

**MHC Plantations Bhd (4060-V)**  
**Condensed Consolidated Statement of Comprehensive Income**  
**For The Fourth Quarter Ended 31 December 2015**

	Current quarter 3 months ended		Cumulative quarter 12 months ended	
	31.12.2015 (Unaudited) RM' 000	31.12.2014 (Audited) RM'000	31.12.2015 (Unaudited) RM' 000	31.12.2014 (Audited) RM' 000
Revenue	74,626	88,373	301,747	338,300
Cost of sales	(64,266)	(74,769)	(262,651)	(285,652)
Gross profit	10,360	13,604	39,096	52,648
Other income	5,748	2,689	14,077	7,315
Administrative expenses	(11,057)	(8,082)	(21,223)	(16,349)
Other operating expenses	(1,539)	(1,752)	(6,075)	(6,957)
Operating profit	3,512	6,459	25,875	36,657
Finance costs	(2,293)	(4,482)	(8,815)	(6,578)
Profit before tax	1,219	1,977	17,060	30,079
Income tax expense	(2,818)	3,000	(6,725)	(3,872)
Profit net of tax	(1,599)	4,977	10,335	26,207
Other comprehensive income				
Available-for-sale financial assets:				
- (Loss)/Gain on fair value changes	-	(20)	15	(16)
Exchange difference on translation of foreign operations	70	5	150	4
Total comprehensive income for the period	(1,529)	4,962	10,500	26,195
Profit attributable to:				
Owners of the parent	(2,461)	2,973	3,958	14,317
Non-controlling interests	862	2,004	6,377	11,890
	(1,599)	4,977	10,335	26,207
Total comprehensive income attributable to:				
Owners of the parent	(2,391)	2,958	4,120	14,305
Non-controlling interests	862	2,004	6,380	11,890
	(1,529)	4,962	10,500	26,195
Weighted average number of shares in issue	196,544	196,544	196,544	196,544
Earnings per share in sen				
- Basic	(1.25)	1.51	2.01	7.28
- Diluted	(0.97)	1.18	1.57	5.67

**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**  
**as at 31 December 2015**

	As at 12.12.2015 (Unaudited) RM'000	As at 31.12.2014 (Audited) RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	447,591	468,161
Investment properties	48,062	48,062
Biological assets	462,017	460,125
Land use rights	13,363	13,542
Deferred tax assets	3,422	4,195
Investment securities	506	490
Trade and other receivables	140,884	108,184
Goodwill on consolidation	109,017	109,017
	1,224,862	1,211,776
<b>Current assets</b>		
Inventories	31,501	22,516
Trade and other receivables	13,617	24,517
Tax recoverable	1,148	3,889
Short term investments	11,596	12,025
Fixed deposits with licensed banks	10,226	10,825
Cash and bank balances	19,845	17,072
	87,933	90,844
<b>TOTAL ASSETS</b>	<b>1,312,795</b>	<b>1,302,620</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the Company</b>		
Share capital	196,544	196,544
Reserves	214,402	216,157
	410,946	412,701
<b>Non-controlling interests</b>	515,567	515,686
<b>Total equity</b>	<b>926,513</b>	<b>928,387</b>

**Condensed Consolidated Statement of Financial Position  
as at 31 December 2015 (Contd.)**

	<b>As at 12.12.2015 (Unaudited) RM'000</b>	<b>As at 31.12.2014 (Audited) RM'000</b>
<b>EQUITY AND LIABILITIES (CONTD.)</b>		
<b>Non-current liabilities</b>		
Lease rental payable	267	267
Hire purchase payables	1,181	739
Borrowings	97,125	89,926
Deferred tax liabilities	166,115	165,950
	264,688	256,882
<b>Current liabilities</b>		
Payables	30,701	36,232
Hire purchase payables	967	969
Borrowings	89,650	80,150
Taxation	276	-
	121,594	117,351
<b>Total liabilities</b>	<b>386,282</b>	<b>374,233</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,312,795</b>	<b>1,302,620</b>
<b>Net Tangible Asset Per Share (RM)</b>	<b>1.54</b>	<b>1.55</b>
<b>Net Asset Per Share (RM)</b>	<b>2.09</b>	<b>2.10</b>

