

MHC Plantations Bhd (4060-V)
Condensed Consolidated Statement of Comprehensive Income (Unaudited)
For The Third Quarter Ended 30 September 2015

	Current quarter 3 months ended		Cumulative quarter 9 months ended	
	30.9.2015	30.9.2014 (Restated)	30.9.2015	30.9.2014 (Restated)
	RM' 000	RM'000	RM' 000	RM' 000
Revenue	93,051	80,450	227,121	249,927
Cost of sales	(82,250)	(71,619)	(198,385)	(210,882)
Gross profit	10,801	8,831	28,736	39,045
Other income	3,729	1,550	8,329	4,626
Administrative expenses	(3,256)	(2,790)	(10,166)	(8,267)
Other operating expenses	(1,644)	(1,812)	(4,536)	(5,206)
Operating profit	9,630	5,779	22,363	30,198
Finance costs	(2,421)	(692)	(6,522)	(2,096)
Profit before tax	7,209	5,087	15,841	28,102
Income tax expense	(1,950)	(1,195)	(3,907)	(6,872)
Profit net of tax	5,259	3,892	11,934	21,230
Other comprehensive income				
Available-for-sale financial assets:				
- (Loss)/Gain on fair value changes	-	(9)	-	4
Exchange difference on translation of foreign operations	97	1	118	(1)
Total comprehensive income for the period	5,356	3,884	12,052	21,233
Profit attributable to:				
Owners of the parent	3,204	2,357	6,419	11,343
Non-controlling interests	2,055	1,535	5,515	9,887
	5,259	3,892	11,934	21,230
Total comprehensive income attributable to:				
Owners of the parent	3,301	2,349	6,537	11,346
Non-controlling interests	2,055	1,535	5,515	9,887
	5,356	3,884	12,052	21,233
Weighted average number of shares in issue	196,544	196,544	196,544	196,544
Earnings per share in sen				
- Basic	1.63	1.20	3.27	5.77
- Diluted	1.27	0.93	2.54	4.49

The interim financial report should be read in conjunction with the audited financial statements for the year ended 31 December 2014.

MHC Plantations Bhd (4060-V)
(Incorporated in Malaysia)

Condensed Consolidated Statement of Financial Position (Unaudited)
as at 30 September 2015

	As at 30.9.2015 RM'000	As at 31.12.2014 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	449,992	468,161
Investment properties	48,062	48,062
Biological assets	461,472	460,125
Land use rights	13,407	13,542
Deferred tax assets	3,686	4,195
Investment securities	490	490
Trade and other receivables	140,608	108,184
Goodwill on consolidation	109,017	109,017
	<u>1,226,734</u>	<u>1,211,776</u>
Current assets		
Inventories	35,143	22,516
Trade and other receivables	20,015	24,517
Tax recoverable	4,942	3,889
Short term investments	10,191	12,025
Fixed deposits with licensed banks	3,918	10,825
Cash and bank balances	20,532	17,072
	<u>94,741</u>	<u>90,844</u>
TOTAL ASSETS	<u>1,321,475</u>	<u>1,302,620</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	196,544	196,544
Reserves	216,812	216,157
	<u>413,356</u>	<u>412,701</u>
Non-controlling interests	514,678	515,686
Total equity	<u>928,034</u>	<u>928,387</u>

MHC Plantations Bhd (4060-V)
(Incorporated in Malaysia)

Condensed Consolidated Statement of Financial Position (Unaudited)
as at 30 September 2015 (Contd.)

