

**Condensed Consolidated Income Statement
For The Quarter Ended 30 June 2016**

	INDIVIDUAL QUARTER		CUMULATIVE YEAR TO DATE	
	Current Year Quarter 30 June 2016 (Unaudited)	Preceding Year Corresponding Quarter 30 June 2015 (Unaudited)	Current Year 6 months ended 30 June 2016 (Unaudited)	Preceding Year Corresponding Period 30 June 2015 (Unaudited)
	RM'000	RM'000	RM'000	RM'000
Revenue	34,994	31,177	59,921	51,607
Cost of sales	(20,145)	(17,476)	(38,809)	(32,189)
Gross profit	14,849	13,701	21,112	19,418
Other operating income	128	138	350	194
Selling Expenses	(2,521)	(2,363)	(4,179)	(4,051)
Other operating expenses	(1,155)	(581)	(1,850)	(1,097)
Operating profit	11,301	10,895	15,433	14,464
Finance costs	(1,096)	(1,149)	(2,271)	(1,935)
Interest income	7	15	13	15
Profit before tax	10,212	9,761	13,175	12,544
Income tax expense	(2,257)	(2,241)	(2,881)	(2,814)
Profit for the period attributable to equity holders of the company	7,955	7,520	10,294	9,730
Earnings per share attributable to equity holders of the Company:	<u>Sen</u>	<u>Sen</u>	<u>Sen</u>	<u>Sen</u>
Basic	1.66	3.93	2.31	5.09
Diluted	1.66	3.91	2.30	5.06

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

**Condensed Consolidated Statement of Comprehensive Income
For The Quarter Ended 30 June 2016**

	INDIVIDUAL QUARTER		CUMULATIVE YEAR TO DATE	
	Current Year Quarter 30 June 2016 (Unaudited)	Preceding Year Corresponding Quarter 30 June 2015 (Unaudited)	Current Year 6 months ended 30 June 2016 (Unaudited)	Preceding Year Corresponding Period 30 June 2015 (Unaudited)
	RM'000	RM'000	RM'000	RM'000
Profit for the period	7,955	7,520	10,294	9,730
Other comprehensive income	-	-	-	-
Total comprehensive income for the period attributable to equity holders of the company	<u><u>7,955</u></u>	<u><u>7,520</u></u>	<u><u>10,294</u></u>	<u><u>9,730</u></u>

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

**Condensed Consolidated Statement of Financial Position
As at 30 June 2016**

	(Unaudited)	(Audited)
	End of Current Quarter 30 June 2016	Preceding Financial Year Ended 31 Dec 2015
	<u>RM'000</u>	<u>RM'000</u>
ASSETS		
Non-current assets		
Property, plant and equipment	157,070	155,468
Biological asset	220,440	215,369
	<u>377,510</u>	<u>370,837</u>
Current Assets		
Inventories	9,650	8,527
Trade receivables	4,682	3,740
Other receivables	7,271	2,335
Tax recoverable	404	103
Short term investment	-	-
Fixed deposits with licensed bank	479	477
Cash and bank balances	4,471	1,297
	<u>26,957</u>	<u>16,479</u>
TOTAL ASSETS	<u><u>404,467</u></u>	<u><u>387,316</u></u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	239,046	191,237
Share premium	-	1,098
Capital Reserves	941	908
Retained profits	55,677	56,216
Total equity	<u>295,664</u>	<u>249,459</u>

**Condensed Consolidated Statement of Financial Position
As at 30 June 2016 (Cont'd)**

	(Unaudited)	(Audited)
	End of Current Quarter 30 June 2016	Preceding Financial Year Ended 31 Dec 2015
	<u>RM'000</u>	<u>RM'000</u>
EQUITY AND LIABILITIES (CONT'D)		
Non-current liabilities		
Deferred tax liabilities	24,786	21,905
Loans and borrowings	45,572	53,931
	<u>70,358</u>	<u>75,836</u>
Current liabilities		
Trade payables	3,760	8,820
Other payables	11,122	15,179
Loans and borrowings	23,523	37,982
Current tax payable	40	40
	<u>38,445</u>	<u>62,021</u>
Total liabilities	<u>108,803</u>	<u>137,857</u>
TOTAL EQUITY AND LIABILITIES	<u>404,467</u>	<u>387,316</u>

The Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements.