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 Fourth Quarter Ended 31 December 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	Total RM' 000		
Opening balance at 1 Jan 2014	196,544	5,737	789	80	-	(62)	8	201,521	404,617	507,529	912,146	
Total comprehensive income for the period	-	-	-	(16)	-	4	-	14,317	14,305	11,890	26,195	
Acquisition of non-controlling interest	-	-	-	-	-	-	-	(2,290)	(2,290)	485	(1,805)	
Dividends	-	-	-	-	-	-	-	(3,931)	(3,931)	-	(3,931)	
Dividend paid to non-controlling shareholders	-	-	-	-	-	-	-	-	-	(4,218)	(4,218)	
Closing balance at 31 December 2014	196,544	5,737	789	64	-	(58)	8	209,617	412,701	515,686	928,387	
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	-	-	-	15	-	150	-	3,958	4,123	6,377	10,500	
Acquisition of non-controlling interest	-	-	-	-	(647)	-	-	-	(647)	(62)	(709)	
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 31 December 2015	196,544	5,737	789	79	(1,947)	92	8	209,644	410,946	515,567	926,513	

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  
For The Fourth Quarter Ended 31 December 2015

	12 months ended	
	31.12.2015 (Unaudited) RM' 000	31.12.2014 (Audited) RM' 000
<b>Operating activities</b>		
Profit before taxation	17,060	30,079
Adjustments for:		
Impairment of receivables	6,022	2,304
Bad debts written off	4	7
Depreciation and amortisation	15,785	16,659
Interest expense	8,815	6,578
(Gain)/Loss on disposal of property, plant and equipment	(469)	13
Fair value gains on investment properties	-	(1,100)
Property, plant and equipment written off	3	40
Unrealised (gain)/loss on foreign exchange	(490)	(74)
Interest income	(6,832)	(4,747)
Dividend income	(461)	(38)
Total adjustments	22,377	19,642
<b>Operating cash flows before changes in working capital</b>	<u>39,437</u>	<u>49,721</u>
Changes in working capital:		
Inventories	(8,992)	(3,073)
Receivables	9,941	(14,243)
Payables	(7,314)	(1,721)
Total changes in working capital	<u>(6,365)</u>	<u>(19,037)</u>
Cash generated from operations	33,072	30,684
Interest received	603	631
Interest paid	(8,815)	(7,239)
Tax paid	(2,767)	(10,115)
<b>Net cash flows from/(used in) operating activities</b>	<u>22,093</u>	<u>13,961</u>
<b>Investing activities</b>		
Dividend received	461	38
Additions to biological assets	(1,892)	(3,029)
Net redemption/(investment in) of short term investments	428	506
Net cash outflow on acquisition of a subsidiary company	(4,670)	-
Acquisition of non-controlling interest	(480)	(1,805)
Purchase of property, plant and equipment	(22,271)	(23,077)
Purchase of investment in securities	-	(100)
Additional placement of pledged fixed deposits	(10)	(10)
Proceeds from disposal of property, plant and equipment	789	7
<b>Net cash flows (used in)/from investing activities</b>	<u>(27,645)</u>	<u>(27,470)</u>
<b>Financing activities</b>		
Drawdown of revolving credit	26,500	30,500
Drawdown of term loan	29,150	-
Repayment of revolving credit	(21,000)	-
Repayment of term loan	(17,950)	(9,383)
Repayment of hire purchase obligations	(1,209)	(1,569)
Dividends paid to shareholders	(3,931)	(3,931)
Dividends paid to non-controlling shareholders	(4,213)	(4,218)
<b>Net cash flows from/(used in) financing activities</b>	<u>7,347</u>	<u>11,399</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<u>1,795</u>	<u>(2,110)</u>
Effect on exchange rate changes on cash and cash equivalents	369	4
<b>Cash and cash equivalents as at 1 January</b>	<u>27,287</u>	<u>29,393</u>
<b>Cash and cash equivalents as at 31 December</b>	<u>29,451</u>	<u>27,287</u>
<b>Cash and cash equivalents :</b>		
Fixed deposits with licensed banks	10,226	10,825
Cash and bank balances	19,845	17,072
	<u>30,071</u>	<u>27,897</u>
Less : Fixed deposits pledged	(620)	(610)
	<u>29,451</u>	<u>27,287</u>

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 year ended 31 December 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 FRSs and amendments to FRSs:

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

Amendments to FRS 119: Defined Benefit Plans: Employee Contributions  
Annual Improvements to FRSs 2010 – 2012 Cycle  
Annual Improvements to FRSs 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 FRSs 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 FRSs, 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 year ended 31 December 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 year ended 31 December 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 31 December 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

	Results for 3 months ended 31 December							
	Plantation		Oil Mill		Power Plant		Total	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
External revenue	3,636	3,929	62,924	77,417	7,712	6,328	74,272	87,674
Inter-segment revenue	16,166	18,208	-	-	645	925	16,811	19,133
Segment profit	3,964	3,739	2,017	2,092	1,457	1,467	7,438	7,298

