

# KRETAM HOLDINGS BERHAD

(Company No.: 168285 - H)

## INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEP 2016

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 2015.

### A. CONDENSED CONSOLIDATED INCOME STATEMENT

	CURRENT QUARTER		CUMULATIVE	
	Quarter ended 30 Sep 2016	2015	9 months ended 30 Sep 2016	2015
	RM'000	RM'000	RM'000	RM'000
<b>CONTINUING OPERATIONS:-</b>				
Revenue	145,929	111,813	268,040	289,304
Cost of sales and services	(113,762)	(101,187)	(220,395)	(263,710)
Gross profit	32,167	10,626	47,645	25,594
Selling and distribution costs	(11,026)	(6,747)	(21,860)	(18,886)
	21,141	3,879	25,785	6,708
Other income	870	2,647	5,371	8,619
Administrative expenses	(3,555)	(3,758)	(11,409)	(10,692)
Other expenses	(1,313)	(7,874)	(2,423)	(9,423)
	17,143	(5,106)	17,324	(4,788)
Finance costs	(1,748)	(1,447)	(4,434)	(4,301)
<b>Profit/(loss) before taxation</b>	<b>15,395</b>	<b>(6,553)</b>	<b>12,890</b>	<b>(9,089)</b>
Taxation	(4,744)	(1,540)	(5,101)	(4,253)
<b>Profit/(loss) after taxation</b>	<b>10,651</b>	<b>(8,093)</b>	<b>7,789</b>	<b>(13,342)</b>
<b>Profit/(loss) after taxation attributable to:-</b>				
Shareholders of the Company	10,662	(8,081)	7,930	(13,239)
Non-Controlling Interests	(11)	(12)	(141)	(103)
	<b>10,651</b>	<b>(8,093)</b>	<b>7,789</b>	<b>(13,342)</b>
<b>EARNINGS/(LOSS) PER SHARE (EPS):-</b>	<b>Sen</b>	<b>Sen</b>	<b>sen</b>	<b>Sen</b>
Basic EPS	0.54	(0.43)	0.42	(0.71)
Diluted EPS	0.46	(0.34)	0.36	(0.56)

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

	<b>CURRENT QUARTER</b>		<b>CUMULATIVE</b>	
	<b>Quarter ended 30 Sep</b>		<b>9 months ended 30 Sep</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Profit/(loss) after taxation</b>	<b>10,651</b>	<b>(8,093)</b>	<b>7,789</b>	<b>(13,342)</b>
Other Comprehensive Income (OCI)	0		0	
Income tax relating to components of OCI	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>10,651</b>	<b>(8,093)</b>	<b>(7,789)</b>	<b>(13,342)</b>
<b>Total Comprehensive Income/(loss) attributable to:-</b>				
Shareholders of the Company	10,662	(8,081)	(7,930)	(13,239)
Non-Controlling Interests	(11)	(12)	(141)	(103)
	<b>10,651</b>	<b>(8,093)</b>	<b>7,789</b>	<b>(13,342)</b>

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

	<b>As at 30.09.2016 RM'000</b>	<b>As at 31.12.2015 RM'000</b>
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment and land use rights	507,653	522,300
Investment property	631	636
Biological assets	399,990	400,069
Intangible assets	42,777	42,777
Trade & other receivables	7,164	6,272
<b>CURRENT ASSETS</b>		
Inventories	94,995	84,610
Receivables	53,109	44,809
Tax refundable	6,141	16,793
Derivatives	0	95
Cash and bank balances	87,065	59,905
	241,310	206,212
Assets held for sale	2,930	2,959
	244,240	209,171
<b>CURRENT LIABILITIES</b>		
Payables	38,367	45,719
Loans and borrowings	110,508	77,609
Derivatives	1,047	1,508
Income tax payable	294	167
	150,216	125,003
Liabilities associated with disposal group	1	1
	150,217	125,004
<b>NET CURRENT ASSETS</b>	94,023	84,167
<b>NON-CURRENT LIABILITIES</b>		
Payables	420	0
Loans and borrowings	28,287	36,161
Deferred taxation	90,650	95,338
	932,881	924,722
<b>EQUITY</b>		
<b>Equity attributable to shareholders of the Company</b>		
Share capital	393,525	375,003
Share premium reserve	192,732	169,593
Equity component of ICPS	160,210	201,423
Revaluation reserve	35,362	35,362
Other reserves	(308)	(308)
Retained profits	149,172	141,242
	930,693	922,315
<b>Equity attributable to non-controlling interests</b>	2,188	2,407
	932,881	924,722
<b>NET ASSETS PER SHARE</b>	<b>Sen 47.3</b>	<b>sen 49.2</b>