	As at 30.9.2015 RM'000	As at 31.12.2014 RM'000
EQUITY AND LIABILITIES (CONTD.)		
Non-current liabilities		
Lease rental payable	267	267
Hire purchase payables	1,389	739
Borrowings	102,446	89,926
Deferred tax liabilities	164,924	165,950
	<u>269,026</u>	<u>256,882</u>
Current liabilities		
Payables	32,051	36,232
Hire purchase payables	1,086	969
Borrowings	91,150	80,150
Taxation	128	-
	<u>124,415</u>	<u>117,351</u>
Total liabilities	<u>393,441</u>	<u>374,233</u>
TOTAL EQUITY AND LIABILITIES	<u>1,321,475</u>	<u>1,302,620</u>
Net Tangible Asset Per Share (RM)	<u>1.55</u>	<u>1.55</u>
Net Asset Per Share (RM)	<u>2.10</u>	<u>2.10</u>

The interim financial report should be read in conjunction with the audited financial statements for the year ended 31 December 2014.

MHC Plantations Bhd (4060-V)

Condensed Consolidated Statements of Changes in Equity (Unaudited)
For The Third Quarter Ended 30 September 2015

	Equity attributable to owners of the Company										Non-controlling Interests	Total Equity
	Non-distributable					Distributable						
	Share Capital RM'000	Capital Reserve RM'000	Revaluation Reserve RM'000	Fair value adjustment reserve RM'000	Other Reserve RM'000	Foreign currency translation reserve RM'000	Capital Reserve RM'000	Retained Profits RM'000	Total	RM'000		
Opening balance at 1 Jan 2014 (Restated)	196,544	5,737	789	80	-	(62)	8	201,521	404,617	507,529	912,146	
Total comprehensive income for the period	-	-	-	4	-	(1)	-	11,343	11,346	9,887	21,233	
Dividends	-	-	-	-	-	-	-	(3,931)	(3,931)	-	(3,931)	
Dividend paid to non-controlling shareholders	-	-	-	-	-	-	-	-	-	(4,203)	(4,203)	
Closing balance at 30 September 2014	196,544	5,737	789	84	-	(63)	8	208,933	412,032	513,213	925,245	
Opening balance at 1 Jan 2015	196,544	5,737	789	64	-	(58)	8	209,617	412,701	515,686	928,387	
Total comprehensive income for the period	-	-	-	-	-	114	-	6,419	6,533	5,515	12,048	
Acquisition of non-controlling interest	-	-	-	-	(647)	-	-	-	(647)	(89)	(736)	
Arising from reverse takeover exercise	-	-	-	-	(1,300)	-	-	-	(1,300)	(2,231)	(3,531)	
Dividends	-	-	-	-	-	-	-	(3,931)	(3,931)	-	(3,931)	
Dividend paid to non-controlling shareholders	-	-	-	-	-	-	-	-	-	(4,203)	(4,203)	
Closing balance at 30 September 2015	196,544	5,737	789	64	(1,947)	56	8	212,105	413,356	514,678	928,034	

The interim financial report should be read in conjunction with the audited financial statements for the year ended 31 December 2014.

MHC Plantations Bhd (4060-V)
Condensed Consolidated Statement of Cash Flows (Unaudited)
For The Third Quarter Ended 30 September 2015

