

# KRETAM HOLDINGS BERHAD

(Company No.: 168285 - H)

## INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2015

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 2014.

### A. CONDENSED CONSOLIDATED INCOME STATEMENT

	CURRENT QUARTER		CUMULATIVE	
	Quarter ended 30 Sept		9 months ended 30 Sept	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Revenue	111,813	104,600	289,304	290,149
Cost of sales and services	(101,187)	(86,901)	(263,710)	(234,236)
Gross profit	10,626	17,699	25,594	55,913
Selling and distribution costs	(6,747)	(7,900)	(18,886)	(23,019)
	3,879	9,799	6,708	32,894
Other income	2,647	1,123	8,619	3,386
Administrative expenses	(3,758)	(3,241)	(10,692)	(10,434)
Other expenses	(7,874)	(172)	(9,423)	(1,585)
	(5,106)	7,509	(4,788)	24,261
Finance costs	(1,447)	(1,043)	(4,301)	(2,683)
<b>Profit/(loss) before taxation</b>	<b>(6,553)</b>	<b>6,466</b>	<b>(9,089)</b>	<b>21,578</b>
Taxation	(1,540)	(4,770)	(4,253)	(12,743)
<b>Profit/(loss) after taxation</b>	<b>(8,093)</b>	<b>1,696</b>	<b>(13,342)</b>	<b>8,835</b>
<b>Profit/(loss) after taxation attributable to:-</b>				
Shareholders of the Company	(8,081)	1,574	(13,239)	8,641
Non-Controlling Interests	(12)	122	(103)	194
	<b>(8,093)</b>	<b>1,696</b>	<b>(13,342)</b>	<b>8,835</b>
<b><u>EARNINGS/(LOSS) PER SHARE (EPS):-</u></b>				
	<u>sen</u>	<u>sen</u>	<u>sen</u>	<u>sen</u>
<b>Basic EPS</b>	(0.43)	0.08	(0.71)	0.47
<b>Diluted EPS</b>	(0.34)	0.07	(0.56)	0.39

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

	CURRENT QUARTER		CUMULATIVE	
	Quarter ended 30 Sept		9 months ended 30 Sept	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
<b>Profit/(loss) after taxation</b>	<b>(8,093)</b>	<b>1,696</b>	<b>(13,342)</b>	<b>8,835</b>
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/(loss)</b>	<b>(8,093)</b>	<b>1,696</b>	<b>(13,342)</b>	<b>8,835</b>
<b>Total Comprehensive Income/(loss) attributable to:-</b>				
Shareholders of the Company	(8,081)	1,574	(13,239)	8,641
Non-Controlling Interests	(12)	122	(103)	194
	<b>(8,093)</b>	<b>1,696</b>	<b>(13,342)</b>	<b>8,835</b>

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

	<b>As at <u>30.09.2015</u> RM'000</b>	<b>As at <u>31.12.2014</u> RM'000</b>
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment and land use rights	526,356	545,729
Investment property	637	641
Biological assets	400,457	400,134
Intangible assets	42,777	42,777
Trade & other receivables	6,272	5,272
<b>CURRENT ASSETS</b>		
Inventories	107,235	102,594
Receivables	41,660	34,223
Tax refundable	14,539	23,254
Derivatives	217	33
Cash and bank balances	54,739	61,842
	<b>218,390</b>	<b>221,946</b>
<b>CURRENT LIABILITIES</b>		
Payables	42,116	55,698
Loans and borrowings	100,836	86,321
Derivatives	1,463	211
Income tax payable	348	28
	<b>144,763</b>	<b>142,258</b>
<b>NET CURRENT ASSETS</b>	<b>73,627</b>	<b>79,688</b>
<b>NON-CURRENT LIABILITIES</b>		
Loans and borrowings	41,319	50,550
Deferred taxation	92,504	93,746
	<b>916,303</b>	<b>929,945</b>
<b>EQUITY</b>		
<b>Equity attributable to shareholders of the Company</b>		
Share capital	375,003	375,003
Share premium reserve	169,593	169,593
Equity component of ICPS	201,423	201,423
Revaluation reserve	35,362	35,362
Other reserves	0	0
Retained profits	132,521	145,759
	<b>913,902</b>	<b>927,140</b>
<b>Equity attributable to non-controlling interests</b>	<b>2,401</b>	<b>2,805</b>
	<b>916,303</b>	<b>929,945</b>
<b>NET ASSETS PER SHARE</b>	<b><u>sen</u> 48.7</b>	<b><u>sen</u> 49.4</b>