**Condensed Consolidated Statement of Changes in Equity
For the Financial Quarter ended 30 June 2016**

	Share capital	Share premium	Other reserve	Retained earnings	Total equity
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
At 1 January 2016	191,237	1,098	908	56,216	249,459
Issue of right shares	47,809	(1,098)		(10,376)	36,335
Right issue expenses				(457)	(457)
Share options granted under ESOS					
- Recognised in income statement	-	-	6	-	6
- Included in investments in subsidiary	-	-	27	-	27
Total comprehensive income for the period	-	-	-	10,294	10,294
At 30 June 2016	<u>236,046</u>	<u>-</u>	<u>941</u>	<u>55,677</u>	<u>295,664</u>
At 1 January 2015	191,237	1,098	806	35,757	228,898
Share options granted under ESOS					
- Recognised in income statement	-	-	9	-	9
- Included in investments in subsidiary	-	-	42	-	42
Total comprehensive income for the period	-	-	-	9,730	9,730
At 30 June 2015	<u>191,237</u>	<u>1,098</u>	<u>857</u>	<u>45,487</u>	<u>238,679</u>

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

**Condensed Consolidated Statement of Cash Flows
For the Quarter ended 30 June 2016**

	6 months ended 30 June 2016 (Unaudited) <u>RM'000</u>	6 months ended 30 June 2015 (Unaudited) <u>RM'000</u>
Operating activities		
Profit before tax	13,175	12,544
<u>Adjustment for :-</u>		
Depreciation of property, plant and equipment	4,123	2,526
Property, plant and equipment written off	-	1
Interest received	(13)	(15)
Interest expense	2,271	2,622
Share options granted under ESOS	6	51
Gain on disposal of short term investment	(4)	-
Dividend income from short term investment	(65)	-
Total adjustments	<u>6,318</u>	<u>5,185</u>
Operating cash flows before changes in working capital	19,493	17,729
<u>Changes in working capital:</u>		
(Increase)/decrease in inventories	(1,123)	2,711
Increase in receivables	(5,878)	(3,124)
Decrease in payables	(9,090)	(9,096)
Total changes in working capital	<u>(16,091)</u>	<u>(9,509)</u>
Cash generated from operating activities	3,402	8,220
Interest received	13	15
Interest paid	(2,433)	(3,030)
Income tax paid	(301)	-
Net cash generated from operating activities	<u>681</u>	<u>5,205</u>
Investing activities		
Placement of money market deposits	-	494
Placement of pledged fixed deposits	(2)	-
Purchase of property, plant and equipment	(4,537)	(2,851)
Plantation development expenditure	(4,529)	(6,537)
Purchase of short term investment	(19,000)	-
Disposal of short term investment	19,004	-
Dividend income from short term investment	65	-
Net cash used in investing activities	<u>(8,999)</u>	<u>(8,894)</u>

**Condensed Consolidated Statement of Cash Flows
For the Quarter ended 30 June 2016 (Cont'd.)**

	6 months ended 30 June 2016 (Unaudited) <u>RM'000</u>	6 months ended 30 June 2015 (Unaudited) <u>RM'000</u>
Financing activities		
Right issue expenses	(457)	-
Net (repayment)/drawdown of invoice financing	(1,648)	60
Net repayment of term loans	(6,000)	-
Net (repayment)/drawdown of revolving credit	(16,000)	6,000
Repayment of hire purchase liabilities	(738)	(646)
Proceeds from issuance of rights shares	36,335	-
Net cash flows from financing activities	<u>11,492</u>	<u>5,414</u>
Net increase in cash and cash equivalents	3,174	1,725
Cash and cash equivalents at beginning of year	1,297	1,171
Cash and cash equivalents at end of period	<u><u>4,471</u></u>	<u><u>2,896</u></u>

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

EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2016

A. EXPLANATORY NOTES PURSUANT TO FRS 134

1. BASIS OF PREPARATION

The condensed consolidated interim financial statements have been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) and should be read in conjunction with the Group’s audited financial statement for the financial year ended 31 December 2015.

