

KRETAM HOLDINGS BERHAD

(Company No.: 168285 - H)

INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 2014

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 2013.

A. CONDENSED CONSOLIDATED INCOME STATEMENT

	CURRENT QUARTER		CUMULATIVE	
	Quarter ended 31 Dec		12 months ended 31 Dec	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Revenue	149,896	91,075	440,045	362,266
Cost of sales and services	(133,806)	(64,911)	(368,043)	(286,067)
Gross profit	16,090	26,164	72,002	76,199
Selling and distribution costs	(8,304)	(14,067)	(31,324)	(32,673)
	7,786	12,097	40,678	43,526
Other income	1,806	336	5,192	3,177
Administrative expenses	(4,991)	(9,392)	(15,425)	(21,432)
Other expenses	(2,716)	(670)	(4,301)	(2,035)
	1,885	2,371	26,144	23,236
Finance costs	(1,677)	(590)	(4,361)	(2,503)
Profit before taxation	208	1,781	21,783	20,733
Taxation	945	(466)	(11,797)	(5,540)
Profit after taxation	1,153	1,315	9,986	15,193
Profit after taxation attributable to:-				
Shareholders of the Company	1,240	1,249	9,880	15,043
Non-Controlling Interests	(87)	66	106	150
	1,153	1,315	9,986	15,193
<u>EARNINGS PER SHARE (EPS):-</u>				
	sen	sen	sen	sen
Basic EPS	0.07	0.07	0.53	0.82
Diluted EPS	0.06	0.06	0.45	0.67

B. CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	CURRENT QUARTER		CUMULATIVE	
	Quarter ended 31 Dec		12 months ended 31 Dec	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Profit after taxation	1,153	1,315	9,986	15,193
Other Comprehensive Income (OCI)	0	0	0	0
Income tax relating to components of OCI	0	0	0	0
Effect of reduction in tax rate on other comprehensive income	0	3,915	0	3,915
Other Comprehensive Income net of tax	0	3,915	0	3,915
Total Comprehensive Income	1,153	5,230	9,986	19,108
Total Comprehensive Income attributable to:-				
Shareholders of the Company	1,240	5,164	9,880	18,958
Non-Controlling Interests	(87)	66	106	150
	1,153	5,230	9,986	19,108

C. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at <u>31.12.2014</u> RM'000	As at <u>31.12.2013</u> RM'000
NON-CURRENT ASSETS		
Property, plant and equipment and land use rights	548,059	531,525
Investment property	641	646
Biological assets	400,470	399,810
Intangible assets	42,776	42,777
Trade & other receivables	5,272	5,272
CURRENT ASSETS		
Inventories	102,720	66,430
Receivables	30,812	35,276
Tax refundable	23,554	27,234
Derivatives	33	131
Cash and bank balances	61,843	65,595
	218,962	194,666
CURRENT LIABILITIES		
Payables	54,641	55,693
Loans and borrowings	86,430	58,149
Derivatives	893	592
Income tax payable	56	30
	142,020	114,464
NET CURRENT ASSETS	76,942	80,202
NON-CURRENT LIABILITIES		
Loans and borrowings	50,340	47,329
Deferred taxation	94,646	93,919
	929,174	918,984
EQUITY		
Equity attributable to shareholders of the Company		
Share capital	375,004	365,525
Share premium reserve	169,593	157,357
Equity component of ICPS	201,422	222,513
Revaluation reserve	35,362	35,362
Other reserves	0	0
Retained profits	144,957	135,075
	926,338	915,832
Equity attributable to non-controlling interests	2,836	3,152
	929,174	918,984
NET ASSETS PER SHARE	<u>49.4</u>	<u>50.1</u>

D. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	EQUITY ATTRIBUTABLE TO:-					TOTAL EQUITY
	Shareholders of the Company				Non-	
	Share Capital	Reserves	Retained Profits	TOTAL	controlling Interests	
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<u>CURRENT YEAR TO DATE:</u>						
At 1 January 2014	365,525	415,232	135,075	915,832	3,152	918,984
Conversion of ICPS into ordinary shares	9,479	(8,855)	0	624	0	624
Total Comprehensive Income for the year	0	0	9,882	9,882	106	9,988
Dividend paid to non-controlling interests	0	0	0	0	(422)	(422)
At 31 December 2014	375,004	406,377	144,957	926,338	2,836	929,174
<u>PREVIOUS YEAR CORRESPONDING PERIOD:</u>						
At 1 January 2013	365,525	411,317	120,032	896,874	3,223	900,097
Effect of reduction in tax rate on other comprehensive income	0	3,915	0	3,915	0	3,915
Total Comprehensive Income for the period	0	0	15,043	15,043	150	15,193
Dividend paid to non-controlling interests	0	0	0	0	(221)	(221)
At 31 December 2013	365,525	415,232	135,075	915,832	3,152	918,984

* - ICPS: Irredeemable Convertible Preference Shares

The Reserves are not distributable.

E. CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	12 months ended 31 Dec	
	2014	2013
	RM'000	RM'000
Cash flows from operating activities		
Profit before taxation	21,785	20,733
<u>Adjustments for:-</u>		
Depreciation and amortisation	32,000	27,912
Interest income	(969)	(920)
Finance costs	4,361	2,503
Gain on disposal of subsidiary	0	(20)
Others	3,132	1,527
Changes in working capital	(34,098)	7,698
Income taxes paid, net of refunds	(7,360)	(23,075)
Interest received	871	810
Interest paid	(4,861)	(1,848)
	14,861	35,320
Cash flows from investing activities		
Purchase of property, plant and equipment	(49,753)	(71,855)
Deposits paid for acquisition of property and machinery		(5,272)
Proceeds from disposal of property plant and equipment	147	46
Additions to biological assets	0	(2,939)
Others	(28)	(26)
	(49,634)	(80,046)
Cash flows from financing activities		
Repayment of finance lease obligations	(1,787)	(2,084)
Drawdown of revolving credit and loan	35,465	75,359
Payment of dividend to non-controlling interests	(422)	(220)
Payment of dividend on ICPS	(2,263)	(2,500)
	30,993	70,555
Increase/(decrease) in cash and cash equivalents	(3,780)	25,829
Cash and cash equivalents at the beginning of the year	64,756	38,927
Cash and cash equivalents at the end of the period	60,976	64,756
Cash and cash equivalents comprise of the following:		
Cash and bank balances	61,843	65,595
less: Fixed deposits with maturity of more than 3 months	(867)	(839)
	60,976	64,756

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 2013 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 2014:

Amendments to FRS 10, FRS 12 and FRS 127	<i>Investment Entities</i>
Amendments to FRS 132	<i>Offsetting Financial Assets and Financial Liabilities</i>
Amendments to FRS 136	<i>Recoverable Amount Disclosures for Non-financial Assets</i>
Amendments to FRS 139	<i>Novation of Derivatives and Continuation of Hedge Accounting</i>
IC Interpretation 21	<i>Levies</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 2015:

<u>FRS, Amendments to FRS and IC Interpretations</u>	<u>Effective for financial periods beginning on or after</u>
Amendments to FRS 119 <i>Defined Benefit Plans: Employee Contributions</i>	1 July 2014
Annual Improvements to FRSs 2010 - 2012 Cycle	1 July 2014
Annual Improvements to FRSs 2011 - 2013 Cycle	1 July 2014
FRS 9 <i>Financial Instruments</i> (IFRS 9 issued by IASB in November 2009)	To be announced
FRS 9 <i>Financial Instruments</i> (IFRS 9 issued by IASB in October 2010)	To be announced
FRS 9 <i>Financial Instruments: Hedge Accounting</i> and amendments to FRS 9, FRS 7 and FRS 139	To be announced

Adoption of those of the above that become effective on 1 January 2015 (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”) which 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 until such time as determined by the MASB.

On 2 September 2014 the MASB announced that Transitioning Entities shall be required to apply the MFRS Framework for annual periods beginning on or after 1 January 2017.

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 2017. 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

(a) Subdivision of shares and ICPS

On 9 January 2014 the Company completed its proposed share split involving the subdivision of:

- (i) each existing ordinary share of RM1 each into 5 ordinary shares of RM0.20 each; and
- (ii) each existing Irredeemable Convertible Preference Share ("ICPS") of RM1 each into 5 ICPS of RM0.20 each.

(b) Conversion of ICPS

On 11 April 2014 the Company converted 47,391,305 ICPS of RM0.20 each into the same number of ordinary shares of RM0.20 each.

Other than the above, there were no cancellations, repurchases, resale and repayments of debt and equity securities during the period under review.

6. PAYMENT OF DIVIDENDS

Other than the payment of a dividend amounting to RM2,263,043 on ICPS, the Company did not pay any dividends during the period under review.

