

# **KRETAM HOLDINGS BERHAD**

(Company No.: 168285 - H)

## **INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2013**

This interim financial report is unaudited and should be read in conjunction with the Company's audited financial statements for the year ended 31 December 2012.

### **A. CONDENSED CONSOLIDATED INCOME STATEMENT**

	<b>CURRENT QUARTER</b>		<b>CUMULATIVE</b>	
	<b>Quarter Ended 30 SEP</b>		<b>9 Months Ended 30 SEP</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>CONTINUING OPERATIONS:-</u></b>				
Revenue	98,301	91,535	271,191	223,752
Cost of sales and services	(79,577)	(63,517)	(221,156)	(153,799)
Gross profit	18,724	28,018	50,035	69,953
Selling and distribution costs	(5,722)	(4,944)	(18,606)	(14,027)
	13,002	23,074	31,429	55,926
Other income	1,886	793	2,841	1,594
Administrative expenses	(4,077)	(3,131)	(12,040)	(9,647)
Other expenses	(255)	(264)	(1,365)	(675)
	10,556	20,472	20,865	47,198
Finance costs	(756)	(245)	(1,913)	(947)
<b>Profit before taxation</b>	<b>9,800</b>	<b>20,227</b>	<b>18,952</b>	<b>46,251</b>
Taxation	(2,267)	(7,998)	(5,074)	(15,079)
<b>Profit after taxation from continuing operations</b>	<b>7,533</b>	<b>12,229</b>	<b>13,878</b>	<b>31,172</b>
<b><u>DISCONTINUED OPERATIONS:-</u></b>				
<b>Profit after taxation from discontinued operations</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>16,719</b>
<b>Profit after taxation</b>	<b>7,533</b>	<b>12,229</b>	<b>13,878</b>	<b>47,891</b>
<b>Profit after taxation attributable to:-</b>				
Shareholders of the Company	7,504	12,287	13,794	47,895
Non-Controlling Interests	29	(58)	84	(4)
	<b>7,533</b>	<b>12,229</b>	<b>13,878</b>	<b>47,891</b>
<b>Profit after taxation attributable to shareholders of the Company:-</b>				
from continuing operations	7,504	12,287	13,794	31,176
from discontinued operations	0	0	0	16,719
	<b>7,504</b>	<b>12,287</b>	<b>13,794</b>	<b>47,895</b>
<b><u>EARNINGS PER SHARE (EPS):-</u></b>				
	<b>sen</b>	<b>sen</b>	<b>sen</b>	<b>sen</b>
<b>(i) Basic EPS:</b>				
- for profit from continuing operations	2.05	3.36	3.77	8.53
- for profit from discontinued operations	0.00	0.00	0.00	4.57
<b>- for profit after taxation</b>	<b>2.05</b>	<b>3.36</b>	<b>3.77</b>	<b>13.10</b>
<b>(ii) Diluted EPS:</b>				
- for profit from continuing operations	1.65	2.68	3.07	6.82
- for profit from discontinued operations	0.00	0.00	0.00	3.59
<b>- for profit after taxation</b>	<b>1.65</b>	<b>2.68</b>	<b>3.07</b>	<b>10.41</b>

**B. CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	CURRENT QUARTER		CUMULATIVE	
	Quarter Ended 30 SEP		9 Months Ended 30 SEP	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
<b>Profit after taxation</b>	7,533	12,229	13,878	47,891
Other Comprehensive Income (OCI)	0	0	0	0
Income tax relating to components of OCI	0	0	0	0
<b>Other Comprehensive Income net of tax</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Comprehensive Income</b>	<b>7,533</b>	<b>12,229</b>	<b>13,878</b>	<b>47,891</b>
<b>Total Comprehensive Income attributable to:-</b>				
Shareholders of the Company	7,504	12,287	13,794	47,895
Non-Controlling Interests	29	(58)	84	(4)
	<b>7,533</b>	<b>12,229</b>	<b>13,878</b>	<b>47,891</b>

