

KRETAM HOLDINGS BERHAD

(Company No.: 168285 - H)

INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 JUNE 2017

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 2016.

A. CONDENSED CONSOLIDATED INCOME STATEMENT

	CURRENT QUARTER			CUMULATIVE		
	Quarter ended 30 June			6 months ended 30 June		
	2017	2016	Changes	2017	2016	Changes
	RM'000	RM'000	%	RM'000	RM'000	%
CONTINUING OPERATIONS:-						
Revenue	147,753	80,529	83%	289,597	122,111	137%
Cost of sales and services	(126,732)	(68,546)		(243,092)	(106,633)	
Gross profit	21,021	11,983	75%	46,505	15,478	200%
Selling and distribution costs	(8,487)	(6,114)		(16,096)	(10,834)	
	12,534	5,869		30,409	4,644	
Other income	3,135	546		6,697	4,136	
Administrative expenses	(3,498)	(3,308)		(7,149)	(7,854)	
Other expenses	(943)	(188)		(1,290)	(1,109)	
Profit/(loss) before interest and taxation	11,228	2,919	285%	28,667	(183)	15,765%
Finance income	281	195		480	365	
Finance costs	(1,461)	(1,450)		(3,032)	(2,686)	
Profit/(loss) before taxation	10,048	1,664	504%	26,115	(2,504)	1,143%
Taxation	(5,200)	(375)		(8,337)	(358)	
Profit/(loss) after taxation	4,848	1,289	276%	17,778	(2,862)	721%
Profit/(loss) after taxation attributable to:-						
Shareholders of the Company	4,775	1,358	252%	17,668	(2,732)	747%
Non-Controlling Interests	73	(69)		110	(130)	
	4,848	1,289	276%	17,778	(2,862)	721%
EARNINGS/(LOSS) PER SHARE (EPS):-						
	<u>Sen</u>	<u>Sen</u>		<u>Sen</u>	<u>Sen</u>	
Basic EPS	0.21	0.07		0.76	(0.15)	
Diluted EPS	0.21	0.06		0.76	(0.11)	

B. CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	CURRENT QUARTER			CUMULATIVE		
	Quarter ended 30 June			12 months ended 30 June		
	2017	2016	Changes	2017	2016	Changes
	RM'000	RM'000	%	RM'000	RM'000	%
Profit/(loss) after taxation	4,848	1,289	276%	17,778	(2,862)	721%
Other Comprehensive Income (OCI)	0	0	0	0	0	0
Income tax relating to components of OCI	0	0	0	0	0	0
Other Comprehensive Income net of tax	0	0	0	0	0	0
Total Comprehensive Income/(loss)	4,848	1,289	276%	17,778	(2,862)	721%
Total Comprehensive Income/(loss) attributable to:-						
Shareholders of the Company	4,775	1,358	252%	17,668	(2,732)	747%
Non-Controlling Interests	73	(69)	206%	110	(130)	185%
	4,848	1,289	276%	17,778	(2,862)	721%

C. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 30.06.2017 RM'000	As at 31.12.2016 RM'000
NON-CURRENT ASSETS		
Property, plant and equipment and land use rights	498,207	505,357
Investment property	627	631
Biological assets	400,454	400,178
Intangible assets	42,777	42,777
Trade & other receivables	4,532	4,532
CURRENT ASSETS		
Inventories	134,817	139,819
Receivables	12,948	41,429
Tax refundable	11,737	9,935
Derivatives	0	0
Cash and bank balances	72,320	95,536
	231,822	286,719
Assets held for sale	2,929	2,929
	234,751	289,648
CURRENT LIABILITIES		
Payables	33,556	73,609
Loans and borrowings	94,505	126,935
Derivatives	283	1,725
Income tax payable	11	24
	128,355	202,293
Liabilities associated with disposal group	1	1
	128,356	202,294
NET CURRENT ASSETS	106,395	87,354
NON-CURRENT LIABILITIES		
Loans and borrowings	19,923	25,491
Deferred taxation	93,470	93,468
	939,599	921,870
EQUITY		
Equity attributable to shareholders of the Company		
Share capital	746,467	465,525
Share premium	0	280,942
Revaluation reserve	35,362	35,362
Other reserves	(310)	(310)
Retained profits	155,795	138,127
	937,314	919,646
Equity attributable to non-controlling interests	2,285	2,224
	939,599	921,870
NET ASSETS PER SHARE	<u>Sen</u> 40.3	<u>Sen</u> 39.5

D. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	EQUITY ATTRIBUTABLE TO:-					TOTAL EQUITY RM'000
	Shareholders of the Company				Non- controlling Interests RM'000	
	Share Capital RM'000	Reserves RM'000	Retained Profits RM'000	TOTAL RM'000		
<u>CURRENT YEAR TO DATE:</u>						
At 1 January 2017	465,525	315,994	138,127	919,646	2,224	921,870
Effect of Implementation of Companies Act 2016	280,942	(280,942)	0	0	0	0
Total Comprehensive Income/(loss) for the period	0	0	17,668	17,668	110	17,718
Dividend paid to non-controlling interests	0	0	0	0	(49)	(49)
At 30 June 2017	746,467	35,052	155,795	937,314	2,285	939,599
<u>PREVIOUS YEAR CORRESPONDING PERIOD:</u>						
At 1 January 2016	375,003	406,070	141,242	922,315	2,407	924,722
Total Comprehensive Income/(loss) for the period	0	0	(2,732)	(2,732)	(130)	(2,862)
Dividend paid to non-controlling interests	0	0	0	0	(78)	(78)
At 30 June 2016	375,003	406,070	138,510	919,583	2,199	921,782

E. CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	6 months ended 30 June	
	2017	2016
	RM'000	RM'000
Cash flows from operating activities		
Profit/(loss) before taxation from continuing operations	26,115	(2,504)
<u>Adjustments for:-</u>		
Depreciation and amortisation	17,026	17,680
Impairment loss/ (gain) on biological assets	(57)	0
Interest income	(480)	(365)
Finance costs	3,032	2,686
Loss / (gain) on disposal of assets	39	0
Unrealised loss/ (gain) on derivatives	283	0
Others	460	(1,457)
Changes in working capital	16,786	(4,380)
Income taxes paid, net of refunds	(10,747)	3,810
Interest received	480	365
Interest paid	(3,487)	(2,629)
	49,451	13,206
Cash flows from investing activities		
Purchase of property, plant and equipment	(10,465)	(5,889)
Proceeds from disposal of property plant and equipment	50	95
Addition to Biological Assets	(919)	0
Withdrawal/(placement) of fixed deposits of longer-term tenure	820	0
Others		289
	(10,514)	(5,505)
Cash flows from financing activities		
Net drawdown/(repayment) of finance lease obligations	(525)	(749)
Net drawdown/(repayment) of revolving credit and term loan	(37,482)	2,245
Payment of dividends to shareholders	(23,325)	(78)
	(61,332)	1,418
Increase/(decrease) in cash and cash equivalents	(22,395)	9,119
Cash and cash equivalents at the beginning of the year	94,618	58,677
Cash and cash equivalents at the end of the period	72,223	67,796
Cash and cash equivalents comprise the following:		
Cash and bank balances	72,320	68,734
less: Fixed deposits with maturity of more than 3 months	(97)	(938)
	72,223	67,796

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 2016 except for the adoption of the following new and revised Financial Reporting Standards ("FRSs"; "FRS" when referred to in the singular) which became applicable beginning from the Group's financial year ending 31 December 2017:

FRS 107: Disclosures Initiatives (Amendments to FRS 107)

FRS 112: Recognition of Deferred Tax for Unrealised Losses (Amendments to FRS 112)

Annual Improvements to FRS Standards 2014-2016 Cycle:

➤ FRS 12: Disclosures of Interests in Other Entities (Amendments to FRS 12)

The new and revised FRSs 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 ("IC 15")*, 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

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

During the year the Company paid an interim dividend of 1.0 sen per ordinary share in respect of the financial year ended 31 December 2016 amounting to RM 23,276,271.35. The dividend was paid on 16 January 2017.