7. SEGMENT REVENUE AND RESULTS FOR THE YEAR ENDED 31 DECEMBER 2014

	Continuing Operations			TOTAL RM'000
	Plantation & Mill RM'000	Refinery RM'000	Elimi- nation RM'000	
<u>REVENUES AND RESULTS:-</u>				
Segment Revenue - external	123,671	316,374	0	440,045
Inter-segment revenue	160,853	0	(160,853)	0
	<u>284,524</u>	<u>316,374</u>	<u>(160,853)</u>	<u>440,045</u>
Segment results	<u>52,529</u>	<u>(34,821)</u>	<u>5,119</u>	22,827
Unallocated Items:-				
Other income				1,706
Corporate expenses				(2,278)
Finance costs				(472)
Gain on disposal of subsidiary				0
Profit before taxation				21,783
Taxation				(11,797)
Profit after taxation				<u>9,986</u>
<u>ASSETS:-</u>				
Segment assets	<u>885,478</u>	<u>290,355</u>		1,175,833
Unallocated assets				40,347
Total assets				<u>1,216,180</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 2013).

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

During the period under review, there were no:

- (a) acquisitions or disposals of subsidiaries; and
- (b) discontinued operations.

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 2013.

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

12. REVIEW OF PERFORMANCE

The Group achieved total revenue of RM440 million (2013: RM362.3 million) and pre-tax profit of RM21.8 million (2013: RM20.7 million).

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 RM284.5 million (2013: RM248.2 million), and pre-tax profit of RM52.5 million (2013: RM29.6 million).

The higher revenue and pre-tax profit compared to the previous year's corresponding period is mainly due to higher CPO and palm kernel (PK) prices, especially during the first half of the year. 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	
	2014	2013	2014	2013
January	2,510.00	2,162.00	1,760.50	1,024.50
February	2,625.00	2,340.00	1,945.00	1,136.00
March	2,831.00	2,297.50	2,124.50	1,083.00
April	2,662.00	2,258.00	1,947.50	1,140.00
May	2,604.50	2,237.50	1,912.50	1,131.50
June	2,423.00	2,355.50	1,820.50	1,160.00
July	2,384.00	2,297.50	1,586.50	1,193.00
August	2,150.50	2,303.50	1,298.00	1,261.50
September	2,039.50	2,322.00	1,175.50	1,316.50
October	2,136.00	2,340.50	1,210.00	1,313.50
November	2,157.50	2,549.00	1,212.00	1,565.50
December	2,088.50	2,569.50	1,228.00	1,714.50

The following information relates to the Group's plantation and mill operations for the quarter/period under review, and comparison with the Sabah industrial average is provided:

	4th Quarter			Whole Year		
	2014	2013	% change	2014	2013	% change
FFB Production (mt)	105,876	100,629	5.2%	379,705	367,258	3.4%
FFB Yield (mt/hectare):						
The Group's estates	6.26	6.09	2.8%	22.98	22.23	3.4%
MPOB Sabah average	5.81	6.01	-3.3%	21.34	20.88	2.2%
Oil Extraction Rate:						
The Group's palm oil mills	21.39%	21.14%	1.2%	21.23%	20.89%	1.6%
MPOB Sabah average	21.59%	21.08%	2.4%	21.49%	21.05%	2.1%

The 14.6% increase in the division's revenue was mainly due to:

- (a) improved average CPO price of about 11% (RM2,350 versus RM2,253);
- (b) significantly higher PK price by some 51% (RM1,643 versus RM1,277)
- (c) 5.2% increase in FFB production (see table above); and
- (d) 0.25 percentage point (or 1.2% in relative terms) improvement in oil extraction rates.

In terms of operating profit, the RM97 and RM366 per metric tonne improvement in the average CPO and PK price respectively meant that profit margins also increased by close to the same amount, and pre-tax profit was boosted accordingly.

(b) Refinery

Also as shown in Note 7, the Group's refinery operations achieved revenues of RM316.4 million (2013: RM215.4 million) and suffered a pre-tax loss of RM34.8 million (2013: pre-tax loss of RM5.3 million).

The higher revenue was in line with improved palm oil prices and higher utilization of the refinery. Conversely, opportunities for positive contributions from the occasional favourable trade (involving the direct export of CPO) in the first quarter of 2013 did not present themselves in the current period, and coupled with unfavourable refining margins and lack of economies of scale, had resulted in the refinery division suffering such a loss.

