



## **SILK HOLDINGS BERHAD (405897-V)**

### **INTERIM RESULT FOR THE PERIOD ENDED 31 MARCH 2016 (Q1 2016)**

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**SILK HOLDINGS BERHAD (405897-V)**

(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2016  
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	Notes	Current Period (Q1 2016) 31-Mar-2016 RM '000
<b>Revenue</b>		80,749
Direct costs		(17,670)
Gross profit		<u>63,079</u>
Other items of income:		
Interest income		794
Other income		187
Other item of expenses:		
Staff expenses		(5,247)
Administrative expenses		(1,207)
		<u>(6,454)</u>
<b>EBITDA</b>		57,606
Depreciation		(23,921)
Amortisation		(3,931)
Finance costs		(39,835)
		<u>(67,687)</u>
<b>Loss before taxation</b>		(10,081)
Taxation	A9	(192)
<b>Loss after taxation</b>		<u>(10,273)</u>
Net loss and total comprehensive income attributable to:		
Owners of the parent		(7,697)
Non-controlling interests		(2,576)
		<u>(10,273)</u>
<b>Loss per share (sen)</b>	A10	
- basic		(1.10)
- diluted		<u>(1.10)</u>

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements.

**SILK HOLDINGS BERHAD (405897-V)****(Incorporated in Malaysia)****UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2016****CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

		<b>31-Mar-2016</b>	<b>Audited</b>
	<b>Notes</b>	<b>RM '000</b>	<b>31-Dec-2015</b>
		<b>RM '000</b>	<b>RM '000</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Concession intangible assets		<b>932,350</b>	936,372
Property, vessels and equipment		<b>1,184,718</b>	1,205,319
Deferred tax assets		<b>141,498</b>	141,498
Goodwill on consolidation		<b>13,883</b>	13,883
Receivables		<b>7,385</b>	7,385
		<b>2,279,834</b>	2,304,457
<b>Current assets</b>			
Inventories		<b>1,363</b>	1,214
Trade and other receivables		<b>68,943</b>	80,229
Tax recoverable		<b>18</b>	43
Cash and bank balances	A12	<b>98,572</b>	96,983
		<b>168,896</b>	178,469
Assets classified as held for sale		<b>41,578</b>	41,578
<b>Total assets</b>		<b>2,490,308</b>	2,524,504
<b>Equity and liabilities</b>			
<b>Equity attributable to equity holders of the Company</b>			
Share capital	A13	<b>175,383</b>	175,383
Share premium	A13	<b>87,470</b>	87,470
Retained earnings		<b>9,044</b>	16,741
Reverse acquisition deficit		<b>(92,791)</b>	(92,791)
		<b>179,106</b>	186,803
Non-controlling interests		<b>59,468</b>	62,044
<b>Total equity</b>		<b>238,574</b>	248,847

**SILK HOLDINGS BERHAD (405897-V)****(Incorporated in Malaysia)****UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2016****CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

		<b>31-Mar-2016</b>	<b>Audited</b>
	<b>Notes</b>	<b>RM '000</b>	<b>31-Dec-2015</b>
			<b>RM '000</b>
<b>Non-current liabilities</b>			
Borrowings	A14	<b>1,437,577</b>	1,432,010
Ijarah rental payable	A14	<b>390,360</b>	371,593
Deferred tax liabilities		<b>65,025</b>	65,231
Provisions		<b>63,119</b>	63,119
		<b>1,956,081</b>	1,931,953
<b>Current liabilities</b>			
Borrowings	A14	<b>182,161</b>	194,009
Trade and other payables	A15	<b>70,883</b>	99,897
Ijarah rental payable		<b>23,268</b>	29,193
Provision for taxation		<b>66</b>	99
Provisions		<b>19,275</b>	20,506
		<b>295,653</b>	343,704
<b>Total liabilities</b>		<b>2,251,734</b>	2,275,657
<b>Total equity and liabilities</b>		<b>2,490,308</b>	2,524,504
<b>Net assets per share attributable to equity holders of the Company</b>		<b>0.26</b>	RM 0.27

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements.

**SILK HOLDINGS BERHAD (Company No: 405897-V)**

Incorporated in Malaysia

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2016****CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

	← Attributable to equity holders of the Company →					Non-Controlling interests RM'000	Total RM'000
	Share capital RM'000	Share premium RM'000	Reverse acquisition deficit RM'000	Retained earnings RM'000	Distributable		
<b>At 1 January 2016</b>	175,383	87,470	(92,791)	16,741		62,044	248,847
Total comprehensive income/(loss) for the period	-	-	-	(7,697)		(2,576)	(10,273)
<b>At 31 March 2016</b>	<u>175,383</u>	<u>87,470</u>	<u>(92,791)</u>	<u>9,044</u>		<u>59,468</u>	<u>238,574</u>

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements.