**C. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	<b>As at 30.09.2013 RM'000</b>	<b>As at 31.12.2012 RM'000</b>
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment and land use rights	522,844	487,536
Investment property	647	651
Biological assets	401,140	397,387
Intangible assets	42,776	42,777
Trade & other receivables	1,276	2,904
Deferred tax assets	1	22
<b>CURRENT ASSETS</b>		
Inventories	56,094	88,205
Receivables	28,446	13,241
Tax refundable	31,198	10,865
Derivatives	136	0
Cash and bank balances	30,978	40,181
	<b>146,852</b>	<b>152,492</b>
<b>CURRENT LIABILITIES</b>		
Payables	40,041	50,131
Loans and borrowings	44,777	20,368
Derivatives	319	0
Income tax payable	67	232
	<b>85,204</b>	<b>70,731</b>
<b>NET CURRENT ASSETS</b>	<b>61,648</b>	<b>81,761</b>
<b>NON-CURRENT LIABILITIES</b>		
Loans and borrowings	16,160	14,121
Deferred taxation	100,317	98,820
	<b>913,855</b>	<b>900,097</b>
<b>EQUITY</b>		
<b>Equity attributable to shareholders of the Company</b>		
Share capital	365,525	365,525
Share premium reserve	157,357	157,357
Equity component of ICPS	222,513	222,513
Revaluation reserve	31,447	31,447
Other reserves	0	0
Retained profits	133,827	120,032
	<b>910,669</b>	<b>896,874</b>
<b>Equity attributable to non-controlling interests</b>	<b>3,186</b>	<b>3,223</b>
	<b>913,855</b>	<b>900,097</b>
<b>NET ASSETS PER SHARE</b>	<b><u>RM</u> 2.49</b>	<b><u>RM</u> 2.45</b>

**D. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	EQUITY ATTRIBUTABLE TO:-					TOTAL EQUITY
	Shareholders of the Company			Non- controlling Interests	TOTAL	
	Share Capital	Reserves	Retained Profits			
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b><u>CURRENT YEAR TO DATE:</u></b>						
At 1 January 2013	365,525	411,317	120,033	896,875	3,222	900,097
Dividend paid to non-controlling interests	0	0	0	0	(120)	(120)
Total Comprehensive Income for the year	0	0	13,794	13,794	84	13,878
At 30 September 2013	365,525	411,317	133,827	910,669	3,186	913,855
<b><u>PREVIOUS YEAR CORRESPONDING PERIOD:</u></b>						
At 1 January 2012	365,525	458,598	33,015	857,138	3,288	860,426
Deconsolidated on disposal of subsidiary	0	171	0	171	129	300
Total Comprehensive Income for the period	0	0	47,895	47,895	(4)	47,891
Non-controlling interests on acquisition of subsidiaries	0	0	0	0	(2)	(2)
Dividend paid to non-controlling interests	0	0	0	0	(320)	(320)
At 30 September 2012	365,525	458,769	80,910	905,204	3,091	908,295

The Reserves are not distributable.

**E. CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	<b>9 Months Ended 30 SEP</b>	
	<b>2013</b>	<b>2012</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flows from operating activities</b>		
Profit before taxation		
- from continuing operations	18,952	46,251
- from discontinued operations	0	16,719
<u>Adjustments for:-</u>		
Depreciation	20,057	16,424
Interest income	(564)	(651)
Finance costs	1,913	947
Gain on disposal of subsidiary	(20)	(17,233)
Others	299	(2)
Changes in working capital	5,562	(12,019)
Income taxes paid, net of refunds	(24,019)	(25,076)
Interest received	480	651
Interest paid	(1,403)	(555)
	<u>21,257</u>	<u>25,456</u>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(56,318)	(45,065)
Proceeds from disposal of property plant and equipment	70	156
Additions to biological assets	(149)	(629)
Net cash flow on disposal/acquisition of subsidiaries	0	19,654
Others	0	443
	<u>(56,397)</u>	<u>(25,441)</u>
<b>Cash flows from financing activities</b>		
Repayment of finance lease obligations	(1,606)	(1,441)
Drawdown of revolving credit and loan	27,929	11,000
Payment of dividend to non-controlling interests	(120)	(320)
	<u>26,203</u>	<u>9,239</u>
Increase/(decrease) in cash and cash equivalents	(8,937)	9,254
Cash and cash equivalents at the beginning of the year	39,740	45,352
Cash and cash equivalents at the end of the period	<u>30,803</u>	<u>54,606</u>
Cash and cash equivalents comprise of the following:		
Cash and bank balances	30,978	58,718
Bank overdraft	(175)	(4,112)
	<u>30,803</u>	<u>54,606</u>

