



Condensed Consolidated Statement of Comprehensive Income  
For The Year Ended 30 June 2015

	Note	3 months Ended		12 months Ended	
		30.06.15 RM'000	30.06.14 RM'000	30.06.15 RM'000	30.06.14 RM'000 (Audited)
<b>Revenue</b>	8	273,493	528,775	1,319,201	1,768,800
Cost of Sales		(238,656)	(499,753)	(1,218,809)	(1,595,325)
<b>Gross Profit</b>		34,837	29,022	100,392	173,475
<b>Other Items of Income</b>					
Interest Income		760	470	2,054	1,681
Other Operating Income		11,395	32,449	21,379	37,755
<b>Other Items of Expenses</b>					
Selling Expenses		(13,397)	(15,622)	(48,623)	(56,131)
Administrative Expenses		(12,489)	(199,444)	(110,869)	(235,128)
Finance Costs		(7,379)	(6,203)	(32,295)	(27,107)
<b>Profit/(Loss) Before Tax</b>	17	13,727	(159,328)	(67,962)	(105,455)
Income Tax Expense	20	8,161	(3,035)	(39)	(11,217)
<b>Profit/(Loss) For The Period/Year</b>		21,888	(162,363)	(68,001)	(116,672)
<b>Other Comprehensive Profit:</b>					
Exchange Differences on Translation of Foreign Operations		(12,292)	(8,016)	17,509	2,155
Revaluation of Lands, Buildings and Biological Assets		13,647	120,117	13,647	120,117
		1,355	112,101	31,156	122,272
<b>Total Comprehensive Profit/(Loss) For The Period/Year</b>		23,243	(50,262)	(36,845)	5,600
<b>Profit/(Loss) For The Period/Year Attributable To:</b>					
Owners of the Company		22,447	(162,336)	(66,903)	(116,567)
Non-controlling Interests		(559)	(27)	(1,098)	(105)
		21,888	(162,363)	(68,001)	(116,672)
<b>Total Comprehensive Profit/(Loss) Attributable To:</b>					
Owners of the Company		23,802	(50,235)	(35,747)	5,705
Non-controlling Interests		(559)	(27)	(1,098)	(105)
		23,243	(50,262)	(36,845)	5,600
<b>Earnings Per Share Attributable to Owners of The Company (Sen Per Share):</b>					
		<b>3 months Ended</b>	<b>30.06.14</b>	<b>12 months Ended</b>	<b>30.06.14</b>
		<b>30.06.15</b>		<b>30.06.15</b>	
Basic	28 (a)	7.20	(52.08)	(21.47)	(37.40)
Diluted	28 (b)	7.20	(52.08)	(21.47)	(37.40)

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 30 June 2014 and the accompanying explanatory notes attached to the interim financial statements.



Condensed Consolidated Statement of Financial Position  
As At 30 June 2015

	Note	As at 30.06.15 RM'000	As at 30.06.14 RM'000 (Audited)
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	9	1,184,375	1,158,366
Biological assets	9	737,027	726,951
Investment properties	9	36,500	27,046
Land use rights		18,291	15,800
Other receivables		8,988	8,179
		<u>1,985,181</u>	<u>1,936,342</u>
<b>Current Assets</b>			
Inventories		133,610	138,182
Derivative assets	25	76	3,479
Trade receivables		88,641	34,565
Other receivables		28,539	25,195
Tax recoverable		10,068	7,115
GST input tax receivable		5,130	-
Short-term deposits with licensed banks	23	8,300	19,568
Cash and bank balances	23	47,092	75,258
		<u>321,456</u>	<u>303,362</u>
<b>TOTAL ASSETS</b>		<u>2,306,637</u>	<u>2,239,704</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital		155,839	155,839
Share premium		53,727	53,727
Retained earnings	22	168,624	246,644
Other reserves		945,073	918,384
		<u>1,323,263</u>	<u>1,374,594</u>
<b>Non-controlling interests</b>		<u>(1,088)</u>	<u>10</u>
<b>Total Equity</b>		<u>1,322,175</u>	<u>1,374,604</u>
<b>Non-Current Liabilities</b>			
Borrowings	24	271,530	108,044
Deferred tax liabilities		160,690	163,653
		<u>432,220</u>	<u>271,697</u>
<b>Current Liabilities</b>			
Borrowings	24	405,297	465,881
Trade payables		81,809	95,600
Other payables		40,958	22,105
Derivative liabilities	25	24,178	9,817
		<u>552,242</u>	<u>593,403</u>
<b>Total Liabilities</b>		<u>984,462</u>	<u>865,100</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>2,306,637</u>	<u>2,239,704</u>

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statement year ended 30 June 2014 and the accompanying explanatory notes attached to the interim financial statements.



