

KRETAM HOLDINGS BERHAD

(Company No.: 168285 - H)

INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 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 31 Dec		12 months ended 31 Dec	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
<u>CONTINUING OPERATIONS:-</u>				
Revenue	118,074	149,406	407,378	439,555
Cost of sales and services	(91,585)	(122,146)	(355,296)	(356,382)
Gross profit	26,489	27,260	52,082	83,173
Selling and distribution costs	(8,282)	(15,885)	(27,168)	(38,904)
	18,207	11,375	24,914	44,269
Other income	454	945	9,073	4,331
Administrative expenses	(5,776)	(9,307)	(16,417)	(19,705)
Other expenses	(1,200)	(810)	(10,623)	(2,395)
	11,685	2,203	6,947	26,500
Finance costs	(1,246)	(1,842)	(5,547)	(4,525)
Profit/(loss) before taxation	10,439	361	1,400	21,975
Taxation	(2,116)	1,575	(6,369)	(11,168)
Profit/(loss) after taxation	8,323	1,936	(4,969)	10,807
<u>DISCONTINUED OPERATIONS:-</u>				
Profit/(loss) after taxation from discontinued operations	(13)	(12)	(63)	(48)
Profit/(loss) after taxation for the quarter/year	8,310	1,924	(5,032)	10,759
Profit/(loss) after taxation attributable to:-				
Shareholders of the Company	8,294	2,043	(4,945)	10,684
Non-Controlling Interests	16	(119)	(87)	75
	8,310	1,924	(5,032)	10,759
Profit/(loss) after taxation attributable to shareholders of the Company:-				
from continuing operations	8,307	2,055	(4,882)	10,732
from discontinued operations	(13)	(12)	(63)	(48)
	8,294	2,043	(4,945)	10,684
<u>EARNINGS/(LOSS) PER SHARE (EPS):-</u>				
	sen	sen	sen	sen
Basic EPS				
- for profit/(loss) from continuing operations	0.44	0.11	(0.26)	0.57
- for profit/(loss) from discontinued operations	0.00	0.00	0.00	0.00
- for profit/(loss) after taxation for the quarter/year	0.44	0.11	(0.26)	0.57
Diluted EPS				
- for profit/(loss) from continuing operations	0.36	0.09	(0.20)	0.48
- for profit/(loss) from discontinued operations	0.00	0.00	0.00	0.00
- for profit/(loss) after taxation for the quarter/year	0.36	0.09	(0.20)	0.48

B. CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	CURRENT QUARTER		CUMULATIVE	
	Quarter ended 31 Dec		12 months ended 31 Dec	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Profit/(loss) after taxation	8,310	1,924	(5,032)	10,759
Other Comprehensive Income (OCI)	0	0	0	0
Income tax relating to components of OCI	0	0	0	0
Other Comprehensive Income net of tax	0	0	0	0
Total Comprehensive Income/(loss)	8,310	1,924	(5,032)	10,759
Total Comprehensive Income/(loss) attributable to:-				
Shareholders of the Company	8,294	2,043	(4,945)	10,684
Non-Controlling Interests	16	(119)	(87)	75
	8,310	1,924	(5,032)	10,759

C. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at <u>31.12.2015</u> RM'000	As at <u>31.12.2014</u> RM'000
NON-CURRENT ASSETS		
Property, plant and equipment and land use rights	521,982	545,729
Investment property	635	641
Biological assets	400,532	400,134
Intangible assets	42,777	42,777
Trade & other receivables	6,272	5,272
CURRENT ASSETS		
Inventories	84,893	102,594
Receivables	41,148	34,223
Tax refundable	15,562	23,254
Derivatives	95	33
Cash and bank balances	59,883	61,842
	201,581	221,946
Assets held for sale	2,959	0
	204,540	221,946
CURRENT LIABILITIES		
Payables	42,542	55,698
Loans and borrowings	77,446	86,321
Derivatives	1,438	211
Income tax payable	173	28
	121,599	142,258
NET CURRENT ASSETS	82,941	79,688
NON-CURRENT LIABILITIES		
Loans and borrowings	36,062	50,550
Deferred taxation	94,465	93,746
	924,612	929,945
EQUITY		
Equity attributable to shareholders of the Company		
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	140,815	145,759
	922,196	927,140
Equity attributable to non-controlling interests	2,416	2,805
	924,612	929,945
NET ASSETS PER SHARE	<u>sen</u> <u>49.2</u>	<u>sen</u> <u>49.4</u>

D. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	EQUITY ATTRIBUTABLE TO:-					TOTAL EQUITY	
	Shareholders of the Company			TOTAL	Non-		
	Share Capital	Reserves	Retained Profits		controlling Interests		
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
<u>CURRENT YEAR TO DATE:</u>							
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	(4,944)	(4,944)	(87)	(5,031)	
Dividend paid to non-controlling interests	0	0	0	0	(301)	(301)	
At 31 December 2015	375,003	406,378	140,815	922,196	2,417	924,613	
<u>PREVIOUS YEAR CORRESPONDING PERIOD:</u>							
At 1 January 2014	365,525	415,232	135,075	915,832	3,152	918,984	
Conversion of ICPS* into ordinary shares	9,478	(8,854)	0	624	0	624	
Total Comprehensive Income for the period	0	0	10,684	10,684	75	10,759	
Dividend paid to non-controlling interests	0	0	0	0	(422)	(422)	
At 31 December 2014	375,003	406,378	145,759	927,140	2,805	929,945	

* - ICPS: Irredeemable Convertible Preference Shares

The Reserves are not distributable.

E. CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	12 months ended 31 Dec	
	2015 RM'000	2014 RM'000
Cash flows from operating activities		
Profit/(loss) before taxation from continuing operations	1,400	21,975
Profit/(loss) before taxation from discontinued operations	(63)	(48)
<u>Adjustments for:-</u>		
Depreciation and amortisation	35,884	31,952
Interest income	(932)	(969)
Finance costs	5,547	4,525
Others	1,686	1,659
Changes in working capital	(4,942)	(35,727)
Income taxes paid, net of refunds	2,189	(7,363)
Interest received	932	870
Interest paid	(5,145)	(4,053)
	36,556	12,821
Cash flows from investing activities		
Purchase of property, plant and equipment	(14,792)	(46,853)
Proceeds from disposal of property plant and equipment	140	89
Others	(26)	(1,261)
	(14,678)	(48,025)
Cash flows from financing activities		
Repayment of finance lease obligations	(1,514)	(1,788)
Net drawdown/(repayment) of revolving credit and term loan	(19,795)	35,596
Dividend paid to non-controlling interests	(301)	(422)
Dividend on ICPS paid	(2,263)	(2,263)
	(23,873)	31,123
Increase/(decrease) in cash and cash equivalents	(1,995)	(4,081)
Cash and cash equivalents at the beginning of the year	60,675	64,756
Cash and cash equivalents at the end of the year	58,680	60,675
Cash and cash equivalents comprise of the following:		
Cash and bank balances	59,883	61,842
less: Fixed deposits with maturity of more than 3 months	(1,203)	(1,167)
	58,680	60,675

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

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

7. SEGMENT REVENUE AND RESULTS FOR THE YEAR ENDED 31 DECEMBER 2015

	Plantation & Mill	Refinery	Elimi- nation	TOTAL
	RM'000	RM'000	RM'000	RM'000
<u>REVENUES AND RESULTS:-</u>				
Segment Revenue - external	123,111	284,267	0	407,378
Inter-segment revenue	120,405	0	(120,405)	0
	<u>243,516</u>	<u>284,267</u>	<u>(120,405)</u>	<u>407,378</u>
Segment results	<u>25,566</u>	<u>(26,418)</u>	<u>284</u>	<u>(568)</u>
Unallocated Items:-				
Other income				4,796
Corporate expenses				(2,513)
Finance costs				(315)
Profit before taxation from continuing operations				1,400
Taxation				(6,369)
Profit/(loss) after taxation from continuing operations				<u>(4,969)</u>
<u>ASSETS:-</u>				
Segment assets	<u>882,877</u>	<u>254,643</u>		1,137,520
Unallocated assets				39,217
Total assets				<u>1,176,737</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

On 29 December 2015 a wholly-owned subsidiary, KHB Realty Sdn. Bhd, entered into an agreement to dispose its entire shareholding in its wholly-owned subsidiary Sri Timbul Sdn. Bhd. for a cash consideration of RM6,000,000. Further information is set out in Note 18(c).