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

	EQUITY ATTRIBUTABLE TO:-					TOTAL EQUITY RM'000
	Shareholders of the Company			Non- controlling Interests RM'000	TOTAL RM'000	
	Share Capital RM'000	Reserves RM'000	Retained Profits RM'000			
<b><u>CURRENT YEAR TO DATE:</u></b>						
At 1 January 2016	375,003	406,070	141,242	922,315	2,407	924,722
Conversion of ICPS* into ordinary shares	18,522	(18,074)	0	448	0	448
Total Comprehensive Income/(loss) for the period	0	0	7,930	7,930	(141)	7,789
Dividend paid to non-controlling interests	0	0	0	0	(78)	(78)
At 30 September 2016	393,525	387,996	149,172	930,693	2,188	932,881
<b><u>PREVIOUS YEAR CORRESPONDING PERIOD:</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

\* - ICPS: Irredeemable Convertible Preference Shares

The Reserves are not distributable.

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

	<b>9 months ended 30 Sep</b>	
	<b>2016</b>	<b>2015</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flows from operating activities</b>		
Profit/(loss) before taxation from continuing operations	12,890	(9,089)
<u>Adjustments for:-</u>		
Depreciation and amortisation	26,287	30,023
Interest income	(694)	(641)
Finance costs	4,434	4,301
Unrealised loss on derivatives	1,047	1,246
Others	(270)	242
Changes in working capital	(27,971)	(27,901)
Income taxes paid, net of refunds	1,196	3,540
Interest received	694	641
Interest paid	(4,356)	(3,895)
	<b>13,257</b>	<b>(1,533)</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(11,654)	(10,570)
Proceeds from disposal of property plant and equipment	114	140
Withdrawal/(placement) of fixed deposits of longer-term tenure	510	(19)
	<b>(11,030)</b>	<b>(10,449)</b>
<b>Cash flows from financing activities</b>		
Net drawdown/(repayment) of finance lease obligations	(13)	(1,147)
Net drawdown/(repayment) of revolving credit and term loan	25,534	6,298
Payment of dividends to non-controlling interests	(78)	(301)
	<b>25,443</b>	<b>4,850</b>
Increase/(decrease) in cash and cash equivalents	27,670	(7,132)
Cash and cash equivalents at the beginning of the year	58,677	60,675
Cash and cash equivalents at the end of the period	<b>86,347</b>	<b>53,543</b>
Cash and cash equivalents comprise the following:		
Cash and bank balances	87,065	54,739
less: Fixed deposits with maturity of more than 3 months	(718)	(1,196)
	<b>86,347</b>	<b>53,543</b>

## **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 2015 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 2016:

Annual Improvements to FRSs 2012 – 2014 Cycle

Amendments to FRS 116 and FRS 138: *Clarification of Acceptable Methods of Depreciation and Amortisation*

Amendments to FRS 10 and FRS 128: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

Amendments to FRS 11: *Accounting for Acquisitions of Interests in Joint Operations*

Amendments to FRS 127: *Equity Method in Separate Financial Statements*

Amendments to FRS 101: *Disclosure Initiatives*

Amendments to FRS 10, FRS 12 and FRS 128: *Investment Entities: Applying the Consolidation Exception*

FRS 14: *Regulatory Deferral Accounts*

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) 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 and continue to use the existing FRS framework until the MFRS Framework is mandated by the MASB.

As announced by the MASB on 28 October 2015, Transitioning Entities shall be required to apply the MFRS Framework for annual periods beginning on or after 1 January 2018.

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 2018. 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**

On 4 July 2016 the Company converted 92,608,695 Irredeemable Convertible Preference Shares (ICPS) of RM0.20 each into the same number of ordinary shares of RM0.20 each.