Condensed Consolidated Statement of Changes in Equity  
For The Year Ended 30 June 2015

	Non-Distributable		Distributable		Attributable to Owners of the Company				Equity Attributable to Owners of the Company	
	Share Capital RM'000	Share Premium RM'000	Retained Earnings RM'000	Other Reserves Total RM'000	Asset Revaluation Reserve RM'000	Fair Value Adjustment Reserve RM'000	Foreign Currency Translation Reserve RM'000	Equity Attributable to Owners of the Company, Total RM'000	Non-controlling Interests RM'000	Total Equity RM'000
<b>At 1 July 2013</b>	155,839	53,727	370,647	804,260	783,200	4,193	16,867	1,384,473	115	1,384,588
<b>Loss net of tax</b>	-	-	(116,567)	-	-	-	-	(116,567)	(105)	(116,672)
<b>Other comprehensive income</b>	-	-	-	2,155	-	-	2,155	2,155	-	2,155
Foreign currency translation	-	-	-	-	-	-	-	-	-	-
Revaluation of leasehold land, buildings and biological assets	-	-	-	120,117	120,117	-	-	120,117	-	120,117
Revaluation reserve realised upon depreciation charged	-	-	8,148	(8,148)	(8,148)	-	-	-	-	-
<b>Total comprehensive income</b>	-	-	(108,419)	114,124	111,969	-	2,155	122,272	-	122,272
<b>Transaction with owners</b>	-	-	(15,584)	-	111,969	-	2,155	5,705	(105)	5,600
Dividend paid on ordinary shares	-	-	-	-	-	-	-	(15,584)	-	(15,584)
<b>At 30 June 2014</b>	155,839	53,727	246,644	918,384	895,169	4,193	19,022	1,374,594	10	1,374,604
<b>At 1 July 2014</b>	155,839	53,727	246,644	918,384	895,169	4,193	19,022	1,374,594	10	1,374,604
<b>Loss net of tax</b>	-	-	(66,903)	-	-	-	-	(66,903)	(1,098)	(68,001)
<b>Other comprehensive income</b>	-	-	-	17,509	-	-	17,509	17,509	-	17,509
Foreign currency translation	-	-	-	-	-	-	-	-	-	-
Revaluation of leasehold land, buildings and biological assets	-	-	-	13,647	13,647	-	-	13,647	-	13,647
Revaluation reserve realised upon depreciation charged	-	-	4,467	(4,467)	(4,467)	-	-	-	-	-
<b>Total comprehensive income</b>	-	-	(62,436)	26,689	9,180	-	17,509	31,156	-	31,156
<b>Transaction with owners</b>	-	-	(15,584)	-	9,180	-	17,509	(35,747)	(1,098)	(36,845)
Dividend paid on ordinary shares	-	-	-	-	-	-	-	(15,584)	-	(15,584)
<b>At 30 June 2015</b>	155,839	53,727	168,624	945,073	904,349	4,193	36,531	1,323,263	(1,088)	1,322,175

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 30 June 2014 and the accompanying explanatory notes attached to the interim financial statements.