Other than the above, 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 RM407.4 million (2014: RM439.6 million) and a pre-tax profit from continuing operations of RM1.4 million (2014: RM22.0 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 RM243.5 million (2014: RM283.0 million), and pre-tax profit of RM25.6 million (2014: RM53.7 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
October	2,207.50	2,136.00	1,635.00	1,210.00
November	2,089.00	2,157.50	1,504.50	1,212.00
December	2,065.00	2,088.50	1,571.00	1,228.00

Table B: Output indicators, and comparison with industrial average

	4th Quarter			Year to Date		
	2015	2014	% change	2015	2014	% change
FFB Production (mt)	95,871	105,876	-9.4%	348,681	379,705	-8.2%
FFB Yield (mt/hectare):						
The Group's estates	5.34	6.26	-14.7%	19.44	22.46	-13.4%
MPOB Sabah average	5.34	5.81	-8.1%	19.99	21.34	-6.3%
Oil Extraction Rate:						
The Group's palm oil mills	22.08%	21.39%	3.2%	21.54%	21.23%	1.5%
MPOB Sabah average	21.95%	21.59%	1.7%	21.57%	21.49%	0.4%

* - 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 (RM2,125 versus RM2,350) and a 8.2% decline in FFB output.

(b) Refinery

Also as shown in Note 7, the Group's refinery operations achieved revenues of RM284.3 million (2014: RM316.2 million) and suffered a pre-tax loss of RM26.4 million (2014: pre-tax loss of RM25.6 million). Although operating losses had narrowed in the final quarter, the results for the year 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:

	Current Quarter RM'000	Previous Quarter RM'000
<u>CONTINUING OPERATIONS:-</u>		
Revenue	118,074	111,812
Cost of sales and services, including distribution	(99,867)	(107,934)
	18,207	3,878
Other income	454	2,647
Administrative, finance and other expenses	(8,222)	(13,054)
Profit/(loss) before taxation from continuing operations	10,439	(6,529)

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.

14. CURRENT YEAR PROSPECTS

The Group's performance is closely tied to movements in the prices of CPO and refined palm products. As shown in Table A in Note 12 these had seen a slump beginning in the second half of 2014 which was further compounded by the plunge in crude oil prices towards that year. The situation continued to deteriorate in 2015, with CPO prices dropping below RM2,000 in August and September. It would appear they had bottomed out then, as the final quarter saw a modest increase despite palm oil stocks in Malaysia reaching an all-time high of 2.91 million tonnes at the end of November 2015.

For 2016, CPO prices in January had averaged around RM2,200, and is expected to increase to RM2,400 in February. While this is encouraging, the uptrend must be sustained and FFB/CPO production maintained, for results in 2016 to show a major improvement over those in 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>31.12.2015</u> RM'000	12 months ended <u>31.12.2015</u> RM'000
Provision in respect of results for the current quarter/year	155	5,593
Overprovision for taxation in respect of previous years	(1)	55
Deferred taxation	1,962	720
	<u>2,116</u>	<u>6,368</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 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:-

	<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	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

(c) Disposal of Sri Timbul Sdn. Bhd.

On 29 December 2015 a wholly-owned subsidiary, KHB Realty Sdn. Bhd, entered into a Sale and Purchase of Shares Agreement ("SPSA") to dispose its entire shareholding in its wholly-owned subsidiary Sri Timbul Sdn. Bhd. for a cash consideration of RM6,000,000.

The disposal is subject to *inter alia* the purchaser's satisfaction with the findings of the legal due diligence to be conducted on Sri Timbul Sdn. Bhd. The purchaser had on 12 January 2016 communicated its satisfaction as required by the agreement, and accordingly the agreement became unconditional on that date.

The disposal shall be completed within 24 months from the date of the SPSA or on such other date as may be agreed between the parties.