**1. ACCOUNTING POLICIES**

The interim financial statements are prepared as required by Paragraph 9.22 of the Bursa Malaysia Listing Requirements and comply with Financial Reporting Standard FRS 134 *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board (MASB).

**(a) Changes to Accounting Policies**

The accounting policies and methods of computation used in the preparation of the interim financial statements are consistent with those used in the preparation of the audited financial statements for the year ended 31 December 2012 except for the adoption of the following new and revised Financial Reporting Standards (“FRSs”; “FRS” when referred to in the singular) and IC Interpretations which became applicable beginning from the Group’s financial year ending 31 December 2013:

Amendments to FRS 101	<i>Presentation of Items of Other Comprehensive Income</i>
FRS 10	<i>Consolidated Financial Statements</i>
FRS 11	<i>Joint Arrangements</i>
FRS 12	<i>Disclosures of Interests in Other Entities</i>
FRS 13	<i>Fair Value Measurement</i>
FRS 119	<i>Employee Benefits</i>
FRS 127	<i>Separate Financial Statements</i>
FRS 128	<i>Investments in Associates and Joint Ventures</i>
IC Interpretation 20	<i>Stripping Costs in the Production Phase of a Surface Mine</i>
Amendments to FRS 7	<i>Disclosures – Offsetting Financial Assets and Financial Liabilities</i>
Amendments to FRS 10, FRS 11 and FRS 12	<i>Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities</i>

The new and revised FRSs and IC Interpretations did not have any significant impact on the Group’s results and financial position upon their initial application.

**(b) New and Revised FRSs, IC Interpretations and Amendments Issued but are Not Yet Effective for the Current Financial Year**

The Group has not yet adopted the following new and revised FRSs, IC Interpretations and Amendments; they will only become effective for the Group’s financial year ending 31 December 2014:

<u>FRS, Amendments to FRS and IC Interpretations</u>	<u>Effective for financial periods beginning on or after</u>
Amendments to FRS 10, FRS 12 and FRS 127	<i>Investment Entities</i> 1 January 2014
Amendments to FRS 132	<i>Offsetting Financial Assets and Financial Liabilities</i> 1 January 2014
FRS 9	<i>Financial Instruments</i> 1 January 2015
Amendments to FRS 136	<i>Recoverable Amount Disclosures for Non-financial Assets</i> 1 January 2014
Amendments to FRS 139	<i>Novation of Derivatives and Continuation of Hedge Accounting</i> 1 January 2014
IC Interpretation 21	<i>Levies</i> 1 January 2014

Adoption of those of the above that become effective on 1 January 2014 (in the next financial year) is not expected to have any material impact on the Group’s results and financial position.

**(c) Malaysian Financial Reporting Standards (“MFRS”) and MFRS Framework**

On 19 November 2011 the Malaysian Accounting Standards Board (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, except for entities that are within the scope of MFRS 141 *Agriculture* and IC Interpretation 15 *Agreements for Construction of Real Estate*, including their parents, significant investors and venturers (collectively referred to as “Transitioning Entities”). Transitioning Entities are allowed to defer adoption of the MFRS Framework by two years.