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

	EQUITY ATTRIBUTABLE TO:-					TOTAL EQUITY RM'000
	Shareholders of the Company			TOTAL	Non- controlling Interests	
	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 2015	375,003	406,378	145,759	927,140	2,805	929,945
Total Comprehensive Income/(loss) for the period	0	0	(13,238)	(13,238)	(103)	(13,341)
Dividend paid to non-controlling interests	0	0	0	0	(301)	(301)
At 30 September 2015	375,003	406,378	132,521	913,902	2,401	916,303
<b><u>PREVIOUS YEAR CORRESPONDING PERIOD:</u></b>						
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 period	0	0	8,642	8,642	194	8,836
Dividend paid to non-controlling interests	0	0	0	0	(343)	(343)
At 30 September 2014	375,004	406,377	143,717	925,098	3,003	928,101

\* - ICPS: Irredeemable Convertible Preference Shares

The Reserves are not distributable.

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

	<b>9 months ended 30 Sept</b>	
	<b>2015 RM'000</b>	<b>2014 RM'000</b>
<b>Cash flows from operating activities</b>		
Profit/(loss) before taxation	(9,089)	21,578
<u>Adjustments for:-</u>		
Depreciation and amortisation	30,023	21,605
Interest income	(641)	(712)
Finance costs	4,301	2,683
Others	1,488	471
Changes in working capital	(27,901)	(55,407)
Income taxes paid, net of refunds	3,540	(1,496)
Interest received	641	632
Interest paid	(3,895)	(2,537)
	<u>(1,533)</u>	<u>(13,183)</u>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(10,570)	(31,602)
Proceeds from disposal of property plant and equipment	140	81
Others	(19)	(26)
	<u>(10,449)</u>	<u>(31,547)</u>
<b>Cash flows from financing activities</b>		
Repayment of finance lease obligations	(1,147)	(1,691)
Drawdown of revolving credit and loan	6,298	51,905
Dividend paid to non-controlling interests	(301)	(343)
	<u>4,850</u>	<u>49,871</u>
Increase/(decrease) in cash and cash equivalents	(7,132)	5,141
Cash and cash equivalents at the beginning of the year	60,675	64,756
Cash and cash equivalents at the end of the period	<u>53,543</u>	<u>69,897</u>
Cash and cash equivalents comprise of the following:		
Cash and bank balances	54,739	70,763
less: Fixed deposits with maturity of more than 3 months	(1,196)	(866)
	<u>53,543</u>	<u>69,897</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 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 and 2016, as the case may be:

<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
Annual Improvements to FRSs 2012–2014 Cycle	1 January 2016
Amendments to FRS 116 and FRS 138: <i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>	1 January 2016
Amendments to FRS 10 and FRS 128: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	1 January 2016
Amendments to FRS 11: <i>Accounting for Acquisitions of Interests in Joint Operations</i>	1 January 2016
Amendments to FRS 127: <i>Equity Method in Separate Financial Statements</i>	1 January 2016
Amendments to FRS 101: <i>Disclosure Initiative</i>	1 January 2016
Amendments to FRS 10, FRS 12 and FRS 128: <i>Investment Entities: Applying the Consolidation Exception</i>	1 January 2016
FRS 14: <i>Regulatory Deferral Accounts</i>	1 January 2016

Adoption of those of the above that become effective on 1 January 2016 (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**

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 PERIOD ENDED 30 SEPTEMBER 2015

	<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	78,304	211,000	0	289,304
Inter-segment revenue	87,087	0	(87,087)	0
	<u>165,391</u>	<u>211,000</u>	<u>(87,087)</u>	<u>289,304</u>
Segment results	<u>9,991</u>	<u>(23,718)</u>	<u>1,951</u>	<u>(11,776)</u>
Unallocated Items:-				
Other income				4,439
Corporate expenses				(1,512)
Finance costs				(240)
Profit before taxation				(9,089)
Taxation				(4,253)
Profit after taxation				<u>(13,342)</u>
<b><u>ASSETS:-</u></b>				
Segment assets	<u>878,673</u>	<u>280,326</u>		1,158,999
Unallocated assets				35,890
Total assets				<u>1,194,889</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 2014).