19. GROUP BORROWINGS

	As at <u>31.12.2015</u> RM'000	As at <u>31.12.2014</u> RM'000
Current secured:		
Hire purchase	1,346	1,520
Bankers' acceptances	48,058	71,915
Revolving credit	15,000	0
Term loan	10,938	10,937
Current unsecured: Liability component of ICPS	2,104	1,949
	<u>77,446</u>	<u>86,321</u>
Non-current secured:		
Hire purchase	437	1,883
Term loans	35,625	46,563
Non-current unsecured: Liability component of ICPS	0	2,104
	<u>36,062</u>	<u>50,550</u>
TOTAL BORROWINGS	<u>113,508</u>	<u>136,871</u>

* - 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 31 December 2015 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	3,209	95	0
Olein price swap contracts - less than 1 year	USD	11,718		1,438

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

For the period ended 31 December 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

	As at 31.12.2015 RM'000	As at 31.12.2014 RM'000
Total retained profits of the Company and its subsidiaries		
- Realized	175,138	177,885
- Unrealized	(28,419)	(32,046)
	<hr/> 146,719	<hr/> 145,839
less: Consolidation adjustments	(5,904)	(10,764)
Total retained profits	<hr/> <hr/> 140,815	<hr/> <hr/> 135,075

21. CHANGES IN STATUS OF MATERIAL LITIGATION UP TO 24 FEBRUARY 2016

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 31.12.2015	12 months ended 31.12.2015
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	<hr/> 2,327,627,135	<hr/> 2,327,627,135

(a) EPS for profit/(loss) after taxation from continuing operations

	Quarter ended 31.12.2015 RM'000	12 months ended 31.12.2015 RM'000
Profit/(loss) after taxation from continuing operations	8,321	(4,970)
less: (profit)/loss after taxation from continuing operations attributable to non-controlling interests	(16)	87
Profit/(loss) after taxation from continuing operations attributable to shareholders of the Company	<hr/> 8,305	<hr/> (4,883)
Finance costs saved from potential conversion of ICPS	75	315
Adjusted profit/(loss) after taxation	<hr/> 8,380	<hr/> (4,568)
EPS for profit/(loss) after taxation from continuing operations:		
- Basic	<hr/> <hr/> sen 0.44	<hr/> <hr/> sen (0.26)
- Diluted	<hr/> <hr/> 0.36	<hr/> <hr/> (0.20)

* - 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”.

Diluted EPS is calculated by dividing “Adjusted profit/(loss) after taxation” by the “Number of shares used in calculating diluted EPS”.

(b) EPS for profit/(loss) after taxation from discontinued operations

	Quarter ended <u>31.12.2015</u> RM'000	12 months ended <u>31.12.2015</u> RM'000
Profit/(loss) after taxation from discontinued operations	(13)	(63)
Post-tax results from discontinued operations attributable to non-controlling interests	0	0
Profit/(loss) after taxation from discontinued operations attributable to shareholders of the Company	<u>(13)</u>	<u>(63)</u>
EPS for profit/(loss) after taxation from discontinued operations:		
- Basic	<u>0.00</u>	<u>0.00</u>
- Diluted	<u>0.00</u>	<u>0.00</u>

Basic EPS for profit/(loss) after taxation from discontinued operations is calculated by dividing the “Profit/(loss) after taxation from discontinued operations attributable to shareholders of the Company” by the “Weighted average number of shares in issue.”

Diluted EPS for profit/(loss) after taxation from discontinued operations is calculated by dividing the “Profit/(loss) after taxation from discontinued 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 2014 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>31.12.2015</u>	<u>31.12.2015</u>
	RM'000	RM'000
Interest income	292	932
Other income, including investment income	1,046	6,486
Interest expense	1,246	5,547
Depreciation and amortization	5,465	34,363
Provision for and write-off of receivables	0	12
Foreign exchange gain/(loss)	(1,047)	1,374
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	(1,036)	(10,209)
Exceptional items	0	0

By Order of the Board,

DATUK LIM NYUK SANG @ FREDDY LIM
Chief Executive Officer
26 February 2016