**SILK HOLDINGS BERHAD (405897-V)****(Incorporated in Malaysia)****UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2016  
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

	Note	RM '000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Collection of revenue		93,393
Collection of other income		1,131
		<u>94,524</u>
Payment of expenses		(27,961)
Net tax paid		(446)
Net cash generated from operating activities		<u>66,117</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of vessels and equipment		(28,868)
Highway development expenditure		(2,181)
Net cash used in investing activities		<u>(31,049)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Drawdown of borrowings		27,954
Repayment of borrowings		(34,236)
Payment of finance costs		(27,197)
Net cash generated from financing activities		<u>(33,479)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		<b>1,589</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD</b>		<u>96,983</u>
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD</b>	(a)	<u>98,572</u>

(a) Cash and cash equivalents

Cash and cash equivalents included in the statement of cash flows comprise the following statement of financial position amounts:

	RM '000
Cash and bank balances	18,666
Deposits with licensed financial institutions	79,906
	<u>98,572</u>

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements.

## **PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134**

### **A1. CHANGE OF FINANCIAL YEAR END**

The Group has changed its financial year end from 31 July to 31 December effective from the financial period ended 31 December 2015.

The current financial period under review covers three (3) months period from 1 January to 31 March 2016 and represents the first period subsequent to the change of the Group's financial year end. Accordingly, no comparative results and cash flow are presented.

### **A2. BASIS OF PREPARATION**

The condensed consolidated interim financial report for the three months ended 31 March 2016 has been prepared in accordance with MFRS 134 Interim Financial Reporting.

The condensed consolidated interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the period ended 31 December 2015 and any public announcements made by the Company during the interim reporting period.

The accounting policies adopted are consistent with those of the previous financial period except for the adoption of new and amended standards as set out below:

#### **a. New and amended standards adopted by the Group**

A number of new and amended standards have become applicable for the current reporting period. However, the Group did not have to change its accounting policies or make retrospective adjustments as a results of adopting these standards.

#### **b. Standards issued but not yet effective**

At the date of authorisation of this Report, the following MFRS and Amendments to MFRSs were issued but not yet effective and have not been applied by the Group:

<b>MFRSs, Amendments to MFRSs and IC Interpretation</b>		<b>Effective Date</b>
MFRS 15	Revenue from Contracts	1 January 2017
MFRS 9	Financial Instruments ( <i>IFRS 9 Financial Instruments</i> issued by IASB in July 2014)	1 January 2018

The Group are expected to apply the above pronouncements beginning from the respective dates the pronouncements become effective. The Group is currently assessing the impact of adopting the pronouncements.

### A3. CORPORATE INFORMATION

SILK Holdings Berhad is a public limited liability company incorporated and domiciled in Malaysia, and is listed on Bursa Malaysia Securities Berhad.

These condensed consolidated interim financial statements were approved by the Board of Directors on 30 May 2016.

### A4. CHANGES IN ESTIMATES

There were no changes in estimates of amounts that would have material effect in the current period.

### A5. CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group for the financial period except for the acquisition of the entire equity interest of Jasa Merin (Labuan) Plc by the Company from its 70%-owned subsidiary, Jasa Merin (Malaysia) Sdn Bhd, for a total consideration of RM100,000.

### A6. SEGMENT INFORMATION

	Oil & Gas Division RM '000	Highway Division RM '000	Investment Holding and Others RM '000	Adjustments RM '000	Total RM '000
<b>Current period:</b>					
<b>(Q1 2016)</b>					
<b>Revenue</b>					
External customers	46,889	33,860	-	-	80,749
Inter-segment	-	-	1,604	(1,604)	-
<b>Total revenue</b>	<b>46,889</b>	<b>33,860</b>	<b>1,604</b>	<b>(1,604)</b>	<b>80,749</b>
<b>Segment profit/(loss) before taxation</b>					
	<b>(8,776)</b>	<b>(2,787)</b>	<b>1,494</b>	<b>(12)</b>	<b>(10,081)</b>
<b>Segment assets</b>	<b>1,287,051</b>	<b>1,153,231</b>	<b>316,977</b>	<b>50,026</b>	<b>2,490,308</b>
<b>Segment liabilities</b>	<b>1,082,252</b>	<b>1,174,421</b>	<b>8,375</b>	<b>(13,314)</b>	<b>2,251,734</b>

There has been no material change in total assets and no differences in the basis of segmentation or in the basis of measurement of segment profit or loss as compared to the last annual financial statements.