<b>Segment profit is reconciled to consolidated profit before tax as follows:</b>	<b>3 months ended 31.12.2015 (Unaudited) RM'000</b>	<b>3 months ended 31.12.2014 (Audited) RM'000</b>
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Segment profit	7,438	7,298
Other non-reportable segments	(246)	308
Amortisation of group land cost	(1,102)	(1,155)
Elimination of inter-segment profits	(49)	(88)
Unallocated corporate income	71	1,100
Unallocated corporate expenses	(4,893)	(5,486)
Consolidated profit before tax	<u>1,219</u>	<u>1,977</u>

	Results for 12 months ended 31 December							
	Plantation		Oil Mill		Power Plant		Total	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
External revenue	12,219	18,101	239,854	300,503	48,064	16,151	300,137	334,755
Inter-segment revenue	64,898	75,649	-	-	2,222	1,801	67,120	77,450
Segment profit/(loss)	21,128	32,136	5,867	4,502	(416)	1,440	26,579	38,078

9. Segment information (Contd.)

	<b>12 months ended 31.12.2015 (Unaudited) RM'000</b>	<b>12 months ended 31.12.2014 (Audited) RM'000</b>
<b>Segment profit is reconciled to consolidated profit before tax as follows:</b>		
Segment profit	26,579	38,078
Other non-reportable segments	(150)	1,655
Amortisation of group land cost	(4,371)	(4,730)
Elimination of inter-segment profits	(220)	(251)
Unallocated corporate income	790	1,100
Unallocated corporate expenses	(5,568)	(5,773)
Consolidated profit before tax	<u>17,060</u>	<u>30,079</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	17,088
Approved but not contracted for	<u>14,202</u>
	<u>31,290</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 RM74.63 million, which is a decrease of RM13.74 million as compared to the preceding year corresponding quarter mainly due to lower CPO volume by 20%.

Profit before tax for the current quarter is lower than the preceding year corresponding quarter mainly due to the recognition of a fair value gain on investment properties of RM1.10 million in the preceding year corresponding quarter.

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 0.22 million (6%) from RM 3.74 million to RM 3.96 million was mainly due to lower operating cost.
- (ii) Oil Mill – The profit before tax of RM2.02 million for the current quarter under review is comparable to the preceding year corresponding quarter's profit before tax of RM 2.09 million.
- (iii) Power Plant – The profit before tax of RM 1.46 million for the current quarter under review is comparable to preceding year corresponding quarter's profit before tax of RM 1.47 million. The 12MW Biomass Power Plant generated and exported 14,272,041 kW for this current quarter.

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

The Group recorded a revenue of RM301.75 million and profit before tax of RM17.06 million for the financial year ended 31 December 2015 as compare to a revenue of RM338.30 million and profit before tax of RM30.08 million in the preceding financial year ended 31 December 2014. The decrease in revenue and profit before tax is mainly due to lower CPO and PK prices by 8% and 6% respectively, lower CPO and PK sales volume by 15% and 10% respectively and a 8% decrease in FFB production despite an increase in construction income of RM 18.64 million and supply of electricity totalling RM 9.07 million from power plant.

Performance of the respective operating business segments for the financial year ended 31 December 2015 as compared to the previous year is analysed as follows:

- (i) Plantation – The decrease in profit before tax by RM 11.00 million (34%) from RM 32.13 million to RM 21.13 million was mainly due to lower FFB prices and production by 13% and 8% respectively.
- (ii) Oil Mill – The increase in profit before tax by RM 1.37 million (30%) from RM 4.50 million to RM 5.87 million was due to better milling margin and higher oil extraction rate for this financial year under review despite lower CPO and PK

prices by 8% and 6% respectively and lower CPO and PK sales volume by 15% and 10% respectively.

- (iii) Power Plant – The loss before tax of RM 0.42 million as compared to previous year's profit before tax of RM 1.44 million was mainly due to the initial recognition in the previous year of profit margin on construction of power plant arising from the adoption of Accounting Standard IC 12: Service Concession Arrangements . The 12MW Biomass Power Plant generated and exported 46,505,403 kW in this financial year under review.

## 2. Variation of results against preceding quarter

Profit before tax in this quarter under review is lower at RM 1.22 million as compared to RM 7.20 million in the immediate preceding quarter mainly due to lower FFB production by 13%, provision of bonus and impairment of receivables of RM 5.89 million on costs and prepayments incurred for the purpose of acquiring plantation land in Indonesia. This impairment loss is offset by a forgiven debt owing by the subsidiary, Timah Resources Limited, to a minority shareholder amounting to RM 1.34 million and a compensation of RM2.00 million from the mutual termination of the Emissions Reduction Purchase Agreement.