The Group falls within the definition of Transitioning Entities and has elected to defer adoption of the MFRS Framework. Consequently, the Group will apply the MFRS Framework for the first time in its financial statements for the year ending 31 December 2014. In presenting its first set of financial statements under the MFRS Framework, the Group will be required to restate its comparative financial statements to amounts reflecting the application of the MFRS Framework. The majority of the adjustments required to be made on transition will be made, retrospectively, against opening retained earnings.

## 2. SEASONAL OR CYCLICAL FACTORS

The Group's production from its plantations generally experiences an "up-down" cycle once a year, with low production usually in the early part of the year, and peak production in the final quarter of the year.

## 3. SIGNIFICANT ITEMS/EVENTS

There were no items or events which arose, which affected assets, liabilities, equity, net income or cash flows, which are unusual by reason of their nature, size or incidence.

## 4. MATERIAL CHANGES IN ACCOUNTING ESTIMATES

During the period under review, there were no:

- (i) material changes in estimates of amounts reported in the previous interim periods of the current financial year; and
- (ii) material changes in estimates of amounts reported in prior financial years.

## 5. DEBT AND EQUITY SECURITIES

There were no cancellations, repurchases, resale and repayments of debt and equity securities during the period under review.

## 6. PAYMENT OF DIVIDENDS

The Company did not pay any dividends during the period under review.

## 7. SEGMENT REVENUE AND RESULTS FOR THE 9 MONTHS ENDED 30 SEPTEMBER 2013

	<b>Plantation &amp; Mill</b>	<b>Refinery</b>	<b>Elimi- nation</b>	<b>TOTAL</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>REVENUES AND RESULTS:-</u></b>				
Segment Revenue - external	106,473	164,718	0	271,191
Inter-segment revenue	62,731	0	(62,731)	0
	<u>169,204</u>	<u>164,718</u>	<u>(62,731)</u>	<u>271,191</u>
Segment results	<u>15,493</u>	<u>(40)</u>	<u>4,901</u>	<u>20,354</u>
Unallocated Items:-				
Other income				505
Corporate expenses				(1,433)
Finance costs				(494)
Gain on disposal of subsidiary				20
Profit before taxation				<u>18,952</u>
Taxation				<u>(5,074)</u>
Profit after taxation				<u>13,878</u>
<b><u>ASSETS:-</u></b>				
Segment assets	<u>908,440</u>	<u>164,797</u>		<u>1,073,237</u>
Unallocated assets				<u>42,299</u>
Total assets				<u>1,115,536</u>

## **8. VALUATIONS OF PROPERTY, PLANT AND EQUIPMENT**

The valuations of leasehold land, plantations and buildings have been brought forward, without amendment from the previous audited financial statements (for the year ended 31 December 2012).

## **9. SUBSEQUENT EVENTS**

As at the date of this report, there were no material events which arose subsequent to the end of the period under review.

## **10. EFFECT OF CHANGES IN THE COMPOSITION OF THE GROUP**

### **(a) Disposal of Subsidiary**

On 13 March 2013, Abedon Enviro Sdn. Bhd., a 70%-owned subsidiary of the Group, entered into an agreement to dispose of its equity interest in Natural Objective Sdn. Bhd. for a cash consideration of RM2. The disposal resulted in a gain of RM20,258.

### **(b) Acquisition of Subsidiary**

On 27 March 2013 the Group, through its subsidiaries Kretam Management Sdn. Bhd. and KHB Management Sdn. Bhd. acquired a 66.67% effective interest in Usaha Dimega Sdn. Bhd. for a cash consideration of RM4. The acquisition had no material impact on the results of the Group.

## **11. CHANGES IN CONTINGENT LIABILITIES OR CONTINGENT ASSETS SINCE THE LAST FINANCIAL YEAR**

There were no changes in contingent liabilities or contingent assets since 31 December 2012.



**G. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA  
MALAYSIA SECURITIES BERHAD**

**12. REVIEW OF PERFORMANCE**

For the first 9 months of 2013, the Group's continuing operations achieved total revenue of RM271.2 million (Q1-Q3 2012: RM223.8 million) and pre-tax profit of RM18.95 million (Q1-Q3 2012: RM46.25 million). In general, higher revenue despite lower palm oil prices had been due to the clearing of inventories and increased sourcing of CPO from external suppliers.