	9 months ended	
	30.9.2015 RM' 000	30.9.2014 RM' 000 (Restated)
Operating activities		
Profit before taxation	15,841	28,102
Adjustments for:		
Depreciation and amortisation	11,827	12,261
Interest expense	6,522	2,096
(Gain)/Loss on disposal of property, plant and equipment	(469)	13
Property, plant and equipment written off	3	17
Unrealised (gain)/loss on foreign exchange	(530)	21
Interest income	(5,060)	(3,558)
Dividend income	(456)	(35)
Total adjustments	11,837	10,815
Operating cash flows before changes in working capital	27,678	38,917
Changes in working capital:		
Inventories	(12,578)	(6,569)
Receivables	6,974	(7,732)
Payables	(6,474)	(3,972)
Total changes in working capital	(12,078)	(18,273)
Cash generated from operations	15,600	20,644
Interest received	490	472
Interest paid	(6,525)	(2,097)
Tax paid	(5,346)	(5,902)
Net cash flows from/(used in) operating activities	4,219	13,117
Investing activities		
Dividend received	456	35
Proceeds from disposal of property, plant and equipment	789	7
Additions to biological assets	(1,348)	(2,389)
Net redemption/(investment in) of short term investments	1,833	(1,559)
Net cash outflow on acquisition of a subsidiary company	(4,662)	-
Acquisition of non-controlling interest	(1,508)	(75)
Purchase of property, plant and equipment	(17,539)	(16,362)
Purchase of investment in securities	-	(100)
Net cash flows (used in)/from investing activities	(21,979)	(20,443)
Financing activities		
Drawdown of revolving credit	24,500	40,500
Drawdown of term loan	29,150	-
Repayment of revolving credit	(17,500)	-
Repayment of term loan	(12,963)	(5,667)
Repayment of hire purchase obligations	(882)	(1,208)
Dividends paid to shareholders	(3,931)	(3,931)
Dividends paid to non-controlling shareholders	(4,203)	(4,203)
Effect on exchange rate changes on cash and cash equivalents	142	(19)
Net cash flows from/(used in) financing activities	14,313	25,472
Net (decrease)/increase in cash and cash equivalents	(3,447)	18,146
Cash and cash equivalents as at 1 January	27,287	29,393
Cash and cash equivalents as at 30 June	23,840	47,539
Cash and cash equivalents :		
Fixed deposits with licensed banks	3,918	29,181
Cash and bank balances	20,532	18,958
	24,450	48,139
Less : Fixed deposits pledged	(610)	(600)
	23,840	47,539

The interim financial report should be read in conjunction with the audited financial statements for the year ended 31 December 2014.

Notes to the condensed consolidated interim financial statements

1. Basis of preparation

The condensed consolidated interim financial statements for the period ended 30 September 2015 have been prepared in compliance with Financial Reporting Standards ("FRS") 134 *Interim Financial Reporting* and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The Report should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2014.

The accounting policies used in the preparation of condensed consolidated interim financial statements are consistent with those previously adopted in the audited financial statements of the Group for the year ended 31 December 2014. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2014.

2. Changes in accounting policies

The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements for the year ended 31 December 2014, except for the adoption of the following new/revised FRSSs and amendments to FRSSs:

Effective for financial periods beginning on or after 1 July 2014:

- Amendments to FRS 119: Defined Benefit Plans: Employee Contributions
- Annual Improvements to FRSSs 2010 – 2012 Cycle
- Annual Improvements to FRSSs 2011 – 2013 Cycle

Effective for financial periods beginning on or after 1 January 2016:

- Amendments to FRS 11: Accounting for Acquisition of Interest in Joint Operations
- 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 127: Equity Method in Separate Financial Statements
- Amendments to FRS 101: Disclosure Initiative
- Amendments to FRS 10, FRS 12 and FRS 18: Investment Entities: Applying the Consolidation Exception
- Annual Improvements to FRSSs 2012 – 2014 Cycle
- FRS 14: Regulatory Deferral Accounts

Effective for financial periods beginning on or after 1 January 2018:

- FRS 9: Financial Instruments

The adoption of the above revised FRSSs, IC Interpretation and Amendments do not have any significant financial impact on the Group.

2. Changes in accounting policies (Contd.)

Malaysian Financial Reporting Standards

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (MFRS Framework).

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture (MFRS 141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venturer (herein called 'Transitioning Entities') which will be allowed to defer adoption of the new MFRS Framework for one year. On 30 June 2012, MASB has given an option to Transitioning Entities to defer the adoption of the MFRS Framework for another year. Therefore, the MFRS Framework will be applicable to Transitioning Entities with effect from the annual period beginning on 1 January 2014.

In light of the development and the revisions of the project timelines by the IASB, the Board has decided to extend the transitions period for another year, ie. the adoption of the MFRS Framework by all Transitioning Entities with effect from annual periods beginning on or after 1 January 2015.