13. COMPARISON WITH THE PREVIOUS QUARTER'S RESULTS

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

	Current Quarter RM'000	Previous Quarter RM'000
Revenue	149,896	104,600
Cost of sales and services, including distribution	(142,110)	(94,801)
	7,786	9,799
Other income	1,806	1,123
Administrative, finance and other expenses	(9,384)	(4,456)
Profit before taxation	208	6,466

Higher revenue and (correspondingly cost of sales) was mainly due to higher sales volumes at the refinery. Higher administrative, finance and other expenses in the current quarter was due to:

- (i) inclusion of employee bonuses, which were only recognized this quarter due to their discretionary nature quantum-wise; and
- (ii) losses on derivatives as a result of unfavourable movements in commodity prices.

14. CURRENT YEAR PROSPECTS

The Group's fortunes are closely tied to movements in the prices of CPO and refined palm products. As shown in Note 12, the upward trend in CPO prices (RM2,500-2,800 range) during the first half of 2014 reversed in the second half of the year (RM2,000-2,400 range). The situation was not helped by the plunge in crude oil prices at the end of the year and in early 2015, which had its indirect depressing effect on edible oil prices. At the date of this report, CPO prices hover in the RM2,200-2,300 range.

While CPO prices appear to have bottomed out already, the timing of the rebound in prices is crucial to any improvement to the Group's results for 2015.

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

	Quarter ended <u>31.12.2014</u> RM'000	12 months ended <u>31.12.2014</u> RM'000
Provision in respect of results for the current quarter/period	2,693	14,840
Overprovision for taxation in respect of previous years	0	(20)
Deferred taxation	(3,638)	(3,023)
	<u>(945)</u>	<u>11,797</u>

The Group's effective rate of taxation is significantly higher than the 25% statutory rate due to losses incurred in its refinery operations, for which only a limited amount of deferred tax assets have been recognized.

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) Bulking Joint Venture Agreement ("BJVA")

On 7 July 2014 Usaha Dimega Sdn Bhd ("UDSB"), a subsidiary in which the Group holds an effective interest of 66.67%, entered into a conditional Bulking Joint Venture Agreement ("BJVA") with Rikaworth Sdn Bhd ("RSB") and Sawit Bulkers Sdn Bhd ("SBSB") to venture into the business of palm oil common bulking installations for palm oil and related products together with a system of pipe racks to facilitate the transfer of liquid products between the bulking facilities and users of such facilities and the conveyance of the same to and from the jetty facilities of the Sabah Ports Authority in Sandakan, subject to the terms and conditions of the BJVA.

The BJVA is subject to the fulfilment (unless waived by mutual written consent of UDSB and RSB) of certain Conditions Precedent, after which UDSB and RSB are to subscribe for shares at par in the JV Company in cash on a date to be decided by the Board of Directors of the JV Company within 10 days after the Conditions Precedent are fulfilled or waived. Following the subscription of shares, the equity interest held by the respective parties shall be as follows:-

	<u>No. of Shares</u>	<u>Percentage</u>
UDSB	12,750,000	60%
RSB	8,500,000 (including the existing 100,000 issued shares)	40%

The status of the Conditions Precedent are as follows:

Conditions Precedent		Status
1	The approvals of RSB and UDSB for the rolling business plan for the JV Company relating to the then current financial year and three succeeding financial years	In progress
2	RSB and UDSB obtaining the approvals of their respective shareholders to the terms and conditions of the BJVA	Obtained
3	Obtaining the licence/consent from the Malaysian Palm Oil Board to commence construction of the bulking installation	Obtained
4	Increasing the authorised capital of the JV Company to RM50,000,000 consisting of 50,000,000 shares of RM1.00 each	Not yet done
5	RSB and UDSB agreeing to the form and substance of the Land Sale and Purchase Agreement relating to the purchase of the Land and price relating thereto	Not yet agreed
6	RSB and UDSB agreeing to the terms and conditions of the Bulking Facilities User Agreement relating to the use of the JV Company's bulking facilities by Green Edible Oil Sdn Bhd ("GEOSB") (a wholly-owned subsidiary of the Group) operating a refinery in the vicinity of the Sawit POIC Area to produce refined palm oil products	Not yet agreed
7	The JV Company (as sublessee) and Sandakan Bulkers (as lessor) agreeing to the terms and conditions of the Pipe Rack Land Sublease relating to the sublease of a strip of land on which the JV Company's pipe racks would be erected	Not yet agreed
8	Issuance of the letter of offer in respect of the alienation of the Land by the Lands and Surveys Department	Not yet issued
9	The JV Company obtaining such other authorizations, consents and permits as shall be necessary for commencing its business according to written laws	In progress
10	Sandakan Bulkers (as landowner and licensor) and the Offtaker (as licensee) agreeing to the form of the Land Licence Agreement for Sandakan Bulkers to grant a licence for the Offtaker to use a stretch of land for the purpose of building a pipe rack to carry pipes for liquid goods and water pipe	Not yet agreed
11	RSB issuing a letter to the JV Company promising to insert into all future sale and purchase agreements in respect of the sale of various lots within the Sawit POIC Area, words to restrict the use of the said lots for conducting bulking business	Done
12	The execution and delivery of KHB's Guarantee issued in favour of RSB to guarantee the performance, liabilities and obligations of UDSB under the BJVA	Done
13	RSB and UDSB agreeing to the rate of charges payable to the JV Company for each metric ton of goods loaded onto any barge or vessel at the mini jetty located adjacent to GEOSB's land	In progress

