KUMPULAN PERANGSANG SELANGOR BERHAD

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

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

KUMPULAN PERANGSANG SELANGOR BERHAD
Company No. 23737 K

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

PARTICULARS	INDIVIDUAL QUARTER CURRENT YEAR QUARTER 31/12/2016 RM'000	INDIVIDUAL QUARTER PRECEDING YEAR CORRESPONDING QUARTER 31/12/2015 RM'000	CUMULATIVE QUARTER CURRENT YEAR TO DATE 31/12/2016 RM'000	CUMULATIVE QUARTER PRECEDING YEAR CORRESPONDING PERIOD 31/12/2015 RM'000
Continuing operations				
Revenue	63,387	17,560	143,352	71,354
Cost of sales	(43,088)	(14,190)	(97,931)	(55,178)
Gross profit	20,299	3,370	45,421	16,176
Other income	9,082	1,178	102,414	3,029
Other expenses	(47,159)	(42,974)	(80,016)	(60,944)
Operating (loss)/profit	(17,778)	(38,426)	67,819	(41,739)
Finance costs	(2,716)	(3,556)	(4,178)	(12,011)
Share of (loss)/profit of associates	(3,972)	43,142	50,817	111,027
(Loss)/profit before tax	(24,466)	1,160	114,458	57,277
Income tax and zakat	(3,557)	(535)	(11,388)	(1,842)
(Loss)/profit from continuing operations	(28,023)	625	103,070	55,435
Discontinued operations				
Profit/(loss) from discontinued operations, net of tax	-	15,547	(433)	3,501
(Loss)/profit for the period	**(28,023)**	**16,172**	**102,637**	**58,936**
(Loss)/profit attributable to owners of the parent:				
- Continuing operations	(28,544)	355	98,580	52,740
- Discontinued operations	-	14,020	(433)	2,586
	(28,544)	14,375	98,147	55,326
- Non-controlling interests	521	1,797	4,490	3,610
	(28,023)	**16,172**	**102,637**	**58,936**
(Loss)/earnings per share ("EPS") attributable to owners of the parent:				
Basic EPS (sen)				
- Continuing operations	(5.7)	0.1	19.8	10.6
- Discontinued operations	-	2.8	(0.1)	0.5
Diluted EPS (sen)				
- Continuing operations	(5.7)	0.1	19.8	10.6
- Discontinued operations	-	2.8	(0.1)	0.5

(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 December 2016

PARTICULARS	INDIVIDUAL QUARTER CURRENT YEAR QUARTER 31/12/2016 RM'000	INDIVIDUAL QUARTER PRECEDING YEAR CORRESPONDING QUARTER 31/12/2015 RM'000	CUMULATIVE QUARTER CURRENT YEAR TO DATE 31/12/2016 RM'000	CUMULATIVE QUARTER PRECEDING YEAR CORRESPONDING PERIOD 31/12/2015 RM'000
(Loss)/profit for the period	**(28,023)**	**16,172**	**102,637**	**58,936**
Other comprehensive income:				
Gain on foreign currency translation reserve	4,043	-	4,257	-
Total other comprehensive income/(loss), net of tax	4,043	-	4,257	-
Total comprehensive (loss)/income for the period	**(23,980)**	**16,172**	**106,894**	**58,936**
Attributable to owners of the parent:				
- Continuing operations	(25,494)	355	101,758	52,740
- Discontinued operations	-	14,020	(433)	2,586
	(25,494)	14,375	101,325	55,326
- Non-controlling interests	1,514	1,797	5,569	3,610
	(23,980)	**16,172**	**106,894**	**58,936**