These explanatory notes attached to the condensed consolidated interim financial statements provide an explanation of events and transactions that significant to the understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2015.

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 2015, except for the adoption of the following new/revised FRSs and amendments to FRSs:

	Effective for annual periods beginning on or after
Annual improvements to FRS 2012 - 2014 Cycle	1 January 2016
Amendments to FRS 116 and FRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to FRS 116 and FRS 141: Agriculture: Bearer Plants	1 January 2016

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED 30 JUNE 2016**

2. CHANGES IN ACCOUNTING POLICIES (cont'd)

	Effective for annual periods beginning on or after
Amendments to FRS 10 and FRS 128: Sale or Contribution of Assets between an Investor and its Associate of Joint Venture	Deferred
Amendments to FRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to FRS 127: Equity Method in Separate Financial Statements	1 January 2016
Amendments to FRS 101: Disclosure initiatives	1 January 2016
Amendments to FRS 10, FRS 12 and FRS 128: Investments Entities: Applying the Consolidation Exception	1 January 2016
FRS 14: Regulatory Deferral Accounts	1 January 2016
FRS 15: Revenue from Contracts with Customers	1 January 2017
FRS 9: Financial Instruments	1 January 2018

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

Malaysian Financial Reporting Standards (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).

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 venture (herein called 'Transitioning Entities').

EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2016

2. CHANGES IN ACCOUNTING POLICIES (cont'd)

Malaysian Financial Reporting Standards (MFRS Framework) (cont'd)

Transitioning Entities are allowed to defer adoption of the new MFRS Framework and continue to use the existing Financial Reporting Standards framework until the MFRS Framework is mandated by the MASB. According to an announcement made by the MASB on 28 October 2015, all Transitioning Entities shall adopt the MFRS framework and prepare their first MFRS financial statements for annual periods beginning on or after 1 January 2018.

The Group falls within the scope definition of Transitioning Entities and accordingly, 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.

At the date of these financial statements, the Group has not completed its quantification of the financial effects of the differences between Financial Reporting Standards and accounting standards under the MFRS Framework due to the ongoing assessment by the project team. Accordingly, the financial performance and financial position as disclosed in these financial statements for the period ended 30 June 2016 could be different if prepared under the MFRS Framework.

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.

Biological assets

All direct expenses incurred in land preparation, planting, estate administrative and maintenance of plantations up to maturity are capitalised as plantation development expenditure. Maintenance expenditure subsequent to maturity is charged to income statement as and when incurred. General charges are apportioned based on proportion of matured and immature areas.

Plantation development expenditure are not amortized and are measure at cost less accumulated impairment losses. Palm trees are considered mature upon reaching 36 months after planting.

3. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the financial statements for the year ended 31 December 2015 was not qualified.

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED 30 JUNE 2016**
4. SEGMENTAL INFORMATION

Business segments

	Cumulative Quarter ended 30 June 2016		
	Timber	Plantations	Consolidated
	RM'000	RM'000	RM'000
Segment Revenue	<u>15,024</u>	<u>44,897</u>	<u>59,921</u>
Segment Results	<u>4,350</u>	<u>8,729</u>	13,079
Other income			363
Unallocated expenses			<u>(267)</u>
Profit before taxation			13,175
Income tax			<u>(2,881)</u>
Cumulative profit up to 30 June 2016			<u><u>10,294</u></u>
OTHER INFORMATION			
Segments Assets	<u>253</u>	<u>404,067</u>	404,320
Unallocated assets			147
Consolidated Assets			<u>404,467</u>
Segments Liabilities	<u>-</u>	<u>83,884</u>	83,884
Unallocated liabilities			<u>24,919</u>
Consolidated Liabilities			<u><u>108,803</u></u>

5. UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE, OR INCIDENCE

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the financial period ended 30 June 2016.

6. CHANGES IN ESTIMATES

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

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED 30 JUNE 2016**

7. SEASONAL OR CYCLICAL FACTORS

The Group's operations were not materially affected by any seasonal or cyclical factors.