#### 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 2016

	<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	84,942	183,098	0	268,040
Inter-segment revenue	86,245	0	(86,245)	0
	<u>171,187</u>	<u>183,098</u>	<u>(86,245)</u>	<u>268,040</u>
Segment results	<u>29,144</u>	<u>(6,203)</u>	<u>(8,198)</u>	<u>14,743</u>
Unallocated Items:-				
Other income				413
Corporate expenses				(2,150)
Finance costs				(116)
Profit before taxation from continuing operations				12,890
Taxation				(5,101)
Profit after taxation from continuing operations				<u>7,789</u>
<b><u>ASSETS:-</u></b>				
Segment assets	<u>888,170</u>	<u>272,198</u>		1,160,368
Unallocated assets				39,157
Assets classified as held for sale				2,930
Total assets				<u>1,202,455</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 2015).

#### 9. SUBSEQUENT EVENTS

As at the date of this report, there were no other 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 2015.

### 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 RM268.0 million (Q1-Q3 2015: RM289.3 million) and a pre-tax gain of RM12.9 million (Q1-Q3 2015: pre-tax loss of RM9.1 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 RM171.2 million (Q1-Q3 2015: RM165.4 million), and pre-tax gain of RM29.1 million (Q1-Q3 2015: pre-tax profit of RM10.0 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	
	2016	2015	2016	2015
January	2,181.00	2,253.00	1,795.00	1,525.50
February	2,385.50	2,223.50	1,900.50	1,642.50
March	2,583.50	2,200.50	2,117.50	1,720.50
April	2,617.50	2,130.50	2,319.00	1,536.50
May	2,594.00	2,141.00	2,241.00	1,479.50
June	2,541.00	2,246.50	2,400.50	1,444.50
July	2,304.00	2,175.50	2,281.50	1,409.50
August	2,567.50	1,935.00	2,510.50	1,164.00
September	2,824.50	1,977.00	2,741.50	1,292.50

Table B: Output indicators, and comparison with industrial average

	3rd Quarter			Year to Date		
	2016	2015	% change	2016	2015	% change
<b>FFB Production (mt)</b>	99,643	95,829	4.0%	216,609	252,809	-14.3%
<b>FFB Yield (mt/hectare):</b>						
The Group's estates	5.41	5.34	1.2%	11.76	14.09	-16.6%
MPOB Sabah average	5.06	5.39	-6.1%	12.58	14.65	-14.1%
<b>Oil Extraction Rate:</b>						
The Group's palm oil mills	21.22%	21.65%	-2.0%	20.92%	21.33%	-1.9%
MPOB Sabah average	21.31%	21.70%	-1.8%	21.10%	21.44%	-1.6%

\* - MPOB: Malaysian Palm Oil Board



The higher revenue and pre-tax results compared to the previous year's corresponding period is mainly due to higher CPO and PK prices throughout the first 9 months of 2016 which have helped to provide a healthy pre-tax gain compared to previous year's corresponding period.

**(b) Refinery**

Also as shown in Note 7, the Group's refinery operations achieved revenues of 183.1 million (Q1-Q3 2015: RM211 million) and suffered a pre-tax loss of RM6.2 million (Q1-Q3 2015: pre-tax loss of RM23.7 million). Refinery pre-tax loss has narrowed significantly compared to previous year's corresponding period mainly due to higher commodities prices, where products were sold at a better profit margin.

**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>
<b><u>CONTINUING OPERATIONS:-</u></b>		
Revenue	145,929	80,529
Cost of sales and services, including distribution	(124,788)	(74,660)
	21,141	5,869
Other income	870	741
Administrative, finance and other expenses	(6,616)	(4,946)
Profit/(loss) before taxation from continuing operations	15,395	1,664

Higher revenue and (correspondingly cost of sales) in the current quarter was mainly due to increased FFB output at the estates and higher commodities prices compared to previous year's corresponding period.

**14. CURRENT YEAR PROSPECTS**

The nationwide CPO production from January to September 2016 was around 15% lower than that in previous years' corresponding periods. The nation's palm oil stocks also fell from the November 2015 all-time-high of 2.91 million tonnes to 1.57 million tonnes at the end of October 2016.

Throughout the first 9 months, CPO prices had been trending upwards and were traded around the RM2,730-2,850 level during the first half of November 2016. Although FFB production for the 1<sup>st</sup> half of the year was subdued as a result of *El Nino* effect, the *El Nino* effect was mostly reversed by higher FFB production in Quarter 3.

With higher CPO prices coupled with improved FFB production for 2<sup>nd</sup> half of 2016, the Board expects a turnaround and anticipates an improvement to the Group's results in 2016.