Commentary on the performance of the operating segments of the Group is as follows:-

**(a) Plantations and Mills**

As shown in Note 7, the Group's plantation and mill operations achieved revenues (including inter-segment revenues) of RM169.2 million (Q1-Q3 2012: RM209.3 million), and pre-tax profit of RM15.5 million (Q1-Q3 2012: RM62.7 million).

The lower revenue and pre-tax profit compared to the previous year's corresponding period is mainly due to significantly lower CPO and palm kernel (PK) prices. For an indication, monthly average CPO and palm kernel (PK) prices for Sabah as published by the Malaysian Palm Oil Board (MPOB) are as follows:-

	CPO		PK	
	2013	2012	2013	2012
January	2,162.00	3,149.50	1,024.50	1,870.00
February	2,340.00	3,051.50	1,136.00	1,780.00
March	2,297.50	3,243.00	1,083.00	1,919.00
April	2,258.00	3,454.00	1,140.00	1,975.00
May	2,237.50	3,148.50	1,131.50	1,686.50
June	2,355.50	2,917.00	1,160.00	1,712.00
July	2,297.50	3,016.00	1,193.00	1,612.50
August	2,303.50	2,787.50	1,261.50	1,493.50
September	2,322.00	2,690.00	1,316.50	1,327.00

The following information relates to the Group's plantation and mill operations for the quarter/period under review:

	3rd Quarter			January to September		
	2013	2012	% change	2013	2012	% change
<b>FFB Production (mt)</b>	91,391	103,491	-11.7%	266,629	257,042	3.7%
<b>FFB Yield (mt/hectare):</b>						
The Group's estates	5.53	6.04	-8.4%	16.14	14.99	7.6%
MPOB Sabah average	5.13	5.23	-1.9%	14.90	13.79	8.0%
<b>Oil Extraction Rate:</b>						
The Group's palm oil mills	21.37%	21.25%	0.6%	20.79%	20.75%	0.2%
MPOB Sabah average	21.21%	21.38%	-0.8%	21.04%	21.14%	-0.5%

The decline in the division's CPO prices of about 26% (RM2,191 versus RM2,976) had been somewhat offset by the following factors, and consequently revenue declined by only 19%:

- higher FFB production and yields (see table above);
- significant clearing of CPO inventories;

In terms of operating profit, the RM785 decline in average CPO prices meant that profit margins fell by close to the same amount per metric tonne, and pre-tax profit was accordingly affected.

**(b) Refinery**

Also as shown in Note 7, the Group's refinery operations achieved revenues of RM164.7 million (Q1-Q3 2012: RM88.4 million) and suffered a pre-tax loss of RM0.04 million (Q1-Q3 2012: pre-tax loss of RM12.2 million).

The higher revenues in the face of lower palm oil prices was due to the following factors:

- significant clearing of refined products inventory;
- higher volumes of CPO sourced, from both the Group's own palm oil mills (slightly higher), and external suppliers (very significantly higher)

The first quarter saw the division's activities mainly geared towards the direct export of CPO, with positive results achieved. Focus was shifted back to refining of palm oil in the second quarter, and although capacity utilization was high, the lack of economies of scale of a 325 tonnes-per-day refinery was evident. Work is in progress to upgrade its capacity to 1,500 tonnes per day, and the additional capacity is expected to be available in 2014.

### 13. COMPARISON WITH THE PREVIOUS QUARTER'S RESULTS

The following is a summary based on the two respective quarters' condensed consolidated income statements:

	<b><u>Current Quarter</u></b> RM'000	<b><u>Previous Quarter</u></b> RM'000
Revenue	98,301	84,647
Cost of sales and services, including distribution	<u>(85,299)</u>	<u>(80,253)</u>
	13,002	4,394
Other income	1,886	686
Administrative, finance and other expenses	<u>(5,088)</u>	<u>(5,037)</u>
Profit before taxation	<u>9,800</u>	<u>43</u>

Higher revenue for the current quarter is in line with higher FFB output and also larger volumes of refined palm products being shipped.