	12 months Ended	
	30.6.15 RM'000	30.6.14 RM'000 (Audited)
<b>OPERATING ACTIVITIES</b>		
Loss before tax	(67,962)	(105,455)
<b>Adjustments for:</b>		
Amortisation of land use rights	418	392
Impairment of property, plant and equipment	15,072	118,684
Adjustments on property, plant and equipment	(181)	629
Reversal of impairment allowance on receivables	(4,608)	-
Depreciation of property, plant and equipment	37,041	38,946
Property, plant and equipment written off	1	10,654
Amortisation of Sukuk Ijarah	-	500
Net fair value loss on derivative financial instruments	15,759	8,668
Impairment loss on receivables	-	33,976
Net gain from fair value adjustment of investment properties	(9,592)	(16,245)
Gain on disposal of property, plant and equipment	(871)	(163)
Gain on disposal of investment properties	(341)	-
Unrealised loss on foreign exchange	20,911	-
Interest expense	32,295	26,607
Interest income	(2,054)	(1,681)
<b>Total adjustments</b>	<b>103,850</b>	<b>220,967</b>
<b>Operating cash flows before working capital changes</b>	<b>35,888</b>	<b>115,512</b>
<b>Changes in working capital:</b>		
Decrease/(Increase) in inventories	4,572	(2,657)
(Increase)/Decrease in receivables	(58,229)	60,768
Increase in payables	5,062	14,585
<b>Total changes in working capital</b>	<b>(48,595)</b>	<b>72,696</b>
<b>Cash flows (used in)/from operations</b>	<b>(12,707)</b>	<b>188,208</b>
Interest paid	(32,295)	(26,294)
Income tax paid	(20,139)	(17,281)
Income tax refunded	6,888	4,813
<b>Net cash flows (used in)/from operating activities</b>	<b>(58,253)</b>	<b>149,446</b>
<b>INVESTING ACTIVITIES</b>		
Withdrawal of short-term deposits	-	195
Purchase of property, plant and equipment	(13,762)	(15,440)
Land use right	-	(13)
Plantation development expenditure	(10,076)	(7,978)
Purchase of investment properties	(21)	(1,057)
Proceeds from disposal of property, plant and equipment	3,099	202
Proceeds from disposal of an investment property	500	-
Interest received	2,054	1,681
<b>Net cash flows used in investing activities</b>	<b>(18,206)</b>	<b>(22,410)</b>
<b>FINANCING ACTIVITIES</b>		
Drawdown of revolving credits	210,000	330,000
Repayment of revolving credits	(210,000)	(320,000)
Repayment of Sukuk Ijarah	-	(20,000)
Drawdown of term loans	264,312	44,105
Repayment of term loans	(55,623)	(107,544)
Repayment of hire purchase financing	(2,415)	(2,834)
Drawdown of bankers' acceptances and trust receipts	1,705,400	2,288,931
Repayment of bankers' acceptances and trust receipts	(1,808,772)	(2,326,459)
Dividend paid	(15,584)	(15,584)
<b>Net cash flows from/(used in) financing activities</b>	<b>87,318</b>	<b>(129,385)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>10,859</b>	<b>(2,349)</b>
<b>Effect of exchange rate differences</b>	<b>(51,065)</b>	<b>(446)</b>
<b>Cash and cash equivalents at beginning of the year</b>	<b>90,531</b>	<b>93,326</b>
<b>Cash and cash equivalents at end of year (Note 23)</b>	<b>50,325</b>	<b>90,531</b>

The condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the year ended 30 June 2014 and the accompanying explanatory notes attached to the interim financial statements.

## **1. Basis of Preparation**

The condensed consolidated interim financial statements have been prepared under the historical cost convention except for the revaluation of land and buildings included within property, plant and equipment, biological assets and investment properties.

The condensed consolidated interim financial statements are unaudited and 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.

The condensed consolidated interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 30 June 2014. These explanatory notes attached to the condensed consolidated interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 30 June 2014.

## **2. Significant Accounting Policies**

The significant accounting policies adopted are consistent with those of the audited financial statements for the financial year ended 30 June 2014, except for the adoption of the following new/amendments to FRSs:

On 1 July 2014, the Group adopted the following new and amended FRSs mandatory for annual financial periods beginning on or after 1 July 2014

### **Effective for financial periods beginning on or after 1 January 2014**

- Amendments to FRS 136: Recoverable Amount Disclosures for Non-Financial Assets
- Amendments to FRS 132: Offsetting Financial Assets and Financial Liabilities
- Amendments to FRS 10, FRS 12 and FRS 127: Investment Entities
- Amendments to FRS 139: Novation of Derivatives and Continuation of Hedge Accounting
- IC Interpretation 21: Levies

### **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

The adoption of the above new/amended FRSs do not have any significant financial impacts on the results and the financial position of the Group for the current year, except as disclosed below:

Amendments to FRS 139: Novation of Derivatives and Continuation of Hedge Accounting

These amendments provide relief from discounting hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. The Group has not novated its derivatives during the current year. However, these amendments would be considered for future novation.

As stated in our audited financial statements for the financial year ended 30 June 2014, the Group has yet to adopt the Malaysian Financial Reporting Standards (“MFRS”) framework, but has elected to be a transitioning entity which will only adopt the MFRS framework for the financial year ending 30 June 2018.