## 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 2014.



**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 RM289.3 million (Q1-Q3 2014: RM290.1 million) and suffered a pre-tax loss of RM9.1 million (Q1-Q3 2014: pre-tax profit of RM21.6 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 RM165.4 million (Q1-Q3 2014: RM211.7 million), and pre-tax profit of RM10.0 million (Q1-Q3 2014: RM41.2 million). These should be seen in the context of information presented in the tables below:

Table A: Crude palm oil (CPO and palm kernel (PK) prices – Sabah MPOB\* average

	CPO		PK	
	2015	2014	2015	2014
January	2,253.00	2,510.00	1,525.50	1,760.50
February	2,223.50	2,625.00	1,642.50	1,945.00
March	2,200.50	2,831.00	1,720.50	2,124.50
April	2,130.50	2,662.00	1,536.50	1,947.50
May	2,141.00	2,604.50	1,479.50	1,912.50
June	2,246.50	2,423.00	1,444.50	1,820.50
July	2,175.50	2,384.00	1,409.50	1,586.50
August	1,935.00	2,150.50	1,164.00	1,298.00
September	1,977.00	2,039.50	1,292.50	1,175.50

Table B: Output indicators, and comparison with industrial average

	3rd Quarter			Year to Date		
	2015	2014	% change	2015	2014	% change
<b>FFB Production (mt)</b>	95,829	100,187	-4.3%	252,809	273,829	-7.7%
<b>FFB Yield (mt/hectare):</b>						
The Group's estates	5.34	5.93	-9.8%	14.09	16.20	-13.0%
MPOB Sabah average	5.43	5.49	-1.1%	14.72	15.53	-5.2%
<b>Oil Extraction Rate:</b>						
The Group's palm oil mills	21.65%	20.99%	3.2%	21.33%	21.16%	0.8%
MPOB Sabah average	22.11%	21.66%	2.1%	21.44%	21.45%	-0.1%

\* - MPOB: Malaysian Palm Oil Board

The lower revenue and pre-tax profit compared to the previous year's corresponding period is largely due to lower CPO prices (RM2,139 versus RM2,431) and a 7.7% decline in FFB output.

**(b) Refinery**

Also as shown in Note 7, the Group's refinery operations achieved revenues of RM211 million (Q1-Q3 2014: RM204.7 million) and suffered a pre-tax loss of RM23.7 million (Q1-Q3 2014: pre-tax loss of RM27.4 million). Although operating losses had narrowed, the results for the first half of 2015 reflected higher depreciation and finance costs following the completion of the refinery's expansion.

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

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

	<b>Current Quarter RM'000</b>	<b>Previous Quarter RM'000</b>
Revenue	111,813	99,817
Cost of sales and services, including distribution	(107,934)	(99,218)
	3,879	599
Other income	2,647	4,444
Administrative, finance and other expenses	(13,079)	(5,418)
Profit/(loss) before taxation	(6,553)	(375)

Higher revenue and (correspondingly cost of sales) in the current quarter was mainly due to higher sales volumes at the refinery and also production at the estate/mill level increasing over the previous quarter.

The larger amount of Other Income in the previous quarter reflected sums of money recovered from certain debtors of a former subsidiary.

### 14. CURRENT YEAR PROSPECTS

The Group's performance is closely tied to movements in the prices of CPO and refined palm products. These had seen a slump beginning in July 2014 which was further compounded by the plunge in crude oil prices towards the end of 2014. The situation continued to deteriorate in 2015, with CPO prices dropping below RM2,000 in August and September.

In the previous quarter's interim report the Board noted that reduced exports of palm oil products had resulted in unusually high nationwide stock levels at the end of May thru July 2015 – between 2.1 and 2.3 million tonnes - which would be usual stock levels in the final quarter of any year during the peak production season. The subsequent months only saw further increases in stock levels, with some 2.8 million tonnes by the end of October. Despite this, CPO prices actually rebounded from the RM1,900 level to the RM2,100 level in October and November, although this was partly due to the depreciation of the Ringgit.

While the current situation is not very encouraging, the Board takes the view that it is a "bottoming out" phase that is currently underway, and the timing of any rebound in prices is crucial to an 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

	<b>Quarter ended <u>30.09.2015</u> RM'000</b>	<b>9 months ended <u>30.09.2015</u> RM'000</b>
Provision in respect of results for the current quarter/period	2,041	5,438
Overprovision for taxation in respect of previous years	35	56
Deferred taxation	(536)	(1,241)
	1,540	4,253
	1,540	4,253

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 no 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:-

	<b><u>No. of Shares</u></b>	<b><u>Percentage</u></b>
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:

<b>Conditions Precedent</b>		<b>Status</b>
<b>1</b>	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
<b>2</b>	RSB and UDSB obtaining the approvals of their respective shareholders to the terms and conditions of the BJVA	Obtained
<b>3</b>	Obtaining the licence/consent from the Malaysian Palm Oil Board to commence construction of the bulking installation	Obtained
<b>4</b>	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
<b>5</b>	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
<b>6</b>	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
<b>7</b>	The JV Company (as sublessee) and Sandakan Bulkers (as sublessor) 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
<b>8</b>	Issuance of the letter of offer in respect of the alienation of the Land by the Lands and Surveys Department	Not yet issued
<b>9</b>	The JV Company obtaining such other authorizations, consents and permits as shall be necessary for commencing its business according to written laws	In progress
<b>10</b>	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
<b>11</b>	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
<b>12</b>	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
<b>13</b>	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