**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 30.09.2016 RM'000</b>	<b>9 months ended 30.09.2016 RM'000</b>
Provision in respect of results for the current quarter/period	6,701	9,621
Overprovision for taxation in respect of previous years	(41)	(41)
Deferred taxation	(1,916)	(4,479)
	4,744	5,101

The Group's effective rate of taxation is significantly higher than the 24% statutory rate mainly 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 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:

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	Obtained
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 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
8	Issuance of the letter of offer in respect of the alienation of the Land by the Lands and Surveys Department	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

On 5 May 2016 UDSB received from RSB a draft Deed of Variation proposing the following major changes to the BJVA:-

- the respective proportions in which UDSB and RW will hold the issued ordinary share capital of the JV Company from time to time shall be as follows:

<u>Party</u>	<u>Percentage</u>
UDSB	40%
RSB	60%

- the BJVA shall be inserted with a new Condition Precedent as follows:

*"The relevant authority shall have issued separate land titles in respect of the lands which are the subject matter of the Pipe Rack Land Sublease."*

The draft Deed of Variation is under consideration by the Board of Directors and an announcement will be made once a decision has been made.

(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**

	<b>As at 30.09.2016 RM'000</b>	<b>As at 31.12.2015 RM'000</b>
<b>Current secured:</b>		
Hire purchases	1,002	1,348
Bankers' acceptances	86,795	48,058
Revolving credit	10,000	15,000
Term loans	10,938	11,099
<b>Current unsecured:</b> Liability component of ICPS	1,773	2,104
	<b>110,508</b>	<b>77,609</b>
<b>Non-current secured:</b>		
Hire purchases	866	536
Term loans	27,421	35,625
	<b>28,287</b>	<b>36,161</b>
<b>TOTAL BORROWINGS</b>	<b>138,795</b>	<b>113,770</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 2016 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	USD	8,435	0	94
Olein price swap contracts - less than 1 year	USD	6,674	0	911

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

For the period ended 30 September 2016, 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 30.09.2016 RM'000</b>	<b>As at 31.12.2015 RM'000</b>
Total retained profits of the Company and its subsidiaries		
- Realized	193,110	178,662
- Unrealized	(27,986)	(32,418)
	<hr/> 165,124	<hr/> 146,244
less: Consolidation adjustments	(15,952)	(5,002)
Total retained profits	<hr/> <hr/> 149,172	<hr/> <hr/> 141,242

**21. CHANGES IN STATUS OF MATERIAL LITIGATION UP TO 25 NOVEMBER 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:

	<b>Quarter ended 30.09.2016</b>	<b>9 months ended 30.09.2016</b>
Weighted average number of shares in issue	1,964,607,286	1,905,099,366
Potential number of shares from conversion of ICPS	360,000,000	360,000,000
Number of shares used in calculating diluted EPS	<hr/> 2,324,607,286	<hr/> 2,265,099,366
	<hr/> <b>RM'000</b>	<hr/> <b>RM'000</b>
Profit/(loss) after taxation from continuing operations	10,651	7,789
less: (profit)/loss after taxation from continuing operations attributable to non-controlling interests	11	141
Profit/(loss) after taxation from continuing operations attributable to shareholders of the Company	<hr/> 10,662	<hr/> 7,930
Finance costs saved from potential conversion of ICPS	41	116
Adjusted profit/(loss) after taxation	<hr/> 10,703	<hr/> 8,046
<b>EPS:</b>	<hr/> <b>Sen</b>	<hr/> <b>Sen</b>
- Basic	0.54	0.42
- Diluted	<hr/> 0.46	<hr/> 0.36

\* - 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”.

#### 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 2015 was not qualified.

#### 25. STATEMENT OF COMPREHENSIVE INCOME

The statement of comprehensive income includes the following items:-

	<b>Quarter ended <u>30.09.2016</u> RM'000</b>	<b>9 months ended <u>30.09.2016</u> RM'000</b>
Interest income	329	694
Other income, including investment income	844	1,706
Interest expense	1,748	4,434
Depreciation and amortization	8,607	26,287
Provision for and write-off of receivables	0	0
Realised foreign exchange gain/(loss)	898	1,116
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
Realised gain/(loss) on derivatives	(2,514)	(499)
Exceptional items	0	0

**By Order of the Board,**

**DATUK LIM NYUK SANG @ FREDDY LIM**  
**Chief Executive Officer**  
**29 November 2016**