(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 December 2016

	31-Dec-16 RM'000	Audited 31-Dec-15 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	100,193	130,619
Investment properties	89,371	6,510
Investments in associates	1,079,065	1,037,889
Club membership	523	523
Goodwill on consolidation	36,822	2,020
Intangible asset	201,699	-
Other receivables	32,313	-
	1,539,986	1,177,561
Current assets		
Inventories	31,413	1,186
Receivables	120,692	47,888
Tax recoverable	3,058	265
Cash and bank balances	131,974	92,558
	287,137	141,897
Assets of disposal group classified as held for sale	-	42,530
TOTAL ASSETS	**1,827,123**	**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	11,178	8,000
Retained earnings	779,290	691,123
Shareholders' equity	1,328,560	1,237,215
Non-controlling interests	99,888	17,432
TOTAL EQUITY	1,428,448	1,254,647
Non-current liabilities		
Borrowings (interest bearing)	159,201	88
Deferred tax	52,407	31
	211,608	119
Current liabilities		
Payables	71,355	76,716
Borrowings	108,179	30,042
Taxation	7,533	464
	187,067	107,222
TOTAL LIABILITIES	398,675	107,341
TOTAL EQUITY AND LIABILITIES	**1,827,123**	**1,361,988**
Net assets per ordinary share attributable to owners of the parent (RM)	2.66	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 December 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	Foreign currency translation 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	106,894	101,325	-	-	3,178	-	3,178	-	98,147	5,569
Transactions with owners:										
Dividend for the financial year ended 31 December 2015	(9,980)	(9,980)	-	-	-	-	-	-	(9,980)	-
Dilution of interest in subsidiaries	(4,047)	-	-	-	-	-	-	-	-	(4,047)
Acquisition of subsidiaries	81,722	-	-	-	-	-		-		81,722
Dividend of subsidiaries	(788)	-	-	-	-	-	-	-	-	(788)
	66,907	(9,980)	-	-	-	-	-	-	(9,980)	76,887
At 31 December 2016	**1,428,448**	**1,328,560**	**499,004**	**39,088**	**11,178**	**-**	**3,178**	**8,000**	**779,290**	**99,888**
	-				-				-	-
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	58,939	55,329	-	-	-	-	-	-	55,329	3,610
Transactions with owners:										
Dividend for the financial year ended 31 December 2014	(9,980)	(9,980)	-	-	-	-	-	-	(9,980)	-
Dividend for the financial year ended 31 December 2015	(9,980)	(9,980)	-	-	-	-	-	-	(9,980)	-
Dividend of subsidiaries	(240)	-	-	-	-	-	-	-	-	(240)
Disposal of a subsidiary	(7,233)	1,492	-	-	(102,080)	(102,080)	-	-	103,572	(8,725)
	(27,433)	(18,468)	-	-	(102,080)	(102,080)	-	-	83,612	(8,965)
At 31 December 2015	**1,254,647**	**1,237,215**	**499,004**	**39,088**	**8,000**	**-**	**-**	**8,000**	**691,123**	**17,432**

(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 year ended 31 December 2016

	12 months ended 31-Dec-16 RM'000	12 months ended 31-Dec-15 RM'000
Cash Flows From Operating Activities		
Profit/(loss) before tax and zakat		
- Continuing operations	114,458	57,277
- Discontinued operations	(413)	19,829
Adjustment for non-cash items	(113,080)	(7,220)
Adjustment for non-operating items	3,863	51,916
Operating profit before working capital changes	4,828	121,802
(Increase)/decrease in working capital:		
Net change in current assets	(20,733)	(40,322)
Net change in current liabilites	5,887	(57,199)
Cash (used in)/generated from operating activities	(10,018)	24,281
Tax and zakat paid, net of refunds received	(6,659)	(4,828)
Net cash (used in)/generated from operating activities	(16,677)	19,453
Cash Flows From Investing Activities		
Dividends received	-	3,000
Interest received	668	489
Profit from Islamic short term placement	315	1,560
Purchase of property, plant and equipment	(2,362)	(2,536)
Purchase of investment properties	-	(24)
Acquisition of subsidiaries	(224,337)	-
Proceeds from assets held for disposal	60,000	-
Proceeds from disposal of property, plant and equipment	-	104
Outflow from disposal of subsidiary	-	(39,757)
Net movements in money market deposits	20,687	27,690
Investment in asociates	-	(5,400)
Net cash used in investing activities	(145,029)	(14,874)
Cash Flows From Financing Activities		
Dividend paid	(10,768)	(20,200)
Interest paid	(4,178)	(53,476)
Proceeds from government soft loan	-	3,178
Repayment of borrowings	(30,245)	(10,047)
Drawdown of borrowings	267,000	30,000
Net movements in deposits with licensed banks	3,111	4,664
Net cash generated from/(used in) financing activities	224,920	(45,881)
Net increase/(decrease) in cash and cash equivalents	63,214	(41,302)
Cash and cash equivalents at 1 January	19,657	60,959
Cash and cash equivalents at 31 December	**82,871**	**19,657**