19. GROUP BORROWINGS

	<u>As at</u> <u>31.12.2014</u> RM'000	<u>As at</u> <u>31.12.2013</u> RM'000
Current secured:		
Hire purchase	1,514	1,788
Bankers' acceptances	71,915	54,369
Term loan	10,937	0
Current unsecured: Liability component of ICPS	2,064	1,992
	86,430	58,149
Non-current secured:		
Hire purchase	1,788	3,403
Term loans	46,563	39,450
Non-current unsecured: Liability component of ICPS	1,989	4,476
	50,340	47,329
TOTAL BORROWINGS	136,770	105,478

* - 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 31 December 2014 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	USD	7,700	0	856
Palm oil futures contracts - less than 1 year	RM	1,854	0	4

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

For the year ended 31 December 2014, 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**

	As at <u>31.12.2014</u> RM'000	As at <u>31.12.2013</u> RM'000
Total retained profits of the Company and its subsidiaries		
- Realized	185,126	177,885
- Unrealized	(32,436)	(32,046)
	<hr/> 152,690	<hr/> 145,839
less: Consolidation adjustments	(7,733)	(10,764)
Total retained profits	<hr/> <hr/> 144,957	<hr/> <hr/> 135,075

21. CHANGES IN STATUS OF MATERIAL LITIGATION UP TO 26 FEBRUARY 2015

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:

	Quarter ended <u>31.12.2014</u>	12 months ended <u>31.12.2014</u>
Weighted average number of shares in issue	1,875,018,440	1,862,034,521
Potential number of shares from conversion of ICPS	452,608,695	452,608,695
Number of shares used in calculating diluted EPS	<u>2,327,627,135</u>	<u>2,314,643,216</u>
	RM'000	RM'000
Profit after taxation from continuing operations	1,153	9,987
less: (profit)/loss after taxation from continuing operations attributable to non-controlling interests	87	(106)
Profit after taxation from continuing operations attributable to shareholders of the Company	1,240	9,881
Finance costs saved from potential conversion of ICPS	112	472
Adjusted profit/(loss) after taxation	<u>1,352</u>	<u>10,353</u>
EPS for profit after taxation from continuing operations:	<u>sen</u>	<u>sen</u>
- Basic	0.07	0.53
- Diluted	<u>0.06</u>	<u>0.45</u>

* - ICPS: Irredeemable Convertible Preference Shares

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

Diluted EPS is calculated by dividing “Adjusted profit/(loss) after taxation” 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 2013 was not qualified.

25. STATEMENT OF COMPREHENSIVE INCOME

The statement of comprehensive income includes the following items:-

	Under Continuing Operations	
	Quarter ended	12 months ended
	<u>31.12.2014</u>	<u>31.12.2014</u>
	RM'000	RM'000
Interest income	257	969
Other income, including investment income	867	3,087
Interest expense	1,677	4,361
Depreciation and amortization	9,977	30,423
Provision for and write-off of receivables	0	0
Foreign exchange gain/(loss)	1,300	1,160
Provision for and write-off of inventories	0	(9)
Gain/(loss) on disposal of quoted or unquoted investments or properties	0	0
Impairment of assets	0	0
Gain/(loss) on derivatives	(3,105)	(3,464)
Exceptional items	0	0

By Order of the Board,

WONG LEN KEE
Executive Director
27 February 2015