**A7. SEASONAL OR CYCLICAL FACTORS**

The Group's operations are not subject to any significant seasonal or cyclical factors.

**A8. PROFIT/(LOSS) BEFORE TAX**

Included in the profit/(loss) before tax are the following items:

	<b>Current Period (Q1 2016) 31-Mar-2016 RM '000</b>
Interest income	794
Rental income	53
Interest expenses	(39,835)
Depreciation of property, vessels and equipment	(23,921)
Amortisation of concession intangible assets	(3,931)
Rental expenses	(80)
Net foreign exchange loss	(121)
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**A9. INCOME TAX**

	<b>Current Period (Q1 2016) 31-Mar-2016 RM '000</b>
Current period tax charge:	
Malaysian income tax	398
Deferred income tax:	
Relating to origination and reversal of temporary differences	(206)
	<hr/>
	192
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The effective tax rates of the Oil and Gas subsidiaries differ from the Malaysian statutory tax rate as subsidiaries incorporated in Labuan under the Offshore Companies Act, 1990 are taxed at 3% of their profit before taxation, or RM20,000 in accordance with the Labuan Offshore Business Activity Tax Act, 1990.

## A10. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing profit for the period, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial period, excluding employee trust shares held by the Company.

Diluted earnings per share amounts are calculated by dividing profit for the period, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial period, plus the number of ordinary shares that would have been issued on the conversion of all dilutive potential ordinary shares into ordinary shares.

The following reflect the profit and share data used in the computation of basic and diluted earnings per share:

	<b>Current Period (Q1 2016) 31-Mar-2016</b>
<b>Basic loss per share:</b>	
Loss net of tax attributable to owners of the parent (RM '000)	(7,697)
Weighted average number of ordinary shares in issue ('000)	701,534
<b>Basic loss per share (sen)</b>	<u>(1.10)</u>
<b>Diluted loss per share:</b>	
Loss net of tax attributable to owners of the parent (RM '000)	(7,697)
After-tax effect of convertible instruments	-
	<u>(7,697)</u>
Weighted average number of ordinary shares at beginning of the period ('000)	701,534
Effects of dilution	-
Total number of ordinary shares for diluted earnings per share computation ('000)	<u>701,534</u>
<b>Diluted loss per share (sen)</b>	<u>(1.10)</u>

## A11. VALUATION OF PROPERTY, VESSELS AND EQUIPMENT

There is no valuation of property, vessels and equipment brought forward from the previous audited financial statements, as the Group does not adopt a revaluation policy on property, vessels and equipment.

## A12. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprised the following amounts:

	<b>31-Mar-16</b>	<b>31-Dec-15</b>
	<b>RM '000</b>	<b>RM '000</b>
Deposits with licensed financial institutions	79,906	85,643
Cash and bank balances	18,666	11,340
Total cash and cash equivalents	<u>98,572</u>	<u>96,983</u>

Included in the deposits placed with licensed financial institutions is RM10.7 million (31 December 2015: RM8.4 million) pledged for banking facilities granted to subsidiaries.

## A13. SHARE CAPITAL, SHARE PREMIUM AND TREASURY SHARES

There was no issuance, cancellation, repurchase, resale or repayment of debts and equity securities during the financial period under review.

## A14. GROUP BORROWINGS AND DEBT SECURITIES

Group borrowings and debt securities as at the end of the reporting period are as follows:

	<b>31-Mar-16</b>	<b>31-Dec-15</b>
	<b>RM '000</b>	<b>RM '000</b>
Secured short term borrowings:		
Overdrafts	-	2,977
Revolving credits	30,000	35,000
Term loans	137,347	141,211
Sukuk Mudharabah	14,691	14,691
Hire purchase financings	123	130
Total short term borrowings	<u>182,161</u>	<u>194,009</u>
Secured long term borrowings:		
Revolving credits	10,000	-
Term loans	786,428	788,833
Sukuk Mudharabah	640,981	642,981
Hire purchase financings	168	196
Total long term borrowings	<u>1,437,577</u>	<u>1,432,010</u>

Included in current and non-current liabilities in the consolidated statement of financial position as at 31 March 2016 is RM413.6 million (31 December 2015: RM400.8 million) profits accrued up to that date due to Sukukholders on Sukuk Mudharabah.

As stated in Note B3, the Sukuk Mudharabah shall be subject to a minimum of 3.5% annual Ijarah rental and RM2 million principal repayment. In the past, the Highway Division:

- has always managed to comply with this minimum even when it was not obligatory, and
- has also distributed excess funds to the Sukukholders in addition to the prescribed payment of RM2 million principal repayment.