### 14. CURRENT YEAR PROSPECTS

Like other companies in the palm oil industry, the Group's fortunes are closely tied to movements in CPO prices. As shown in Note 12, these had been bearish, and had only improved marginally up to the date of this report. The situation had been compounded by the following factors:

- implementation of minimum wages in 2013;
- thin or negative margins on refined palm oil products; and
- a worldwide economic slowdown.

In the light of these, the Board takes the view that 2013 will be a challenging year for the Group unless there is a subsequent surge in palm oil prices.

### 15. ACHIEVEMENT OF REVENUE/PROFIT ESTIMATES, FORECASTS AND/OR INTERNAL TARGETS

Not applicable as the Company did not provide any revenue or profit estimate, forecast or projection, and did not publish any internal targets, in any public document.

### 16. EXPLANATION OF VARIANCES FROM PROFIT FORECAST OR PROFIT GUARANTEE

Not applicable as the Company did not provide any profit forecast or guarantee, in any public document.

## 17. TAXATION

	<b>Quarter ended 30.09.2013 RM'000</b>	<b>9 months ended 30.09.2013 RM'000</b>
Provision in respect of results for the current quarter/period	1,572	3,634
Overprovision for taxation in respect of previous years	10	11
Deferred taxation	685	1,429
	<u>2,267</u>	<u>5,074</u>

## 18. STATUS OF CORPORATE PROPOSALS ANNOUNCED BUT NOT YET COMPLETED

### (a) Proposed Employees' Share Option Scheme ("ESOS")

The Company has not yet implemented the ESOS since the date all the necessary approvals were obtained.

### (b) Proposed Share Split

The Company proposes to undertake the following:

- (i) a share split involving the subdivision of one existing ordinary share of RM1 each into 5 ordinary shares of RM0.20 each; and
- (ii) amendments to the Company's Memorandum and Articles of Association to facilitate the implementation of the proposed share split.

The above proposals are subject to the following approvals being obtained, and their status are as follows:

<b>Approval to be obtained from:</b>	<b>Status</b>
(a) Bursa Malaysia Securities Berhad, for the proposed share split and the listing of and quotation for the subdivided shares	Approval was obtained on 12 November 2013.
(b) the shareholders of the Company at an extraordinary general meeting (EGM) to be convened for the proposals	The EGM will be held on 10 December 2013.
(c) any other relevant authorities/parties, if required	

## 19. GROUP BORROWINGS

	<u>As at</u> <u>30.09.2013</u> RM'000	<u>As at</u> <u>31.12.2012</u> RM'000
<b>Current secured:</b>		
Hire purchase	1,845	2,082
Revolving credit	23,200	16,000
Bank overdraft	175	441
Bankers' acceptances	14,417	0
Foreign currency trade finance - denominated in US Dollars	3,186	0
<b>Current unsecured:</b> Liability component of ICPS *	1,954	1,845
	<u>44,777</u>	<u>20,368</u>
<b>Non-current secured:</b>		
Hire purchase	3,723	5,193
Bank loan	5,586	2,460
<b>Non-current unsecured:</b> Liability component of ICPS *	6,851	6,468
	<u>16,160</u>	<u>14,121</u>
<b>TOTAL BORROWINGS</b>	<u><b>60,937</b></u>	<u><b>34,489</b></u>

\* - ICPS: Irredeemable Convertible Preference Shares

Except where indicated otherwise, the above borrowings are denominated in Malaysian Ringgit.

## 20. ADDITIONAL DISCLOSURES

### (a) Financial Derivatives

Outstanding financial derivatives held by the Group as at 30 September 2013 are as follows:

	<u>Currency</u>	<u>Contract/ Notional Amount</u> '000	<u>Fair Value</u>	
			<u>Assets</u> RM'000	<u>Liabilities</u> RM'000
US Dollar forward contracts - less than 1 year	<b>USD</b>	8,800	0	319
Palm oil futures contracts - less than 1 year	<b>RM</b>	3,325	136	0

### (b) Gains/(Losses) Arising from Fair Value Changes of Financial Liabilities

For the quarter ended 30 September 2013, there were no gains or losses arising from changes to fair values of the Group's financial liabilities.