**3. Auditors’ Report on Preceding Annual Financial Statements**

The auditors’ report on the financial statements for the financial year ended 30 June 2014 was not qualified.

**4. 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 current quarter under review.

**5. Changes in Estimates**

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

**6. Comments About Seasonal or Cyclical Factors**

The seasonal or cyclical factors affecting the results of the operations of the Group are general climatic conditions, age profile of oil palms, the cyclical nature of annual production and fluctuating commodity prices.

**7. Dividend Payable**

At the Nineteenth Annual General Meeting held on 31 December 2014, the shareholders approved a first and final single tier dividend of 5 sen per ordinary share of RM0.50 each, amounting to RM15,583,863.20 paid on 20 March 2015 in respect of the financial year ended 30 June 2014 (2013: 5 sen per ordinary share).



**Notes to the Condensed Consolidated Interim Financial Statements – 30 June 2015**

**8. Segmental Information**

Segmental information for the current financial year ended 30 June 2015 is as followed:

	<i>Oil palm plantations and palm products processing</i>		<i>Oleochemical Products</i>		<i>Others</i>		<i>Adjustments and eliminations</i>		<i>Per consolidated financial statements</i>	
	<i>30.6.15</i>	<i>30.6.14</i>	<i>30.6.15</i>	<i>30.6.14</i>	<i>30.6.15</i>	<i>30.6.14</i>	<i>30.6.15</i>	<i>30.6.14</i>	<i>30.6.15</i>	
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
<b>3 Months Ended 30 June</b>										
<b>Revenue</b>										
External Sales	195,249	437,291	78,244	91,484	-	-	-	-	273,493	528,775
Inter-segment	-	-	-	-	-	2,536	-	(2,536)	-	-
<b>Total Revenue</b>	<b>195,249</b>	<b>437,291</b>	<b>78,244</b>	<b>91,484</b>	<b>-</b>	<b>2,536</b>	<b>-</b>	<b>(2,536)</b>	<b>273,493</b>	<b>528,775</b>
<b>Results</b>										
Interest income	724	425	36	45	-	-	-	-	760	470
Depreciation	5,598	5,822	1,916	2,462	-	1,375	-	-	7,514	9,659
Segment profit/(loss)	15,797 *	(17,136)	(3,362)	(135,207) #	1,292	(6,985)	-	-	13,727	(159,328)
<b>12 Months Ended 30 June</b>										
<b>Revenue</b>										
External Sales	1,046,539	1,490,063	272,662	278,737	-	-	-	-	1,319,201	1,768,800
Inter-segment	-	-	-	-	2,326	6,370	(2,326)	(6,370)	-	-
<b>Total Revenue</b>	<b>1,046,539</b>	<b>1,490,063</b>	<b>272,662</b>	<b>278,737</b>	<b>2,326</b>	<b>6,370</b>	<b>(2,326)</b>	<b>(6,370)</b>	<b>1,319,201</b>	<b>1,768,800</b>
<b>Results</b>										
Interest income	1,787	1,541	267	140	-	-	-	-	2,054	1,681
Depreciation	28,713	21,260	7,577	15,855	1,169	2,223	-	-	37,459	39,338
Segment (loss)/profit	(40,714) *	35,447	(9,099)	(133,975) #	(18,149) #	(6,927)	-	-	(67,962)	(105,455)

\* Inclusive of foreign exchange loss and fair value gain on investment properties (Please refer to Note 16 for details).

# Inclusive of impairment on subsidiaries' property, plant and equipment (please refer to Note 16 for further details).

**9. Carrying Amount of Revalued Assets**

During the current quarter, the Group has performed its latest revaluation on its property, plant and equipment and biological assets to conform to the Group policy and the revaluation surplus has been credited to equity as revaluation surplus.

**10. Debt and Equity Securities**

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the current quarter ended 30 June 2015.

**11. Changes in Composition of the Group**

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

**12. Capital Commitments**

The amount of capital commitments for the plantation development activities not provided for in the financial statements as at 30 June 2015 is as follows:

Approved and contracted for	<i>RM'000</i> <u>6,614</u>
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**13. Changes in Contingent Liabilities and Contingent Assets**

**Unsecured**

The Company has provided corporate guarantees to secure banking facilities granted to its subsidiary companies. The amount utilised and outstanding as at 30 June 2015 amounted to approximately RM339 million.