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

	As at 31-Dec-16	As at 31-Dec-15
Cash and bank balances	131,974	92,558
Less:		
Deposits with licensed banks with maturity period of more than 3 months	(8,978)	(12,089)
Money market deposits	(40,125)	(60,812)
	82,871	**19,657**

(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 interim financial statements are unaudited and have been prepared in accordance with the requirement of FRS 134 Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2015. The explanatory notes attached to the interim financial statements provide and explanation of events and transactions that are significant to understand the changes in the financial position and performance of the Group since the financial year ended 31 December 2015.

A2 Significant Accounting Policies

The significant accounting policies adopted in preparing the interim financial statements are consistent with those of the audited financial statements for the financial 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 year 31 December 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 consolidated 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

Other than those stated in the notes, there were no other 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 was no material change 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 was no issuance, cancellation, repurchase, resale and repayment of debt securities during the current quarter.

A8 Dividend paid

There was no dividend paid during the current quarter. A final single-tier dividend of 2 sen per ordinary share amounting to RM9,980,082 in respect of the financial year ended 31 December 2015 was paid on 22 August 2016.

A9 Segmental Information

	3 months ended		12 months ended	
	31.12.2016	**31.12.2015**	**31.12.2016**	**31.12.2015**
Segment Revenue	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Continuing Operations:				
Manufacturing	26,321	-	26,321	-
Trading	23,653	15,543	83,864	62,474
Licensing	9,614	-	20,169	-
Investment holding and others	40,819	4,664	50,690	12,571
Total revenue including inter-segment sales	100,407	20,207	181,044	75,045
Elimination of inter-segment sales	(37,020)	(2,647)	(37,692)	(3,691)
Total Continuing Operations	63,387	17,560	143,352	71,354
Discontinued Operations:				
Infrastructure and utilities	-	57,583	-	200,858
Hospitality	-	3,691	1,619	13,747
Total Discontinued Operations	-	61,274	1,619	214,605
Total Revenue	**63,387**	**78,834**	**144,971**	**285,959**
Segment Results				
Continuing Operations:				
Manufacturing	4,942	-	4,942	-
Trading	1,131	829	7,337	5,848
Licensing	(2,093)	-	1,762	-
Infrastructure and utilities *	(7,516)	41,910	37,639	112,139
Oil and gas*	3,117	739	14,674	1,669
Telecommunication*	427	493	(1,496)	(2,781)
Investment holding and others	(26,047)	2,958	49,357	(11,565)
Total (loss)/profit	(26,039)	46,929	114,215	105,310
Eliminations	1,573	(45,769)	243	(48,033)
(Loss)/profit before tax	(24,466)	1,160	114,458	57,277
Discontinued Operations:				
Infrastructure and utilities	-	20,702	-	27,638
Hospitality	-	(930)	(413)	(6,377)
Golf club and recreational facilities	-	(470)	-	(1,434)
Profit/(loss) before tax	-	19,302	(413)	19,827
Total (loss)/profit before tax	**(24,466)**	**20,462**	**114,045**	**77,104**

* Share of (loss)/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

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 except for the acquisition of 85,729,266 shares of RM0.50 each in Century Bond Berhad ("CBB") ("CBB Shares"), by Perangsang Packaging Sdn Bhd ("PPSB"), a wholly owned subsidiary of the Company, from C B Equities Sdn Bhd ("CBE") and other vendors ("Acquisition").