7. SEGMENT REVENUE AND RESULTS FOR THE 6 MONTHS ENDED 30 JUNE 2017

	Plantation & Mill	Refinery	Elimination	TOTAL
	RM'000	RM'000	RM'000	RM'000
<u>REVENUES AND RESULTS:-</u>				
Segment Revenue - external	26,448	263,149	0	289,597
Inter-segment revenue	69,128	0	(69,128)	0
	<u>95,576</u>	<u>263,149</u>	<u>(69,128)</u>	<u>289,597</u>
Segment results	<u>26,758</u>	<u>(8,641)</u>	<u>8,575</u>	<u>26,692</u>
Unallocated Items:-				
Other income				418
Corporate expenses				(995)
Finance costs				0
Profit before taxation from continuing operations				26,115
Taxation				(8,337)
Profit after taxation from continuing operations				<u>17,778</u>
<u>ASSETS:-</u>				
Segment assets	<u>866,001</u>	<u>304,963</u>		1,170,964
Unallocated assets				7,465
Assets classified as held for sale				2,929
Total assets				<u>1,181,358</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 2016).

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 2016.

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

12. REVIEW OF PERFORMANCE

The Group achieved a total revenue of RM289.6 million (Q1-Q2 2016: RM122.1 million) and a pre-tax gain of RM26.1 million (Q1-Q2 2016: pre-tax loss of RM2.5 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 revenue (including inter-segment revenue) of RM95.6 million (Q1-Q2 2016: RM88.9 million), and pre-tax gain of RM26.8 million (Q1-Q2 2016 pre-tax gain: RM2.2 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	
	2017	2016	2017	2016
January	3,213.00	2,181.00	3,447.50	1,795.00
February	3,218.00	2,385.50	3,377.50	1,900.50
March	2,911.50	2,583.00	2,450.50	2,117.50
April	2,669.50	2,617.50	1,853.50	2,319.00
May	2,762.50	2,594.00	2,037.00	2,241.00
June	2,595.00	2,541.00	1,916.00	2,400.50

Table B: Output indicators, and comparison with industrial average

	2nd Quarter			Year to Date		
	2017	2016	% change	2017	2016	% change
FFB Production (mt)	88,210	67,988	29.7%	154,708	116,966	32.3%
FFB Yield (mt/hectare):						
The Group's estates	4.84	3.69	31.1%	8.48	6.35	33.7%
MPOB Sabah average	4.68	4.36	7.3%	8.50	7.52	13.0%
CPO Closing Stock in Palm Oil Mills (mt)	4,397	7,542	-41.7%	4,397	7,542	-41.7%
Oil Extraction Rate:						
The Group's palm oil mills	20.12%	20.36%	-1.2%	20.12%	20.68%	-2.7%
MPOB Sabah average	20.42%	20.56%	-0.7%	20.31%	20.96%	-3.1%

* - MPOB: Malaysian Palm Oil Board

The higher pre-tax results compared to the previous year's corresponding period was due to higher CPO and PK prices. Besides higher commodity prices, the 32.3% increase in FFB production in 1st half of 2017 compared to 1st half of 2016 also contributed to the better profit margin for year to date under review.

(b) Refinery

Also as shown in Note 7, the Group's refinery operations achieved revenue of RM263.1 million (Q1-Q2 2016: RM81.8 million) and a pre-tax loss of RM8.6 million (Q1-Q2 2016: pre-tax loss of RM2.2 million). Refinery's pre-tax loss when compared to previous year's pre-tax loss was mainly due to downtrend in commodity prices from RM 3,213 in January 2017 to RM 2,595 in June 2017, where products were sold at a lower 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:

	Current Quarter RM'000	Previous Quarter RM'000	Changes %
<u>CONTINUING OPERATIONS:-</u>			
Revenue	147,753	141,845	4%
Cost of sales and services, including distribution	(135,219)	(123,969)	
	12,534	17,876	
Other income	3,135	3,562	
Administrative, finance and other expenses	(4,441)	(3,999)	
Profit/(loss) before interest and taxation	11,228	17,439	(36%)
Interest income	281	199	
Interest costs	(1,461)	(1,571)	
Profit/(loss) before taxation	10,048	16,067	(37%)
Taxation	(5,200)	(3,137)	
Profit/(loss) after taxation	4,848	12,930	(63%)
Profit/(loss) after taxation attributable to:			
Shareholders of the Company	4,775	12,893	(63%)
Non-Controlling Interests	73	37	
	4,848	12,930	(63%)

The lower Q2 2017 pre-tax profit as compared to previous quarter was mainly due to decline in commodity prices. Although the Group managed to generate higher revenue than the previous quarter, the Group has to bear with higher cost of sales and stock impairment losses on closing stocks in Q2 2017.