**14. Subsequent Events**

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



## 15. Performance Review

### *Oil palm plantations and palm products processing*

This major segment has contributed 71.4% of the Group's total revenue. For the current quarter under review, this segment recorded a revenue of RM195,249,000, as compared to the revenue reported in the same corresponding period of preceding year, a decrease of 55% or RM242.04 million in value. The decrease in revenue was particularly due to the the followings:

- a) weaker palm prices, particularly lower realised CPO average unit selling price of which the realised CPO average unit selling price in Q4 2014 was RM2,604/MT whilst RM2,248/MT for Q4 2015; and
- b) lower FFB production.

### *Oleochemicals*

Oleochemical division has accounted for 28.6% of the total Group's revenue for current quarter. The revenue has decreased by 14.47% or RM13.24 million in value to RM78.24 million for this quarter. The decrease is primarily resulting from the reduction in overall oleochemical products unit selling price as compared to the corresponding quarter of preceding year.

### *Others*

Others segments' results are insignificant to the Group.

## 16. Comment on Material Change in Profit/(Loss) Before Tax

### **Q4 FY2015 Vs Q4 FY2014**

The Group reported a profit before taxation of RM13.73 million for Q4 FY2015 as compared to a loss of RM159.33 million for Q4 FY2014, an increase of RM173.06 million in profit for Q4 FY2015. The major causes of the improvement in results during the current quarter were mainly attributed to the followings:

- a) impairment and write-off of certain subsidiaries' property, plant and equipment amounted to RM129.3 million in Q4 YE2014. None noted during the current quarter;
- b) allowance for impairment for certain overdue receivables from the palm oil trades which amounted to RM34 million. None noted during the current quarter; and
- c) litigation loss of RM24 million in Q4 FY2014 whilst none noted for current quarter; and offset by
- d) fair value loss on derivative financial instruments during the current quarter of RM3 million as compared to a profit of RM9.6 million in Q4 FY2014; and
- e) reduction in fair value gain of investment properties of RM6.6 million during the current quarter.

Excluding the foreign exchange loss, fair value loss in derivatives and impairment on subsidiary's plant and equipment for the current quarter, the Group had an underlying profit before tax of RM4 million for Q4 FY2015, as compared to an underlying profit of RM0.7 million for Q4 FY2014.

#### **Q4 YTD FY2015 Vs Q4 YTD FY2014**

The Group reported a loss before taxation of RM68.0 million for Q4 YTD FY2015 whilst loss of RM105.5 million for Q4 YTD FY2014, an improvement of RM37.5 million for the current year. The major reasons for the improvement in results were mainly due to the followings:

- a) impairment and write-off of certain subsidiaries' property, plant and equipment amounted to RM129.3 million in FY2014 as compared to RM15 million for the current year;
- b) allowance for impairment for certain overdue receivables from the palm oil trades which amounted to RM34 million. None noted during the current year; and
- c) litigation loss of RM24 million in Q4 FY2014 whilst none noted for current year; and offset by
- d) fair value loss on derivative financial instruments during the current year of RM17.1 million as compared to a profit of RM10.1 million in last financial year;
- e) reduction in fair value gain of investment properties of RM6.6 million during the current year;
- f) foreign exchange loss of approximately RM30 million;
- g) lower profit margin contribution resulted from overall lower unit palm products prices for the year.

Excluding the foreign exchange loss, fair value loss in derivatives and impairment on subsidiary's plant and equipment for the current quarter, the Group had an underlying loss before tax of RM17 million for Q4 YTD FY2015, as compared to an underlying profit of RM55 million for Q4 YTD FY2014.

#### **17. Profit/(Loss) before tax**

Profit/(Loss) before tax for the period/year is arrived at after crediting/(charging):