The Company and PPSB had on 11 August 2016, entered into conditional share sale agreement with CBE and other vendors whereby PPSB agrees to acquire a total of 85,729,266 CBB Shares, representing approximately 71.44% equity interest in CBB, for a total cash consideration of RM150,026,215.50 or RM1.75 per CBB Share. Upon completion of the Acquisition, PPSB will hold approximately 71.44% equity interest in CBB. Accordingly, pursuant to Section 218(2) of the Capital Markets & Services Act, 2007 and Rule 4.01 of the Malaysian Code on Take-Overs and Mergers, 2016, PPSB will be obliged to extend an MGO for all remaining CBB Shares not already owned by PPSB after the Proposed Acquisition for a cash consideration of RM1.75 per CBB Share ("MGO").

The Acquisition and MGO were approved by the shareholders of the Company at an Extraordinary General Meeting on 31 October 2016. The Acquisition was completed on 8 November 2016, and consequently the Group has consolidated two months' results of CBB during the current quarter. The final closing date of the MGO was on 27 December 2016 and as at the date of this report, PPSB holds 94.39% of CBB shares.

A13 Capital Commitments

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

	RM'000
Property, plant and equipment:	
(i) Approved but not contracted for	26,300
(ii) Approved and contracted for	1,413

A14 Significant Related Party Transactions

The following are the related party transactions of the Group:

	3 month ended		12 months ended	
	31.12.2016 RM'000	31.12.2015 RM'000	31.12.2016 RM'000	31.12.2015 RM'000
Sale of goods to a subsidiary company of non-controlling interest:				
- Sungai Harmoni Sdn Bhd	4,558	4,734	16,504	16,498
- Taliworks (Langkawi) Sdn Bhd	403	338	1,442	1,209
Sale of goods to related companies:				
- Konsortium Abass Sdn Bhd	2,369	-	10,148	-
- PNSB Water Sdn Bhd	9,271	-	25,056	-
- Konsortium Air Selangor Sdn Bhd	330	251	1,410	1,013
Management fee received from immediate holding company	-	26	23	154
Management fees received from related company:				
- Konsortium Air Selangor Sdn Bhd	-	9	15	36
- Kumpulan Hartanah Selangor Sdn Bhd	-	(27)	-	58
- KDEB Waste Management Sdn Bhd	-	4	-	30
- Hebat Abadi Sdn Bhd	-	2	-	6
- Central Spectrum (M) Sdn Bhd	-	3	-	12
Rental income received from immediate holding company	20	29	81	104
Rental income received from related companies:				
- Konsortium Abass Sdn Bhd	69	-	278	-
- Konsortium Air Selangor Sdn Bhd	-	19	26	77
- KDEB Waste Management Sdn Bhd	21	-	55	-
- Hebat Abadi Sdn Bhd	17	17	70	63
- Kumpulan Hartanah Selangor Berhad	-	-	-	445
Management fee paid to immediate holding company:				
- Kumpulan Darul Ehsan Bhd	-	(127)	-	(169)
Management fee paid to a related company:				
- Konsortium Air Selangor Sdn Bhd	-	(53)	-	(143)

A15 Contingent liabilities and contingent assets

The contingent liabilities as at 31 December 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	32,643
ii) Working capital and issuance of bank guarantees	28,000
Sub-total	60,643
ii) **Unsecured**	
a) Performance guarantees to third parties	677
Total	61,320

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

Overall, the Group posted an increase of 74.15% to RM102.64 million in net profit after tax for the financial year ended 31 December 2016 from RM58.94 million previously. Group revenue double to RM143.35 million from RM71.35 million a year ago.

The higher revenue was due to the growth in water-related trading business of Aqua Flo Sdn Bhd ("Aqua-Flo"), as well as first time contributions from the newly acquired manufacturing and licensing businesses of Century Bond Berhad ("CBB") and Kaiserkorp Corporation Sdn Bhd ("Kaiserkorp"), respectively.

a) Current quarter against previous year corresponding quarter

<u>Continuing Operations</u>

Group revenue increased significantly to RM63.38 million compared with RM17.56 million for the corresponding quarter 2015, representing an increase in revenue by 261% or RM45.82 million. This was largely attributable to higher sales in the trading business of Aqua Flo Sdn Bhd (''Aqua-Flo") by RM8.11 million, as well as contributions from the newly-acquired manufacturing and licensing businesses of CBB with revenue of RM26.32 million and Kaiserkorp with revenue of RM9.61 million respectively.