On 8 September 2015, MASB announced that 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 scope definition of Transitioning Entities and accordingly, the Group will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2018. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained earnings.

The Group expects to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 December 2018.

The new and amended standards (which are applicable upon adoption of MFRS Framework) that are issued but not yet effective are disclosed below.

Effective for financial periods beginning on or after 1 January 2016:

- Amendments to FRS 116 and FRS 141: Agriculture: Bearer Plants

Effective for financial periods beginning on or after 1 January 2017:

- FRS 15: Revenue from Contracts with Customers

3. Auditors' report

The auditor's report on the preceding annual financial statements was not qualified.

4. Seasonal and cyclical factors

The business of the Group is cyclical in nature and the third quarter is normally the peak production season.

5. Unusual items

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the financial period ended 30 September 2015.

6. Changes in estimates

There were no changes in estimates that have had a material effect in the current quarter results.

7. Equity and debt securities

There were no issuance, cancellation, resale, repurchase and repayment of equity or debt securities during the financial period ended 30 September 2015.

8. Dividend paid

A final single-tier dividend of 2.00% in respect of the financial year ended 31 December 2014 on 196,543,970 ordinary shares, amounting to a dividend payable of RM3,930,879 (2.00 sen per share) was paid on 29 June 2015.

No interim dividend has been paid during the current quarter ended 30 September 2015.

9. Segment information

The Group has three reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and are managed separately because they require different technology and marketing strategies. The following summary describes the operations in each of the Group's reportable segments:

- a. Plantation - Cultivation of oil palm
- b. Oil Mill - Milling and sales of oil palm products
- c. Power Plant - Power Generation and sales of biomass by-products

9. Segment information (Contd.)

Information about reportable segments

	Plantation		Oil Mill		Power Plant		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	2,924	3,574	56,156	72,592	33,621	3,591	92,701	76,166
Inter-segment revenue	17,176	18,062	-	-	639	2,323	17,815	20,385
Segment profit	6,232	5,777	1,481	162	154	199	7,867	6,138

Segment profit is reconciled to consolidated profit before tax as follows:	3 months ended	3 months ended
	30.9.2015 (Unaudited)	30.9.2014 (Unaudited)
	RM'000	RM'000
Segment profit	7,867	6,138
Other non-reportable segments	141	383
Amortisation of group land cost	(1,101)	(1,180)
Elimination of inter-segment profits	(28)	(35)
Unallocated corporate income/(expenses)	330	(219)
Consolidated profit before tax	<u>7,209</u>	<u>5,087</u>

	Plantation		Oil Mill		Power Plant		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	8,583	14,172	176,930	223,086	40,352	9,823	225,865	237,258
Inter-segment revenue	48,732	57,441	-	-	1,577	4,230	50,309	61,671
Segment profit	17,164	28,404	3,850	2,410	(1,873)	(27)	19,141	30,787

9. Segment information (Contd.)

	9 months ended 30.9.2015 (Unaudited) RM'000	9 months ended 30.9.2014 (Unaudited) (Restated) RM'000
Segment profit is reconciled to consolidated profit before tax as follows:		
Segment profit	19,141	30,787
Other non-reportable segments	484	1,348
Amortisation of group land cost	(3,269)	(3,575)
Elimination of inter-segment profits	(171)	(163)
Unallocated corporate expenses	(344)	(295)
Consolidated profit before tax	<u>15,841</u>	<u>28,102</u>

10. Changes in the composition of the Group

- a) On 26 June 2015, the Company acquired 84,501 ordinary shares of RM1/- each fully paid, representing 61.23% equity interest in Mah Hock Company Sendirian Berhad ("Mah Hock") for a total cash consideration of RM2,535,622 only, resulting in Mah Hock becoming a subsidiary company of MHC.
- b) On 11 May 2015, Cash Nexus (M) Sdn. Bhd., a wholly owned subsidiary company of Cepatwawasan Group Berhad, acquired 150,000 ordinary shares of RM 1 each in Power Precinct Sdn. Bhd., representing its entire equity interest for a total consideration of RM 1.95 million.
- c) On 10 September 2015, the Group acquired 61.51% equity interest in Timah Resources Limited (TRL), a company incorporated in Australia. The transfer listing exercise of TRL to the Australian Securities Exchange was completed on 16 September 2015. As a result of the acquisition, the effective equity interest of the Group in Mistral Engineering Sdn Bhd, previously a wholly-owned subsidiary was reduced to 61.51%.