	<i>3 months ended</i>		<i>12 months ended</i>	
	<i>30.6.2015</i>	<i>30.6.2014</i>	<i>30.6.2015</i>	<i>30.6.2014</i>
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Interest income	760	470	2,054	1,681
Interest expense	(7,379)	(6,203)	(32,295)	(27,107)
Gain on disposal of property, plant & equipment	432	12	871	163
Amortisation of Sukuk Ijarah	-	(125)	-	(500)
Amortisation of land use rights	(111)	(97)	(418)	(392)
Depreciation on property, plant & equipment	(7,403)	(9,562)	(37,041)	(38,946)
Realised foreign exchange (loss)/gain	(5,079)	1,593	(8,514)	469
Unrealised foreign exchange profit/(loss)	7,865	-	(20,911)	-
Reversal of impairment allowance on trade receivables	-	-	4,608	-
Property, plant and equipment written off	(1)	(10,654)	(1)	(10,654)
Impairment of property, plant & equipment	-	(118,684)	(15,072)	(118,684)
Impairment loss on receivables	-	(33,976)	-	(33,976)
Litigation losses	-	(24,097)	-	(24,097)
Gain on disposal of investment property	1	-	341	-
Fair value (loss)/gain on derivative financial instruments	(3,154)	9,577	(17,124)	10,144
Net gain from fair value adjustment of investment Properties	9,592	16,245	9,592	16,245

## 18. Commentary on Prospects

The recovery of the global economy remains uneven with China showing signs of slowing economic data, therefore the performance of the Group and the oil palm sector remain challenging.

The volatility of US Dollar against Ringgit Malaysia exchange rate will impact the non-cash flow unrealised foreign exchange loss mostly on our medium to long term US Dollar denominated borrowings in our reported results. CPO price is expected to maintain at the average level of between RM2,000/MT and RM2,300/MT in the near terms. The Board of Directors expects that the Group will take all the necessary effort to weather through the downturn in the commodity price and perform satisfactorily. It remains steadfast to its commitment to consistently enhance shareholders' return.

The Board of Directors is cautiously optimistic that the prospects for the oil palm industry remains bright in light of other various bullish demand factors and pricing trend is expected to recover in the near terms. The group is also actively exploring expansion opportunities by increasing its planting acreage in Malaysia.

## 19. Profit Forecast or Profit Guarantee

The disclosure requirements for explanatory notes for the variance of actual profit and forecast profit and for the shortfall in profit guarantee are not applicable.

## 20. Income Tax Expense

	<i>3 months ended</i>		<i>12 months ended</i>	
	<i>30.6.2015</i>	<i>30.6.2014</i>	<i>30.6.2015</i>	<i>30.6.2014</i>
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Current income tax:				
- Malaysian income tax	848	6,150	10,298	15,582
Deferred tax	(9,009)	(3,115)	(10,259)	(4,365)
<b>Total income tax expense</b>	<b>(8,161)</b>	<b>3,035</b>	<b>39</b>	<b>11,217</b>

The effective tax rate for the current year was higher than the statutory income tax rate principally due to the availability of non-deductible expenses and losses incurred in certain subsidiaries.

## 21. Corporate Proposals

There are no corporate proposals announced but not completed as at 27 August 2015.

## 22. Retained Earnings

The breakdown of retained profits of the Group as at 30 June 2015 is as follows:

	<i>As at</i> <b>30.6.2015</b> <i>RM'000</i>	<i>As at</i> <b>30.6.2014</b> <i>RM'000</i> <i>(Audited)</i>
Total retained earnings of the Company and its subsidiaries:		
- Realised	490,999	550,663
- Unrealised	(87,637)	(95,828)
	<u>403,362</u>	<u>454,835</u>
Less: Consolidation adjustments	(234,738)	(208,191)
<b>Total Group retained earnings as per consolidated accounts</b>	<b><u>168,624</u></b>	<b><u>246,644</u></b>

## 23. Cash and cash equivalents

Cash and bank balances	47,092	75,258
Short-term deposits with licensed banks	8,300	19,568
	<u>55,392</u>	<u>94,826</u>
Less: Short-term deposits pledged with licensed banks for bank facilities	(5,067)	(4,295)
<b>Cash and cash equivalents</b>	<b><u>50,325</u></b>	<b><u>90,531</u></b>

## 24. Borrowings

### Short term borrowings

- Secured	163,366	62,502
- Unsecured	241,931	403,379
	<u>405,297</u>	<u>465,881</u>

### Long term borrowings

- Secured	271,530	108,044
<b>Total borrowings</b>	<b><u>676,827</u></b>	<b><u>573,925</u></b>

Borrowings denominated in foreign currency:

	<b>USD</b> <b>'000</b>	<b>RMB</b> <b>'000</b>	<b>RM'000</b> <b>equivalent</b>
United States Dollars	91,355	-	342,285
Renminbi	-	106,979	66,240
<b>Total</b>	<b><u>91,355</u></b>	<b><u>106,979</u></b>	<b><u>408,525</u></b>

## 25. Derivative Financial Instruments

As at 30 June 2015, the values and maturity analysis of the outstanding derivatives are as follows:

	<b>Contract/Notional Amount RM '000</b>	<b>Fair Value RM '000</b>
i) Forward Currency Contracts - Less than 1 year	2,301	76
ii) Cross Currency Swap Contracts - 1 year to 3 years	119,500	(24,178)

The forward currency contracts are entered into by the Group to manage some of the transactions exposures. These contracts are not designated as cash flow or fair value hedges and are entered into for periods consistent with currency transaction exposures and fair value changes exposure.