For the current quarter ended 31 December 2016, the Group registered a loss before tax of RM24.47 million as compared to a profit before tax of RM1.16 million for the preceding year corresponding quarter 2015. Losses in the current quarter was mainly due to share of losses of associates of RM3.98 million as compared to share of profit of associates of RM43.14 million in the corresponding quarter 2015. In addition, the Group has provided provision in diminution for investment in Ceres Telecom Sdn Bhd of RM9.64 million in accordance with FRS 136- Impairment of Assets.

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

1. Manufacturing

   Arising from the completion of acquisition in CBB on 8 November 2016, the Group has consolidated two months' results of CBB with revenue and profit contributions of RM26.32 million and RM4.94 million respectively. 77% or RM20.37 million of the sector's revenue was from paper packaging and the remaining was from plastic packaging and others.

2. Trading

   Trading sector revenue of RM23.65 million was 52% or RM8.11 million higher than the corresponding quarter's revenue of RM15.54 million. The significant increase in revenue was attributed to supply of chemicals to PNSB Water Sdn Bhd, a new contract which Aqua Flo secured in May 2016.

   Correspondingly, on current quarter against corresponding quarter 2015 comparison, profit before tax for the current quarter was higher by RM0.30 million in line with increase in revenue. However, the profit margin has slightly deteriorated due to increase in raw material prices.

3. Licensing

   The licensing sector posted RM9.61 million revenue to the Group during the current quarter. During the period under review, the Group has reviewed the amortisation policy of the intangible assets namely the trademarks and patents of King Koil Licensing Company (Inc), a subsidiary of Kaiserkorp. Arising thereto, the Group has written off certain trademark and patents that were no longer in use amounting to RM2.06 million. In addition, the sector also incurred high sales and marketing cost of RM3.51 million in the current quarter in preparation for the Winter 2017 Las Vegas Market that was held from 22 January to 26 January 2017. Consequently, the sector recorded a loss before tax of RM2.09 million in the current quarter.

4. Infrastructure and utilities

   For the current quarter, infrastructure and utilities sector recorded a loss of RM7.52 million as compared to the corresponding year quarter's profit of RM41.91 million, an adverse variance of RM49.44 million. Higher losses recorded in the current quarter was mainly due to higher share of losses of Syarikat Pengeluar Air Selangor Holdings Berhad ("SPLASH Holding"), a 30% associated company. The share of losses from SPLASH Holdings for the current quarter was RM8.53 million as compared to share of profit of RM39.43 million in Q4 2015 and was due to impairment loss on trade receivables and accounting impact of IC 12.

5. Oil and gas

   For the current quarter, NGC Energy Sdn Bhd ("NGC Energy") registered a higher profit after tax of RM7.79 million as compared to a profit of RM5.67 million in the corresponding quarter of 2015. Higher profit recorded during the current quarter as there was no fair value adjustment on derivatives as compared to Q4 2015 of RM2.29 million. Thus, the Group's share of profit was higher at RM3.12 million as compared to a share of profit of RM0.74 million in the corresponding quarter 2015.

6. Telecommunication

   The Group's share of profit from Ceres Telecom Sdn Bhd ("Ceres") for the current quarter was RM0.43 million as compared to a share of profit of RM0.49 million for the corresponding quarter of 2015.