8. DIVIDENDS PAID

No dividends were paid out during the current quarter.

9. CARRYING AMOUNT OF PROPERTY, PLANT AND EQUIPMENT

There were no brought forward valuations of property, plant and equipment from the financial year ended 31 December 2015 and there were no valuations of property, plant and equipment carried out during the financial period ended 30 June 2016.

10. DEBT AND EQUITY SECURITIES

There were no issuances, cancellations, repurchases, resale, and repayments of debt and equity securities during the financial period ended 30 June 2016.

11. CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group during the current financial quarter.

12. DISCONTINUED OPERATION

There were no discontinued operations for the Group during the current financial quarter.

13. CAPITAL COMMITMENTS

The amount of capital commitments not provided for in the interim financial statements as at 30 June 2016 are as follows:

	2016
Capital expenditure:	<u>RM'000</u>
Property, plant and equipment:	
Approved and contracted for	4,107
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14. 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.

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED 30 JUNE 2016**

15. MATERIAL LITIGATION

On 3 June 2014, Serijaya Industri Sdn. Bhd. (SJI), a wholly-owned subsidiary of the Company, issued a claim under arbitration proceedings against Asiatic Lumber Industries Sdn. Bhd. (ALISB) for losses approximating RM11,619,123 and continuing losses thereafter (totaling RM14,631,516 as of 2016) arising from a shortfall in guaranteed volume of log production under a Logging Sub-Contract agreement between SJI and ALISB.

Under the Logging Sub-Contract agreement, ALISB had undertaken to extract a minimum of 120,000 m³ of logs per annum. ALISB had failed to achieve the minimum of 120,000 m³ in 2011 to 2014 resulting in a shortfall. The amount of RM14,631,516 was computed on the loss of profits as a result of the production shortfall.

On 1 July 2014 (subsequently amended on 17 February 2015), ALISB issued a defense and counterclaim for alleged losses of RM47,638,833. The hearing of the arbitration proceedings were commenced on 20 April 2015 and ended on 10 June 2015. There was an additional hearing on 3 May 2016 initiated by SJI to introduce fresh evidence.

Parties are currently awaiting the final award from the Arbitrator.

The lawyers acting for SJI had expressed the following opinions:

- (i) That overall the Claimant (SJI) has a reasonably good case, and
- (ii) That on evaluation of evidence currently available, the Respondent (ALISB) does not have a good case and, at most, has a limited prospect of success for part of its counterclaim.

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED 30 JUNE 2016**

16. MATERIAL RELATED PARTY TRANSACTIONS

Group	2016
	<u>RM'000</u>
Trade transactions	
Transaction with a related party:	
Log extraction contract fee from Rakyat Berjaya Sdn. Bhd.	15,024
Rental paid to TSH Resources Bhd., a company in which a director of the Company has an interest.	50
Purchase of vehicle from TSH Resources Berhad	47
Sales of Crude Palm Oil to TSH-Wilmar Sdn. Bhd.	40,295
Sales of Palm Kernel to TSH-Wilmar Sdn. Bhd.	4,416
 Company	
Trade transaction	
Management fees charged to subsidiary	
- Serijaya Industri Sdn. Bhd.	180
- IPB Bio Energy Sdn Bhd	18
Transaction with related party	
- Rental paid to Yayasan Sabah	21

17. MATERIAL EVENTS SUBSEQUENT TO THE END OF PERIOD REPORTED

There were no material events subsequent to the end of the period that have not been reflected in the financial statements for the period.

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

1. PERFORMANCE REVIEW

The Group recorded a turnover of RM34.994 million for the current quarter ended 30 June 2016 representing an increase of 12% as compared to RM31.177 million for the preceding financial year corresponding quarter due to increase in logs extraction volume and higher CPO and PK price by 18% and 50% respectively.

Profit before tax for the current quarter was RM10.212 million as compared to RM9.761 million in the preceding financial year corresponding quarter. The increase was mainly due to higher logs extraction volume and higher CPO and PK prices.