The Group also uses cross currency swap contracts to manage the financial risk exposures related to borrowings.

With the adoption of FRS 139, derivative financial instruments are recognised at fair value on contract dates and are subsequently re-measured at fair value through profit or loss. The resulting gain or loss from the re-measurement is recognised in profit or loss.

For the current quarter ended 30 June 2015, there have been no significant changes to the Group's exposure to credit risk, market risk and liquidity risk from the previous financial year as well as the Group's risk management objectives, policies and processes.

## 26. Material Litigation

- (a) In response to a claim made by Palm Energy Sdn. Bhd. ("PESB"), a wholly-owned subsidiary, for liquidated damages, loss of revenue and refurbishment costs. The Arbitrator has made the Final Award on 14 January 2014, whereby PESB was required to pay the sum of RM420,087 to the contractor's and costs of the Final Award. PESB has paid the sum of RM420,087 together with interest. PESB has decided to oppose the contractor's Bill of Costs, of RM670,233 and pending for taxation of this costs by the Registrar, High Court of Kuala Lumpur. Hearing date has not yet been set.
- (b) A Writ of Summons dated 27 June 2014 by Inno Integrasi Sdn. Bhd. (Plaintiff) was served on Kwantas Oil Sdn Bhd (KOSB), a wholly-owned subsidiary of the Company, whereby the plaintiff was claiming for loss of profit of approximately RM66.9 million for alleged breach/repudiation of agreements entered into by plaintiff with KOSB in relation to the supply of organic palm wastes together with land leased by KOSB to the plaintiff, and in return, plaintiff to process the organic palm wastes to become bio-organic fertilizer (BF) and re-sell to KOSB.

KOSB filed its Statement of Defence and Counterclaim on 5 August 2014. The plaintiff's application for summary judgement was and hearing began on 13.08.2015.

The directors are of the opinion that the claim by the plaintiff will not succeed and accordingly no further provision for liability has been made in these financial statements.

**27. Dividend**

No interim dividend has been declared for the financial year ending 30 June 2015.

**28. Earnings Per Share**

**(a) Basic**

Basic earnings per share amounts are calculated by dividing profit for the period/year attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period/year.

	<i>3 months ended</i>		<i>12 months ended</i>	
	<i>30.6.2015</i>	<i>30.6.2014</i> <i>(Audited)</i>	<i>30.6.2015</i>	<i>30.6.2014</i> <i>(Audited)</i>
Profit/(loss for the period/year attributable to owners of the Company (RM'000))	22,447	(162,336)	(66,903)	(116,567)
Weighted average number of ordinary shares in issue ('000)	311,678	311,678	311,678	311,678
Basic earnings per share (sen)	7.20	(52.08)	(21.47)	(37.40)

**(b) Diluted**

For the purpose of calculating diluted earnings per share, the profit for the period/year attributable to owners of the Company and the weighted average number of ordinary shares in issue during the period/year have been adjusted for the dilutive effects of all potential ordinary shares and shares options granted to employees.

	<i>3 months ended</i>		<i>12 months ended</i>	
	<i>30.6.2015</i>	<i>30.6.2014</i> <i>(Audited)</i>	<i>30.6.2015</i>	<i>30.6.2014</i> <i>(Audited)</i>
Profit/(loss) for the period/year attributable to owners of the Company (RM'000)	22,447	(162,336)	(66,903)	(116,567)
Weighted average number of ordinary shares in issue ('000):	311,678	311,678	311,678	311,678
Effect of dilution: Share options	-	-	-	-
Adjusted weighted average number of ordinary shares in issue and issuable	311,678	311,678	311,678	311,678
Diluted earnings per share (sen)	7.20	(52.08)	(21.47)	(37.40)

**29. Authorisation for Issue**

The condensed consolidated interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 26 August 2015.