7. Investment holding and others

   Investment holding and others recorded revenue of RM40.82 million as compared to RM4.66 million in the corresponding quarter 2015 mainly due to higher dividend income by RM34.60 million coupled with higher rental income. This sector recorded a loss before tax of RM26.05 million as compared to a profit of RM2.96 million in the corresponding quarter 2015 mainly due to provision in diminution on investment in subsidiaries of RM22.03 million.

b) Current year to-date against previous year to-date

   Continuing Operations

   For the twelve months ended 31 December 2016, the Group registered revenue of RM143.35 million as compared to RM71.35 million in the corresponding period 2015, representing an increase in revenue by RM72.00 million or 101%. The significant increase was mainly due to higher revenue from trading sector by RM21.39 million coupled with revenue from newly acquired subsidiaries in licensing sector of RM20.17 million and manufacturing sector of RM26.32 million. Revenue from others was derived from lease income arising from the leasing of Quality Hotel City Centre building.

The Group's profit before tax for the current period of RM114.46 million was 98% higher than the corresponding period 2015 of RM57.28 million mainly due to gain realised from assets held for disposal of RM91.13 million but reduced by lower share of profit from associated companies by RM60.21 million.

Performance of the respective operating business segments for the twelve months ended 31 December 2016 as compared to the preceding year corresponding period is analysed as follows:

1. Manufacturing

   The manufacturing sector contributed a revenue and profit before tax of RM26.32 million and RM4.94 million respectively arising from the consolidation of two months' results of the newly acquired subsidiary namely Century Bond Berhad in November 2016.

2. Trading

   For the period ended 31 December 2016, trading sector posted a profit before tax of RM7.34 million on the back of total revenue of RM83.86 million. The current period revenue was higher by 34% or RM21.39 million due to higher revenue from sale of chemicals as a result of the new contract secured with PNSB Water Sdn Bhd in May 2016. However, profit margin has slightly deteriorated due to increase in raw material prices.

3. Licensing

   The licensing sector from the newly acquired subsidiary, Kaiserkorp posted revenue and profit before tax of RM20.17 million and RM1.76 million respectively for the seven months' consolidation period. 83% or RM16.76 million of the sector's revenue was attributed to royalty income.

4. Infrastructure and utilities

   Profit from the infrastructure and utilities sector for the current period of RM37.06 million was 64% lower than corresponding period's profit of RM112.14 million mainly due to lower share of profits contributed by Syarikat Pengeluar Air Selangor Holdings Berhad ("SPLASH Holding"), a 30% associated company. Share of profit from SPLASH Holdings for the current period was RM37.06 million as compared to corresponding period 2015 profit of RM103.85 million. The lower share of profit was due to higher impairment loss on trade receivables and accounting impact of IC 12 in the current period.

5. Oil and gas

   For the current period, NGC Energy registered profit after tax of RM36.69 million which translated into the Group's share of profit of RM14.67 million as compared to share of profit of RM1.67 million for the corresponding quarter 2015. The higher profit recorded by NGC Energy was mainly due to the full year contribution of the higher government subsidy under the Assets Pricing Mechanism which came into effect in June 2015, coupled with lower fair value adjustment on derivatives, administrative and financial cost. The company also recorded a gain on disposal of a piece of land located in Penang of RM5.30 million.

6. Telecommunication

   The Group's share of losses for the current period in Ceres was RM1.50 million, lower by RM1.28 million as compared to a loss of RM2.78 million for the corresponding period 2015.

7. Investment holding and others

   The investment holding and others recorded higher revenue of RM50.69 million as compared to RM12.57 million in the corresponding period 2015 mainly due to higher dividend income and rental income. This sector recorded a profit before tax of RM48.55 million as compared to a loss before tax of RM11.56 million the corresponding period 2015 mainly due to gain realised from assets held for disposal of RM91.13 million but reduced by provision for diminution on investment in subsidiaries of RM22.03 million.

<u>Discontinued Operations</u>

1. Infrastructure and utilities

   The revenue and profit were from Titisan Modal (M) Sdn Bhd's group which was disposed in December 2015.

2. Golf club and recreational facilities

   There was no revenue from the golf club and recreational facilities sector as the club had ceased operation with effect from 1 January 2015.