## 3. Commentary on prospects

The year 2016 will be a challenging year due to uncertainties in the global economy. Nevertheless, palm oil prices are expected to remain firm in 2016 mainly due to the El Nino phenomenon which adversely affect the yield, resulting in a lower CPO stockpile.

The Group will continue to face challenges from the increase in production costs in the palm oil industry. As such, the Group will continue to improve its operating efficiency and productivity in order to maintain a low operating cost.

Barring any unforeseen circumstances, the Board is optimistic that the Group will continue to perform satisfactorily in 2016.

## 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 12 months ended	
	31.12.2015 RM'000 (Unaudited)	31.12.2014 RM'000 (Audited)	31.12.2015 RM'000 (Unaudited)	31.12.2014 RM'000 (Audited)
Bad debts written off	(4)	(7)	(4)	(7)
Impairment of receivables	(6,022)	(2,304)	(6,022)	(2,304)
Gain/(Loss) on disposal of property, plant and equipment	-	(9)	469	(13)
Interest income	1,772	1,266	6,832	4,747
Interest expense	(2,293)	(4,482)	(8,815)	(6,578)
Depreciation and amortisation	(3,961)	(4,386)	(15,787)	(16,647)
Dividend	461	-	461	38
Fair value gains on investment properties	-	1,100	-	1,100
Realised gain/(loss) on foreign exchange	(127)	66	-	(199)
Unrealised gain on foreign exchange	(40)	95	490	74
Property, plant and equipment written off	-	(3)	(3)	(20)

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 12 months ended	
	31.12.2015 RM'000 (Unaudited)	31.12.2014 RM'000 (Audited)	31.12.2015 RM'000 (Unaudited)	31.12.2014 RM'000 (Audited)
Current tax:				
-Malaysian income tax	1,732	(1,312)	6,045	6,311
-Under/(over) provision of tax	50	7	157	(273)
	<u>1,782</u>	<u>(1,305)</u>	<u>6,202</u>	<u>6,038</u>
Deferred taxation:				
- relating to origination and reversal of temporary differences	736	42	(40)	(512)
- effect of change in tax rate	-	(44)	-	(44)
-Under/(over) provision of tax	300	(1,693)	563	(1,610)
	<u>1,036</u>	<u>(1,695)</u>	<u>523</u>	<u>(2,166)</u>
Total income tax expense	<u>2,818</u>	<u>(3,000)</u>	<u>6,725</u>	<u>3,872</u>

The Group's effective tax rate for the current quarter was higher than the statutory tax rate of 25% principally due to certain expenses was disallowed for tax purposes.

The Group's effective tax rate for the financial year ended 31 December 2015 was higher than the statutory tax rate of 25% principally due to certain expenses was disallowed for tax purposes.

#### 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	69,150
Term loan	20,500
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	<u>89,650</u>
<u>Non-current - Secured</u>	<u>RM'000</u>
Term loan	<u>97,125</u>
Total borrowings	<u>186,775</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 31 December 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 year ended 31 December 2015 (31 December 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 12 months ended	
	31.12.2015 RM'000 (Unaudited)	31.12.2014 RM'000 (Audited)	31.12.2015 RM'000 (Unaudited)	31.12.2014 RM'000 (Audited)
(Loss)/Profit attributable to the owners of the Company	(2,461)	2,973	3,958	14,317
Weighted average number of ordinary shares in issue	196,544	196,544	196,544	196,544
Basic earnings per share (sen)	(1.25)	1.51	2.01	7.28

##### (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:



	Current quarter 3 months ended		Cumulative quarter 12 months ended	
	31.12.2015 RM'000 (Unaudited)	31.12.2014 RM'000 Audited	31.12.2015 RM'000 (Unaudited)	31.12.2014 RM'000 Audited
(Loss)/Profit attributable to the owners of the Company	(2,461)	2,973	3,958	14,317
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	(0.97)	1.18	1.57	5.67

### 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 rescheduled for trial from 11 April 2016 to 15 April 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.

	<b>As at 31.12. 2015 RM' 000</b>	<b>As at 31.12.2014 RM' 000</b>
Total retained profits of the Company and its subsidiaries		
- Realised	234,063	168,339
- Unrealised	5,687	7,263
	<hr/> 239,750	<hr/> 175,602
Consolidation adjustments	(30,106)	34,015
Total group retained profits as per consolidation accounts	<hr/> 209,644	<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 25 February 2016.