For the current year-to-date, the Group recorded a turnover of RM59.921 million, which is an increase of RM8.314 million as compared to the last year corresponding period mainly due to increase in logs extraction volume and higher CPO and PK price by 12% and 29% respectively.

Profit before tax for year-to-date was RM13.175 million, which is an increase of RM0.63 million as compared to last year corresponding period mainly due to increase in logs extraction volume and higher CPO and PK price.

2. MATERIAL CHANGES IN PROFIT BEFORE TAXATION

Profit before tax for the current quarter was RM10.212 million which was higher as compared to RM2.960 million achieved in the immediate preceding quarter. This was due to increase in FFB production by 52%, increase in CPO and PK price by 11% and 28% respectively and higher in CPO and PK sales volume.

3. PROSPECT FOR 2016

The Board of Directors is confident of achieving reasonable profitability as oil palm segment is expected to contribute positively in 2016 with higher FFB yield and higher production of CPO and PK in the coming quarter which will reduce unit cost of production.

4. PROFIT FORECAST OR PROFIT GUARANTEE

There were no profit forecasts or profit guarantees released to the public.

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED 30 JUNE 2016**
5. INCOME TAX EXPENSE

	INDIVIDUAL QUARTER		CUMULATIVE YEAR TO DATE	
	Current Year Quarter 30 June 2016 (Unaudited)	Preceding Year Corresponding Quarter 30 June 2015 (Unaudited)	Current Year 6 months ended 30 June 2016 (Unaudited)	Preceding Year Corresponding Period 30 June 2015 (Unaudited)
	RM'000	RM'000	RM'000	RM'000
Current year tax:				
Malaysian income tax	-	-	-	-
Deferred tax	2,257	2,241	2,881	2,814
	<u>2,257</u>	<u>2,241</u>	<u>2,881</u>	<u>2,814</u>
(Over)/underprovided in prior years:				
Malaysian income tax	-	-	-	-
Deferred tax	-	-	-	-
Total	<u>2,257</u>	<u>2,241</u>	<u>2,881</u>	<u>2,814</u>

6. SALE OF UNQUOTED INVESTMENTS AND/OR PROPERTIES

There were no sales/disposals of unquoted investments and properties during the current financial quarter and period ended 30 June 2016.

7. QUOTED SECURITIES

- a) There was no purchase and sale of quoted securities for the current financial quarter ended 30 June 2016.
- b) There was no investment in quoted shares as at 30 June 2016.

EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2016

8. STATUS OF CORPORATE PROPOSALS

(a) Pursuant to an Extraordinary General Meeting held on 23 December 2015:

- (i) the authorised share capital of the Company of RM500,000,000 comprising 500,000,000 ordinary shares of RM1 each was altered to 1,000,000,000 ordinary shares of RM0.50 each. The alteration of authorised share capital was completed on 29 January 2016.
- (ii) the 191,237,300 fully paid-up ordinary shares of RM1 each of the Company was subdivided into 382,474,600 fully paid-up ordinary shares of RM0.50 each. The subdivision of the entire share capital was completed on 29 January 2016.

(b) On 3 March 2016, the Company issued 95,618,650 ordinary shares of RM0.50 each pursuant to a right issue exercise on the basis of one (1) Rights Shares for every four (4) existing Shares held at an issue price of RM0.50 per Rights Share, of which the First Call of RM0.38 per Rights Share was paid in cash and the Second Call of RM0.12 was capitalised from the company share premium and retained earnings account.

The above corporate exercises were completed by 3rd March 2016.

9. UTILISATION OF PROCEEDS

Part of the proceeds raised from Right Issue Exercise have been utilised in the following manner:

	Fund utilised		As per Prospectus RM'000
	Quarter RM'000	Cumulative Todate RM'000	
Bank borrowings	8,500	18,500	18,500
Plantation development expenditure	3,255	3,460	5,000
Capital expenditure	2,233	4,000	4,000
Working capital	5,638	8,438	8,438
Expenses for corporate exercise	306	457	630
	19,932	34,855	36,568

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED 30 JUNE 2016**
10. LOANS AND BORROWINGS

