88
Total Borrowings	119

B9 Material litigation

Neither the Company nor its subsidiary companies have been or are involved in any material litigations, claims or arbitrations either as plaintiffs or defendants and the Directors are not aware of any proceedings, pending or threatened, against the Company or its subsidiary companies or of any facts likely to give rise to any proceedings which might materially affect the financial position or business of the Company or its subsidiary companies.

B10 Dividends

No interim dividend has been recommended or declared for this financial period.

B11 Earnings per share

Basic earnings per share

The basic earnings/(loss) per share is calculated by dividing the net profit/(loss) attributable to owners of the parent by the weighted average number of shares in issue.

	3 Months Ended 31.03.2016	3 Months Ended 31.03.2015
Basic earnings/(loss) per share		
Net profit/(loss) attributable to owners of the parent (RM'000)		
- Continuing operations	116,425	21,840
- Discontinued operations	-	(1,572)
Weighted average number of shares in issue ('000)	499,004	499,004
Basic EPS (sen)		
- Continuing operations	23.33	4.38
- Discontinued operations	-	(0.32)

B12 Realised and unrealised profits or losses disclosures

The breakdown of retained earnings of the Group as at the reporting date, into realised and unrealised profits, pursuant to the directive is as follows:-

	As at 31.03.2016 RM'000	As at 31.12.2015 RM'000
The retained earnings/(accumulated losses) of the Company and its subsidiaries:-		
- Realised	51,673	(17,622)
Add:		
Total share of retained earnings from associates		
- Realised	755,875	708,745
Retained earnings as per financial statements	807,548	691,123

BY ORDER OF THE BOARD

HASHIMAH BINTI HAJI MOHD ISA
Company Secretary

Date: 30 May 2016