3. Hospitality

   The revenue and loss of RM1.62 million and RM0.41 million respectively were in relation to the two months' revenue from Quality Hotel City Centre's operations. The Group has discontinued its operation in the hospitality sector as Perangsang Hotel & Properties Sdn Bhd, a wholly owned subsidiary of Cash Band (M) Sdn Bhd had changed its business operation from hotel operation to leasing with effect from 1 March 2016.

B2 Comment on material change in (loss)/profit before tax

The Group recorded a loss before tax of RM24.47 million for the current quarter ended 31 December 2016 as compared to a loss before tax of RM17.96 million in the previous quarter ended 30 September 2016. The loss before tax for the current quarter was mainly due to provision in diminution on investment in an associate company of RM9.64 million. However, share of losses of associates was lower by RM12.03 million for the current quarter of RM3.97 million as compared to share of loss of RM16.0 million recorded in the previous quarter. The share of losses from Syarikat Pengeluar Air Selangor Holdings Berhad ("SPLASH Holding"), a 30% associated company for the current quarter was RM8.53 million as compared to share of loss of RM19.65 million in Q3 2016 and was due to impairment loss on trade receivables and accounting impact of IC 12.

B3 Commentary on prospects

1. Manufacturing

   The acquisition of Century Bond Berhad ("CBB") was completed on 8 November 2016. This new acquisition satisfies the stringent investment criteria as CBB has shown steady financial performance with healthy margins as well as cash reserves. CBB is currently the market leader in cement packaging in Peninsular Malaysia with a 60% market share. It is well known for its reliability and quality of its product and has been supplying to leading cement players in Malaysia for several years. CBB also supply cement bags to neighboring countries such as Singapore, Indonesia and Thailand.

   CBB's primary focus would be on growing its cement packaging business in the domestic and international markets. To propel our growth in the Malaysian market, the Group intends to enter new segments by developing new products such as paper packaging for food and fertilizer.

Regionally, the Group hopes to tap into the opportunity of the increasing infrastructure spending and capital projects in South East Asia, which present tremendous growth opportunities.

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 has been 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.

In addition to delivering on these contracts, the company would continue bidding for new contracts for supply of water treatment chemicals and equipment. At the same time, the Group would endeavour to undertake strategic initiatives to enhance future profitability by enhancing operational efficiency and venturing into other water-related businesses.

3. Licensing

The Group had on 23 May 2016 completed the acquisition of 60% equity stake in Kaiserkorp Corporation Sdn Bhd, which wholly-owns King Koil Licensing Company Inc ("KKLC"). KKLC owns King Koil® mattress brand licensing business and other related trademarks registered in the USA and around the world. This acquisition granted the Group access into an established consumer business with exciting opportunities to penetrate high-growth international markets. The Group foresee growing positive contribution to the Group as we implement our Value Creation Plan to increase brand visibility worldwide, expand its geographical presence through our licensees and accelerate the growth of the brand's market share in the United States.

4. Infrastructure and utilities

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 ("Nadi Biru"), has ventured into the water pipe rehabilitation business through 51% holding in Smartpipe Technology Sdn Bhd ("SPT"). During the year, SPT had obtained the product certification and C1 license from Suruhanjaya Perkhidmatan Air Negara ("SPAN") and registered as G7 contractor with CIDB which enables the Company to undertake the water and sewerage projects.

Being a new technology in this region, extra effort is required to market and promote the compact pipe technology. As such, SPT is constantly engaging various parties such as Air Selangor and other state water agencies to facilitate further understanding. The Group is encouraged by compact pipe technology's remarkable success in several countries including Hong Kong, where its installation drastically reduced non-revenue water (NRW) levels from 27% in 2000 to 15% in 2015. The Group would hope to replicate this success locally.

With the imminent takeover of Group's holding 30% equity interest in Syarikat Pengeluar Air Selangor Sdn Bhd ("SPLASH") held through Viable Chip (M) Sdn Bhd, a wholly owned subsidiary of the Company, 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.

5. 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 USD54 per barrel in December 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.

6. 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.