	As at end of current quarter 30 June 2016 (Unaudited) RM'000	As at 31 Dec 2015 (Audited) RM'000
Short term borrowings		
Secured;		
- Invoice financing	1,996	3,644
- Revolving credit	5,000	21,000
- Term loans	15,000	12,248
- Hire purchase creditor	1,527	1,090
	23,523	37,982
Long term borrowings		
Secured		
- Term loans	43,000	51,752
- Hire purchase creditor	2,572	2,179
	45,572	53,931
Total borrowings		
Secured		
- Invoice financing	1,996	3,644
- Term loans	58,000	64,000
- Revolving credit	5,000	21,000
- Hire purchase creditor	4,099	3,269
	69,095	91,913

All borrowings are denominated in Ringgit Malaysia.

EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2016

11. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

There were no off balance sheet financial instruments as at 30 June 2016.

12. DIVIDEND PAYABLE

No interim ordinary dividend has been declared for the financial period ended 30 June 2016 (31 December 2015: Nil).

13. EARNINGS PER SHARE

(a) Basic earning per share

Basic earnings per share amounts are calculated by dividing profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares in issue during the year:

	INDIVIDUAL QUARTER		CUMULATIVE YEAR TO DATE	
	Current Year Quarter 30 June 2016 (Unaudited)	Preceding Year Corresponding Quarter 30 June 2015 (Unaudited)	Current Year 6 months ended 30 June 2016 (Unaudited)	Preceding Year Corresponding Period 30 June 2015 (Unaudited)
	RM'000	RM'000	RM'000	RM'000
Profit attributable to ordinary equity holders of the parent	7,955	7,520	10,294	9,730
Weighted average number of ordinary shares in issue ('000)	478,093	191,237	445,520	191,237
	<u>Sen</u>	<u>Sen</u>	<u>Sen</u>	<u>Sen</u>
Basic earnings per share	<u>1.66</u>	<u>3.93</u>	<u>2.31</u>	<u>5.09</u>

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED 30 JUNE 2016**
13. EARNINGS PER SHARE (Cont'd)
(b) Diluted earnings per share

	INDIVIDUAL QUARTER		CUMULATIVE YEAR TO DATE	
	Current Year Quarter 30 June 2016 (Unaudited)	Preceding Year Corresponding Quarter 30 June 2015 (Unaudited)	Current Year 6 months ended 30 June 2016 (Unaudited)	Preceding Year Corresponding Period 30 June 2015 (Unaudited)
	RM'000	RM'000	RM'000	RM'000
Profit attributable to ordinary equity holders of the parent	7,955	7,520	10,294	9,730
Weighted average number of ordinary shares in issue ('000)	478,093	191,237	445,520	191,237
Effect of ESOS ('000)	1,275	1,239	1,275	1,208
Weighted average number of ordinary shares in issue ('000)	479,368	192,476	446,795	192,445
	<u>Sen</u>	<u>Sen</u>	<u>Sen</u>	<u>Sen</u>
Diluted earnings per share	1.66	3.91	2.30	5.06

The diluted earnings per share is calculated by dividing the net profit for the period by the weighted average number of ordinary shares in issue during the period.

The share options was calculated based on the number of shares which would have been acquired at the market price (average annual share price of the company's share) based on the monetary value of the subscription rights attached to the outstanding share options. No adjustment is made to the net profit attributable to shareholders for the share options calculations.

14. AUTHORISATION FOR ISSUE

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 23 August 2016.

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED 30 JUNE 2016**
C. DISCLOSURE OF REALISED AND UNREALISED PROFITS OR LOSSES.

Total unappropriated profit as at 30 June 2016 and 31 December 2015 is analysed as follows:

	As at end of current quarter 30 June 2016 (Unaudited) RM'000	As at end of preceding year 31 Dec 2015 (Audited) RM'000
Total unappropriated profit of the Company and its subsidiary		
- Realised	83,703	81,397
- Unrealised	(24,786)	(21,905)
	<u>58,917</u>	<u>59,492</u>
Consolidation adjustments	(3,240)	(3,276)
Total Group accumulated profits as per consolidated accounts	<u>55,677</u>	<u>56,216</u>