11. Contingent Assets and Liabilities

There were no contingent assets and contingent liabilities at the end of this quarter and as at the date of this report.

12. Capital commitments

	RM'000
Capital expenditure	
Approved and contracted for	18,853
Approved but not contracted for	<u>14,303</u>
	<u>33,156</u>

13. Subsequent event

There were no material subsequent events to the end of the current quarter.

Information required by BMSB Listing Requirements

1. Review of performance

Current Quarter vs. Previous Year Corresponding Quarter

For this quarter under review, the Group recorded a revenue of RM93.05 million, which is an increase of RM12.60 million as compared to the preceding year corresponding quarter due to increase in construction income totalling RM 26.49 million from power plant despite lower CPO and PK sales volume by 22% and 14% respectively.

The Group reported a profit before tax of RM 7.21 million for this quarter under review, which is an increase of 42% from the preceding year corresponding quarter mainly due to lower estate operating costs, better milling margin and higher oil extraction rate.

Performance of the respective operating business segments for this quarter under review as compared to the previous corresponding quarter is analysed as follows:

- (i) Plantation – The increase in profit before tax by RM 0.46 million (8%) from RM 5.78 million to RM 6.23 million was mainly due to lower estate operating cost despite lower FFB price by 8%.
- (ii) Oil Mill – The increase in profit before tax by RM 1.32 million (>100%) from RM 0.16 million to RM 1.48 million was due to better milling margin and higher oil extraction rate.
- (iii) Power Plant – The decrease in profit before tax by RM 0.05 million (25%) from RM 0.20 million to RM 0.15 million was due to higher operating cost incurred as a result of the commencement of the supply of electricity. The 12MW Biomass Power Plant generated and exported 12,170,697 kW for this current quarter.

Current Year-to-date vs. Previous Year-to-date

The Group recorded a revenue of RM227.12 million and profit before tax of RM15.84 million for the current cumulative quarter ended 30 September 2015 as compare to a revenue of RM249.93 million and profit before tax of RM28.10 million in the preceding year cumulative quarter ended 30 September 2014. The decrease in revenue and profit before tax is mainly due to lower CPO and PK prices by 10% and 12% respectively, lower CPO and PK sales volume by 12% and 8% respectively and a 6% decrease in FFB production despite an increase in construction income of RM 20.25 million and supply of electricity totalling RM 6.94 million from power plant.

Performance of the respective operating business segments for the period ended 30 September 2015 as compared to the previous corresponding period is analysed as follows:

- (i) Plantation – The decrease in profit before tax by RM 11.24 million (40%) from RM 28.40 million to RM 17.16 million was mainly due to lower FFB prices and production by 18% and 6% respectively.

- (ii) Oil Mill – The increase in profit before tax by RM 1.44 million (60%) from RM 2.41 million to RM 3.85 million was due to better milling margin and higher oil extraction rate for this financial period under review despite lower CPO and PK prices by 10% and 12% respectively.
- (iii) Power Plant – The increase in loss before tax by RM 1.84 million (>100%) from RM 0.03 million to RM 1.87 was due to higher operating cost incurred as a result of the commencement of the supply of electricity. The 12MW Biomass Power Plant generated and exported 32,233,362 kW in this financial period under review.

2. Variation of results against preceding quarter

Profit before tax in this quarter under review is higher at RM 7.21 million as compared to RM 4.62 million in the immediate preceding quarter mainly due to increase in profit from construction income of RM 0.87 million from power plant, better milling margin and higher dividend from other investments.