#### A15. PAYABLES

	<b>31-Mar-16</b>	<b>31-Dec-15</b>
	<b>RM '000</b>	<b>RM '000</b>
Trade payables	9,973	11,117
Amount payable for new shipbuildings	29,645	56,502
Advance license and access fee	17,805	17,886
Accruals and other payables	13,460	14,392
	<u>70,883</u>	<u>99,897</u>

#### A16. DEBT AND EQUITY SECURITIES

The Group did not undertake any issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current period under review.

#### A17. DIVIDEND

No dividend has been proposed or paid for in the financial period under review and in the preceding financial period.

#### A18. COMMITMENTS

	<b>31-Mar-16</b>	<b>31-Dec-15</b>
	<b>RM '000</b>	<b>RM '000</b>
<b>Capital expenditure</b>		
Approved and contracted for:		
Vessel and equipment	66,979	72,104
Highway development expenditure	7,337	8,018
Approved but not contracted for:		
Vessel and equipment	16,545	51,864
Highway development expenditure	<u>8,826</u>	<u>8,826</u>

**A19. CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

Contingent liabilities of the Group comprise the following:-

	<b>31-Mar-16</b>	<b>31-Dec-15</b>
	<b>RM '000</b>	<b>RM '000</b>
Performance bond for expressway maintenance and upgrading	2,363	2,363
Bank guarantee to charterers and suppliers	12,784	12,784
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**A20. UNUSUAL ITEMS**

There were no items affecting assets, liabilities, equity, net income, or cash flow that were unusual because of their nature, size and incidence in the current period.

**PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN BOARD LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

**B1. REVIEW OF PERFORMANCE**

	<b>(Q1 2016)</b>
	<b>31-Mar-16</b>
	<b>RM '000</b>
<b>Revenue</b>	
Oil and Gas Division	46,889
Highway Division (excluding RM755,000 construction revenue)	33,105
Investment holding and others	1,604
Adjustments	(1,604)
Total	<u>79,994</u>
<b>Profit/(loss) before taxation</b>	
Oil and Gas Division	(8,776)
Highway Division	(2,787)
Investment Holding	1,494
Adjustments	(12)
Total	<u>(10,081)</u>

**i. Oil and Gas Division**

World oil prices have fallen significantly since June 2014. Consequently, oil and gas producers including Petronas have scaled down their offshore exploration and production activities, and moving forward, will focus on cost rationalisation. This scaling down of activities have had industry-wide consequences, particularly on the upstream segment of the industry where the Division operates in.

As a direct consequence of the above, the Oil and Gas Division recorded revenue of RM46.9 million and loss before taxation of RM8.8 million in the current period.

The Oil and Gas Division has remained the Group's main source of revenue, contributing 59% of Group revenue in the current period under review.

**ii. Highway Division**

In October 2015, the Highway Division implemented a new toll rate structure for the Kajang Traffic Dispersal Ring Road ("Kajang SILK Highway"). Consequently, the months subsequent to this saw traffic volume of Kajang SILK Highway easing from the level prior to the implementation the new toll rates.

This trend has remained since, albeit there is an improvement over the levels immediately after the implementation of the new toll rate structure as road users return to the highway due to its excellent connectivity and convenience it provides to road users.

## **B1. REVIEW OF PERFORMANCE (continued)**

### **ii. Highway Division (continued)**

As a result, the Highway Division recorded RM33.1 million in revenue, contributing 41% to the Group revenue.

Nevertheless, the Highway Division recorded loss before tax of RM2.8 million for the current period in line with the significant additional finance charge pursuant to the applicable accounting standards, and the highway concession amortisation charge.

### **iii. Group**

The Group recorded revenue of RM80 million for the period under review.

Despite improved operating conditions of the Highway Division, the Group recorded loss before taxation of RM10.1 million in the current period due to the continuing weak sentiment in the oil and gas industry, the accounting charge in relation to finance costs and amortization of highway concession assets.

**B2. MATERIAL CHANGES IN THE QUARTERLY RESULTS COMPARED TO THE RESULTS OF THE PRECEDING PERIOD**

	<b>Current Period</b>	<b>Preceding Period</b>
	<b>3 Months</b>	<b>2 Months</b>
	<b>31-Mar-16</b>	<b>31-Dec-15</b>
	<b>RM '000</b>	<b>RM '000</b>
<b>Revenue</b>		
Oil and Gas Division	46,889	36,279
Highway Division	33,105	21,639
Investment holding and others	1,604	3,484
Adjustments	(1,604)	(3,484)
<b>Total</b>	<b>79,994</b>	<b>57,918</b>
<b>Profit/(loss) before taxation</b>		
Oil and Gas Division	(8,776)	(16,747)
Highway Division	(2,787)	4,178
Investment holding and others	1,494	3,460
Adjustments	(12)	(2,400)
<b>Total</b>	<b>(10,081)</b>	<b>(11,509)</b>

During the current period, the Group recorded loss before taxation of RM10.1 million compared to loss before taxation of RM11.5 million in the preceding period.