### (c) Breakdown of Realised and Unrealised Profits and Losses

	<u>As at</u> <u>30.09.2013</u> RM'000	<u>As at</u> <u>31.12.2012</u> RM'000
Total retained profits of the Company and its subsidiaries		
- Realized	169,909	157,993
- Unrealized	(30,535)	(29,194)
	<u>139,374</u>	<u>128,799</u>
less: Consolidation adjustments	(5,547)	(8,767)
Total retained profits	<u><u>133,827</u></u>	<u><u>120,032</u></u>

## 21. CHANGES IN STATUS OF MATERIAL LITIGATION UP TO 20 NOVEMBER 2013

Not applicable as the Group is not involved in any material litigation.

## 22. DIVIDENDS DECLARED

No dividend has been declared or recommended in respect of the period under review.

## 23. EARNINGS/(LOSS) PER SHARE (“EPS”)

Basic and diluted EPS for the period under review is calculated based on the following:

	<b>Quarter ended <u>30.09.2013</u></b>	<b>9 months ended <u>30.09.2013</u></b>
Weighted average number of shares in issue	365,525,427	365,525,427
Potential number of shares from conversion of ICPS *	100,000,000	100,000,000
Number of shares used in calculating diluted EPS	<u>465,525,427</u>	<u>465,525,427</u>
	<b><u>RM'000</u></b>	<b><u>RM'000</u></b>
Profit after taxation from continuing operations	7,533	13,878
less: profit/(loss) after taxation from continuing operations attributable to non-controlling interests	<u>(29)</u>	<u>(84)</u>
Profit after taxation from continuing operations attributable to shareholders of the Company	7,504	13,794
Finance costs saved from potential conversion of ICPS	<u>169</u>	<u>492</u>
Adjusted profit after taxation	<u>7,673</u>	<u>14,286</u>
<b>EPS for profit after taxation from continuing operations:</b>	<b><u>sen</u></b>	<b><u>sen</u></b>
- Basic	<u>2.05</u>	<u>3.77</u>
- Diluted	<u>1.65</u>	<u>3.07</u>

\* - ICPS: Irredeemable Convertible Preference Shares

Basic EPS for profit after taxation from continuing operations is calculated by dividing “Profit after taxation from continuing operations attributable to shareholders of the Company” by the “Weighted average number of shares in issue” during the period.

Diluted EPS for profit after taxation from continuing operations is calculated by dividing “Adjusted profit after taxation from continuing operations attributable to shareholders of the Company” by the “Number of shares used in calculating diluted EPS”.

## 24. AUDITOR’S REPORT ON THE PREVIOUS YEAR’S FINANCIAL STATEMENTS

The auditors’ report on the Group’s consolidated financial statements for the year ended 31 December 2012 was not qualified.

## 25. STATEMENT OF COMPREHENSIVE INCOME

The statement of comprehensive income includes the following items:-

	<b>Quarter ended <u>30.09.2013</u> RM'000</b>	<b>9 months ended <u>31.12.2012</u> RM'000</b>
Interest income	185	564
Other income, including investment income	517	720
Interest expense	756	1,913
Depreciation and amortization	6,444	18,816
Provision for and write-off of receivables	0	0
Foreign exchange gain/(loss)	1,184	1,537
Provision for and write-off of inventories	(0)	(14)
Gain/(loss) on disposal of quoted or unquoted investments or properties	0	0
Impairment of assets	0	0
Gain/(loss) on derivatives	(254)	(1,347)
Exceptional items	0	0

**By Order of the Board,**

**DATUK LIM NYUK SANG @ FREDDY LIM**  
Chief Executive Officer  
22 November 2013