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 following credits/(charges):

	3 months ended		**12 months ended**	
	31.12.2016 RM'000	**31.12.2015 RM'000**	**31.12.2016 RM'000**	**31.12.2015 RM'000**
Notional income on unwinding of discounting of:				
- concession receivables	-	4,676	-	18,765
- imputed interest income	-	2,621	-	10,482
- loan and receivables	-	1,256	-	5,023
Profit from Islamic short term placement	182	546	315	1,560
Interest income - fixed deposit	253	187	668	489
Gain realised on assets held for disposal	-	-	91,128	-
Gain/(loss) on disposal of property, plant and equipment	(11)	(11)	(11)	(55)
Gain/(loss) on foreign exchange	1,794	10	1,810	(31)
Reversal of allowances for impairment on:				
- trade receivables	113	-	113	-
- inventories	20	-	20	-
Finance costs	(2,716)	(23,961)	(4,178)	(92,682)
Depreciation of property, plant and equipment	(2,895)	(1,890)	(7,871)	(7,800)
Depreciation of investment properties	(24)	(22)	(88)	(87)
Amortisation of concession rights	-	(4,186)	-	(16,745)
Amortisation of intangible assets	(27)	-	(82)	-
Intangible assets written off	(2,059)	-	(2,059)	-
Property, plant and equipment written off	(92)	-	(92)	-
Bad debt written off	(86)	-	(86)	-
Impairment loss on inventories	(212)	-	(212)	-
Impairment loss on trade receivables	(7,713)	(11,356)	(7,713)	(59,604)
Impairment of goodwill on consolidation	-	-	(2,020)	-
Provision in diminution on an associated company	(9,641)	-	(9,641)	-
Loss on disposal of a subsidiary	-	(11,361)	-	(11,361)
Waiver of amount owing from a subsidiary company	-	(21,132)	-	(21,132)

B6 Income tax and zakat expense

	3 months ended		12 months ended	
	31.12.2016	**31.12.2015**	**31.12.2016**	**31.12.2015**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Continuing operations:				
Income tax expense	3,403	466	10,588	1,759
Zakat expense	154	69	800	83
Income tax and zakat expense	3,557	535	11,388	1,842
Discontinued operations:				
Income tax expense	-	4,791	8	20,166
Deferred tax transfer to balance sheet	-	(1,046)	-	(4,187)
Income tax expense	-	3,745	8	15,979
Zakat expense	-	10	12	347
Income tax and zakat expense	-	3,755	20	16,326
Total income tax and zakat expense	3,557	4,290	11,408	18,168

The effective tax rate for the current quarter was higher than the statutory tax rate mainly due to under provision of tax in the previous quarters.

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 December 2016 are as follows:

	RM'000
Short term borrowings	
Secured	108,179
Long term borrowings	
Secured	159,201
Total Borrowings	267,380

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

A final single-tier dividend of 2 sen per ordinary share amounting to RM9,980,082 in respect of the financial year ended 31 December 2015 which was approved by the shareholders at the Annual General Meeting of the Company held on 27 May 2016 was paid on 22 August 2016.

B11 (Loss)/earnings per share

Basic earnings per share

The basic (loss)/earnings 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 31.12.2016	3 Months Ended 31.12.2015	12 Months Ended 31.12.2016	12 Months Ended 31.12.2015
Basic (loss)/earnings per share				
Net (loss)/profit attributable to owners of the parent (RM'000)				
- Continuing operations	(28,544)	355	98,580	52,740
- Discontinued operation	-	14,020	(433)	2,586
Weighted average number of shares in issue ('000)	499,004	499,004	499,004	499,004
Basic EPS (sen)				
- Continuing operations	(5.7)	0.1	19.8	10.6
- Discontinued operation	-	2.8	(0.1)	0.5

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 31.12.2016 RM'000	As at 31.12.2015 RM'000
The retained earnings/(accumulated losses) of the Company and its subsidiaries:		
- Realised	5,416	(17,622)
Add:		
Total share of retained earnings from associates		
- Realised	773,874	708,745
Retained earnings as per financial statements	779,290	691,123

BY ORDER OF THE BOARD

HASHIMAH BINTI HAJI MOHD ISA
Company Secretary

Date: 28 February 2017