	<b>As at 30.09.2015 RM'000</b>	<b>As at 31.12.2014 RM'000</b>
<b>Current secured:</b>		
Hire purchase	1,419	1,520
Bankers' acceptances	59,259	71,915
Revolving credit	15,000	0
Foreign currency trade financing (in US Dollars)	12,157	0
Term loan	10,937	10,937
<b>Current unsecured: Liability component of ICPS</b>	<b>2,064</b>	<b>1,949</b>
	<b>100,836</b>	<b>86,321</b>
<b>Non-current secured:</b>		
Hire purchase	731	1,883
Term loans	38,359	46,563
<b>Non-current unsecured: Liability component of ICPS</b>	<b>2,229</b>	<b>2,104</b>
	<b>41,319</b>	<b>50,550</b>
<b>TOTAL BORROWINGS</b>	<b>142,155</b>	<b>136,871</b>

\* - ICPS: Irredeemable Convertible Preference Shares

The above borrowings are denominated in Malaysian Ringgit except where otherwise indicated.

## 20. ADDITIONAL DISCLOSURES

### (a) Financial Derivatives

Outstanding financial derivatives held by the Group as at 30 September 2015 are as follows:

	<b>Currency</b>	<b>Contract/ Notional Amount '000</b>	<b>Fair Value</b>	
			<b>Assets RM'000</b>	<b>Liabilities RM'000</b>
US Dollar forward contracts - less than 1 year	<b>USD</b>	3,988	0	861
Palm oil futures contracts - less than 1 year	<b>RM</b>	7,988		601

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

For the period ended 30 September 2015, 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**

	<b>As at <u>30.09.2015</u> RM'000</b>	<b>As at <u>31.12.2014</u> RM'000</b>
Total retained profits of the Company and its subsidiaries		
- Realized	163,935	177,885
- Unrealized	(26,641)	(32,046)
	<hr/> 137,294	<hr/> 145,839
less: Consolidation adjustments	(4,773)	(10,764)
Total retained profits	<hr/> <hr/> 132,521	<hr/> <hr/> 135,075

**21. CHANGES IN STATUS OF MATERIAL LITIGATION UP TO 19 November 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:

	<b>Quarter ended <u>30.09.2015</u></b>	<b>9 months ended <u>30.09.2015</u></b>
Weighted average number of shares in issue	1,875,018,440	1,875,018,440
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>2,327,627,135</u>
	<b><u>RM'000</u></b>	<b><u>RM'000</u></b>
Profit/(loss) after taxation from continuing operations	(8,093)	(13,342)
less: (profit)/loss after taxation from continuing operations attributable to non-controlling interests	12	103
Profit/(loss) after taxation from continuing operations attributable to shareholders of the Company	(8,081)	(13,239)
Finance costs saved from potential conversion of ICPS	82	240
Adjusted profit/(loss) after taxation	<u>(7,999)</u>	<u>(12,999)</u>
<b>EPS for profit/(loss) after taxation from continuing operations:</b>	<b><u>sen</u></b>	<b><u>sen</u></b>
- Basic	(0.43)	(0.71)
- Diluted	<u>(0.34)</u>	<u>(0.56)</u>

\* - ICPS: Irredeemable Convertible Preference Shares

Basic EPS is calculated by dividing “Profit/(loss) 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 2014 was not qualified.

## 25. STATEMENT OF COMPREHENSIVE INCOME

The statement of comprehensive income includes the following items:-

	<b>Quarter ended <u>30.09.2015</u> RM'000</b>	<b>9 months ended <u>30.09.2015</u> RM'000</b>
Interest income	246	641
Other income, including investment income	524	5,440
Interest expense	1,447	4,301
Depreciation and amortization	11,597	28,865
Provision for and write-off of receivables	0	12
Foreign exchange gain/(loss)	1,711	2,422
Provision for and write-off of inventories	0	0
Gain/(loss) on disposal of quoted or unquoted investments or properties	0	0
Impairment of assets	0	0
Gain/(loss) on derivatives	(7,641)	(9,174)
Exceptional items	0	0

By Order of the Board,

**DATUK LIM NYUK SANG @ FREDDY LIM**  
Chief Executive Officer  
23 November 2015