During Q1 2016, the Oil and Gas Division recorded lower loss before taxation of RM8.8 million from RM16.7 million loss in the preceding period, which was affected by vessel impairment charge of RM11.8m.

The Highway Division recorded RM2.8 million loss before taxation during the current period compared to RM4.2 million profit before taxation in the preceding period, benefitting from a RM4.6 million finance cost adjustment.

**B3. FUTURE PROSPECTS**

a. Oil and Gas Division

World crude oil prices have fallen significantly since June 2014. Oil and gas producers including Petronas have reiterated that moving forward there will be a focus on cost rationalization. Petronas has indicated that it will be reducing capital expenditures by 10% and operating expenditures by approximately 30%.

As a result, oil and gas service providers may experience weaker revenue ahead due to lower market rates and lower utilization. In view of the weak market conditions, the immediate term prospects of the Oil and Gas Division which provides offshore support services, will continue to be challenging.



### **B3. FUTURE PROSPECTS (continued)**

#### **b. Highway Division**

As stated in B1, on 15 October 2015, the Highway Division implemented a new toll rate structure for the Kajang Traffic Dispersal Ring Road (“Kajang SILK Highway”).

The implementation of the new toll fare structure is expected to contribute positively to the future long term revenue from the expected toll collection.

Further, Kajang SILK Highway’s excellent connectivity and convenience it provides to road users in the increasingly populated areas in and around Kajang will mitigate the traffic volume growth risk and facilitate further growth in the future.

While the Division accrues the finance cost at the contracted rate of 8% per annum, it is only obligated to 3.5% minimum annual Ijarah rental and RM2 million annual principal repayment in respect of the Sukuk Mudharabah. In the past, the Highway Division:

- has always managed to comply with this minimum even when it was not obligatory, and
- has also distributed excess funds to the Sukukholders in addition to the prescribed annual payment of RM2 million principal repayment.

Although the Highway Division will continue to record accounting losses due to the existing high finance and amortization costs, it is expected to remain cash flow positive on an operational basis.

### **B4. VARIANCE OF ACTUAL PROFIT FROM PROFIT FORECAST**

The Group has not issued any profit forecast for the current financial period and therefore, no comparison is available.

### **B5. STATUS OF CORPORATE PROPOSALS ANNOUNCED**

There is no corporate exercise that has been completed during the current period or is still pending as at the end of the current period.

### **B6. OFF BALANCE SHEET FINANCIAL INSTRUMENTS**

There were no financial instruments with off balance sheet risks as at the date of issue of the report.

**B7. MATERIAL LITIGATION**

Following the compulsory acquisition of land falling under the Expressway, which was undertaken by SILK pursuant to the Concession Agreement, certain land owners whose land have been acquired, have filed their objection in Court against the Land Administrator's award of compensation. In the SILK funded stretch, there are 240 cases with claims amounting to RM503.7 million. Out of the 240 cases, 1 case with claims of RM17.8 million is still pending Court hearing.

Pursuant to the Turnkey Contract dated 31 July 2001 between the Company and Sunway Construction Sdn Bhd ("SCSB"), the amount payable by the Company to SCSB for the land use payments (including expenses and charges incurred by SCSB for the acquisition of land and for removal or resettling of squatters or other occupants on the Expressway) has been contracted out to SCSB at a ceiling amount of RM215 million. Any further amounts that may be awarded by the courts beyond RM215 million will be the obligation of and will therefore be borne by SCSB.

**B8. REALISED AND UNREALISED PROFITS OF THE GROUP**

	<u>31-Mar-16</u> RM '000	<u>31-Dec-15</u> RM '000
Total retained profits of the Company and its subsidiaries:		
- realised profit/(loss)	31,155	29,005
- unrealised loss	(134,880)	(124,964)
	<u>(103,725)</u>	<u>(95,959)</u>
Less consolidation adjustments	112,769	112,700
Total Group retained profits as per consolidated accounts	<u>9,044</u>	<u>16,741</u>

**B10. AUDIT REPORT OF PRECEDING ANNUAL FINANCIAL STATEMENTS**

The audit report on the Group's financial statements for the year ended 31 December 2015 was not subject to any qualification.

**BY ORDER OF THE BOARD  
SECRETARY**