3. Current year prospects

Barring any unforeseen circumstances, the Board is optimistic on the Group's prospects following the commissioning of its 12MW Biomass Power Plant and in view that palm oil prices have stabilized to around RM2,200 per MT .

4. Profit forecast

Not applicable as there was no profit forecast published.

5. Profit before taxation

This is arrived at after crediting/ (charging):

	Current quarter 3 months ended		Cumulative quarter 9 months ended	
	30.9.2015 RM'000	30.9.2014 RM'000 Restated	30.9.2015 RM'000	30.9.2014 RM'000 Restated
Gain/(Loss) on disposal of property, plant and equipment	(34)	-	469	(13)
Interest income	2,210	1,176	5,060	3,558
Interest expense	(2,421)	(692)	(6,522)	(2,096)
Depreciation and amortisation	(3,521)	(4,266)	(11,827)	(12,261)
Dividend	456	-	456	35
Realised gain/(loss) on foreign exchange	282	(174)	127	(265)
Unrealised gain on foreign exchange	471	(2)	530	(21)
Property, plant and equipment written off	-	-	(3)	(17)

Save as disclosed above, the other items as required under Appendix 9B, Part A (16) of the Bursa Listing Requirements are not applicable.

6. Income tax expense

Taxation is provided at the prevailing statutory rate based on the operating profit for the quarter as follows.

	Current quarter 3 months ended		Cumulative quarter 9 months ended	
	30.9.2015 RM'000	30.9.2014 RM'000 Restated	30.9.2015 RM'000	30.9.2014 RM'000 Restated
Current tax:				
-Malaysian income tax	1,284	1,627	4,313	7,622
-Under/(over) provision of tax	107	(286)	107	(280)
	<u>1,391</u>	<u>1,341</u>	<u>4,420</u>	<u>7,342</u>
Deferred taxation:				
- relating to origination and reversal of temporary differences	297	(234)	(776)	(554)
-Under/(over) provision of tax	262	88	263	84
	<u>559</u>	<u>(146)</u>	<u>(513)</u>	<u>(470)</u>
Total income tax expense	<u>1,950</u>	<u>1,195</u>	<u>3,907</u>	<u>6,872</u>

The Group's effective tax rate for the current quarter was lower than the statutory tax rate of 25% principally due to certain income was not subject to tax.

The Group's effective tax rate for the cumulative quarter ended 30 September 2015 was lower than the statutory tax rate of 25% principally due to certain provision in previous year were allowed to deduct in current financial period and certain income was not subject to tax.

7. Corporate proposal

The following proposals which have been approved by shareholders at an Extraordinary General Meeting on 18 March 2015 have been completed on 10 September 2015:

- (a) The Proposed Disposal by Cash Nexus (M) Sdn. Bhd. ("CNSB") of 100% equity interest in Mistral Engineering Sdn Bhd to Timah Resources Limited ("TRL") for a total consideration of AUD8,550,000 to be fully satisfied by the issuance of 85,550,000 new fully paid ordinary shares in TRL at an issue price of AUD0.10 per TRL share and the Proposed Subscription by CNSB of 10,000,000 TRL shares for a total cash consideration of AUD2,000,000 or AUD0.20 per TRL share in conjunction with the transfer listing exercise to be undertaken by TRL; and
- (b) The Granting of Call Option by Timah Pasir Sdn Bhd, a substantial shareholder of TRL, for CNSB to acquire 9,500,000 TRL shares for a total cash consideration of up to AUD950,000.

The transfer listing exercise of TRL to the Australian Securities Exchange was completed on 16 September 2015.