14. CURRENT YEAR PROSPECTS

The Group's performance is closely tied with the movements in the prices of CPO and refined palm products. Since the start of 2017, the CPO prices have gradually declined from RM3,200 level to just below RM2,600 in the 1st week of August 2017.

By end of July 2017, the nation's palm oil stock stands at 1.78 million metric ton, a 16.8% increase compared to June 2017. Such increase is reflected in lower commodity prices in July 2017. The overall market is expecting further downward pressure on the commodity prices in the coming months, in line with the seasonal trend of higher production in the 2nd half of the year.

In view of the current scenarios, the Board takes the view that the commodity price fall will be compensated by the increase in production and any price rebound in the coming months will provide further improvement to the Group's results for 2017.

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>30.06.2017</u> RM'000	6 months ended <u>30.06.2017</u> RM'000
Provision in respect of results for the current quarter/period	4,500	8,334
Overprovision for taxation in respect of previous years	0	0
Deferred taxation	700	3
	<u>5,200</u>	<u>8,337</u>

The Group's effective rate of taxation is 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 Bulk 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	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 RSB 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

	As at 30.06.2017 RM'000	As at 30.06.2016 RM'000
Short term secured:		
Hire purchases	300	1,055
Bankers' acceptances	84,109	55,772
Revolving credit	0	15,000
Term loans	10,096	10,938
Long term unsecured		
Liability component of ICPS	0	2,186
	94,505	84,951
Long term secured:		
Hire purchases	704	79
Term loans	19,219	30,156
	19,923	30,235
TOTAL BORROWINGS	114,428	115,186

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 June 2017 are as follows:

	Currency	Contract/ Notional Amount '000	Fair Value	
			Assets RM'000	Liabilities RM'000
US Dollar forward contracts - less than 1 year	USD	14,971	4	0
Palm oil futures contracts – less than 1 year	RM	7,227	0	287
Olein price swap contracts - less than 1 year	USD	246	0	0

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

For the period ended 30 June 2017, 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 30.06.2017 RM'000	As at 31.12.2016 RM'000
Total retained profits of the Company and its subsidiaries		
- Realized	187,708	183,208
- Unrealized	(26,864)	(33,159)
	<u>160,844</u>	<u>150,049</u>
less: Consolidation adjustments	(5,049)	(11,922)
Total retained profits	<u><u>155,795</u></u>	<u><u>138,127</u></u>

21. CHANGES IN STATUS OF MATERIAL LITIGATION UP TO 16 AUGUST 2017

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 30.06.2017	6 months ended 30.06.2017
Weighted average number of shares in issue	2,327,627,135	2,327,627,135
Number of shares used in calculating diluted EPS	2,327,627,135	2,327,627,135
	<u>RM'000</u>	<u>RM'000</u>
Profit/(loss) after taxation from continuing operations	4,848	12,930
less: (profit)/loss after taxation from continuing operations attributable to non-controlling interests	(73)	(110)
Profit/(loss) after taxation from continuing operations attributable to shareholders of the Company	<u>4,775</u>	<u>17,668</u>
EPS:	<u>Sen</u>	<u>Sen</u>
- Basic	0.21	0.76
- Diluted	<u>0.21</u>	<u>0.76</u>

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 2016 was not qualified.

25. STATEMENT OF COMPREHENSIVE INCOME

The statement of comprehensive income includes the following items:

	Quarter ended <u>30.06.2017</u> RM'000	6 months Ended <u>30.06.2017</u> RM'000
Interest income	281	480
Other income, including investment income	1,114	2,401
Interest expense	1,461	3,032
Depreciation and amortization	8,570	17,026
Provision for and write-off of receivables	0	0
Realised foreign exchange gain/(loss)	2,021	1,700
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	(880)	1,395
Exceptional items	0	0

By Order of the Board,

DATUK LIM NYUK SANG @ FREDDY LIM
Chief Executive Officer
23 August 2017