8. Borrowings

The total borrowings incurred by the Group and outstanding as at end of the current quarter are as follows

<u>Current - Secured</u>	<u>RM'000</u>
Revolving credit	71,200
Term loan	19,950

	<u>91,150</u>
<u>Non-current - Secured</u>	<u>RM'000</u>
Term loan	102,446
Total borrowings	<u>193,596</u>

9. Disclosure of derivatives

The Group did not enter into any derivative contract and accordingly there were no outstanding derivatives (including financial instruments designated as hedging instruments) as at 30 September 2015.

10. Changes in material litigation

There was no pending material litigation as at end of this quarter and as at the date of this report.

11. Dividend payable

No interim ordinary dividend has been declared for the financial period ended 30 September 2015 (30 September 2014: Nil).

12. Basic earnings per share

(a) Basic

Basic earnings per share amounts are calculated by dividing profit for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares of 196,543,970 (2013 – 196,543,970) in issue during the financial period.

	Current quarter 3 months ended		Cumulative quarter 9 months ended	
	30.9.2015 RM'000	30.9.2014 RM'000 Restated	30.9.2015 RM'000	30.9.2014 RM'000 Restated
Profit attributable to the owners of the Company	3,204	2,357	6,419	11,343
Weighted average number of ordinary shares in issue	196,544	196,544	196,544	196,544
Basic earnings per share (sen)	1.63	1.20	3.27	5.77

(b) Diluted

Diluted earnings per share is calculated by dividing the profit for the year, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year after adjustment for the effects of dilutive potential ordinary shares, calculated as follows:

	Restated		Restated	
Profit attributable to the owners of the Company	3,204	2,349	6,419	11,343
Number of ordinary shares for basic earnings per share computation	196,544	196,544	196,544	196,544
Effect of dilution - on assumption that all warrants are exercised	56,155	56,155	56,155	56,155
Number of ordinary shares for diluted earnings per share computation	252,699	252,699	252,699	252,699
Diluted earnings per share	1.27	0.93	2.54	4.49

13. Material litigation

Suara Baru Sdn Bhd. (“SESB”) vs. Borhill Estates Sdn Bhd (“BESB”) (Suit No. SDK-22NCvC-39/11-2014)

The Company’s subsidiary, SESB had commenced legal proceedings against BESB in the Sessions Court at Sandakan vide Suit No. SDK-A 52-63/7-2013 (“Suit”) on 19 July 2013 to claim for the sum of RM115,169.66, being the amount due and owing by BESB to SBSB in respect of block stones and crusher run A stones (“Stones”) supplied by SBSB to BESB. In defending the Suit, BESB contends, among others, that the Stones supplied by SBSB did not fit the description of stones ordered by BESB, were not of merchantable quality, and were not fit for the purpose they were ordered for. BESB has also filed a counterclaim against SBSB, among others, a sum of RM5,612,850 in respect of BESB’s purported loss of profit allegedly caused by SBSB’s alleged breach. The Suit was subsequently transferred to the High Court of Sabah and Sarawak at Sandakan on 13 October 2014 and registered as Sui No. SDK-22NCvC-39/11-2014. Both parties were unable to resolve the dispute through mediation on 19 October 2015. The Suit is now fixed for trial from 5 January 2016 to 8 January 2016.

The Board of Directors of the Company is of the view that the Suit will have no immediate material financial and operational impact on the Company and Group as the Company expects that pursuant to the facts of the case, the documents presently available and advice of its solicitors, the Company will be able to advance a cogent defence to BESB’s counterclaim.

14. Breakdown of retained profits into realised and unrealised

The breakdown of the retained profits of the Group into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	As at 30.9.2015 RM' 000	As at 31.12.2014 RM' 000
Total retained profits of the Company and its subsidiaries		
- Realised	167,613	168,339
- Unrealised	7,353	7,263
	<hr/> 174,966	<hr/> 175,602
Consolidation adjustments	37,139	34,015
Total group retained profits as per consolidation accounts	<hr/> 212,105	<hr/> 209,617

15. Authorisation for issue

The interim financial statements were authorized for issue by the Board of Directors in accordance with a resolution of the directors on 19 November 2015.