



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

	Note	3 months Ended		12 months Ended	
		30.06.16 RM'000	30.06.15 RM'000	30.06.16 RM'000	30.06.15 RM'000 (Audited)
Revenue	8	354,565	272,089	1,258,493	1,317,797
Cost of Sales		(311,370)	(237,252)	(1,123,283)	(1,217,405)
Gross Profit		43,195	34,837	135,210	100,392
Other Items of Income					
Interest Income		246	760	1,263	2,054
Other Operating Income		12,140	10,895	28,510	20,879
Other Items of Expenses					
Selling Expenses		(11,004)	(13,397)	(40,090)	(48,623)
Administrative Expenses		(25,598)	(13,304)	(109,244)	(111,684)
Finance Costs		(7,974)	(7,379)	(33,267)	(32,295)
Profit/(Loss) Before Tax	17	11,005	12,412	(17,618)	(69,277)
Income Tax Expense	20	(6,432)	8,161	(7,510)	(39)
Profit/(Loss) For The Period/Year		4,573	20,573	(25,128)	(69,316)
Other Comprehensive (Loss)/Income:					
Exchange Differences on Translation of Foreign Operations		(15,300)	(12,292)	(6,898)	17,509
Revaluation of Lands, Buildings and Biological Assets		15,708	(89,045)	15,708	(89,045)
		408	(101,337)	8,810	(71,536)
Total Comprehensive Income/(Loss) For The Period/Year		4,981	(80,764)	(16,318)	(140,852)
Profit/(Loss) For The Period/Year Attributable To:					
Owners of the Company		5,278	21,132	(23,967)	(68,218)
Non-controlling Interests		(705)	(559)	(1,161)	(1,098)
		4,573	20,573	(25,128)	(69,316)
Total Comprehensive Income/(Loss) Attributable To:					
Owners of the Company		5,686	(80,205)	(15,157)	(139,754)
Non-controlling Interests		(705)	(559)	(1,161)	(1,098)
		4,981	(80,764)	(16,318)	(140,852)
Earnings/(Loss) Per Share Attributable to Owners of The Company (Sen Per Share):					
		3 months Ended	30.6.15	12 months Ended	30.6.15
		30.6.16		30.6.16	(Audited)
Basic	28 (a)	1.69	6.78	(7.69)	(21.89)

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 30 June 2015 and the accompanying explanatory notes attached to the interim financial statements.



Condensed Consolidated Statement of Financial Position
As At 30 June 2016

	Note	As at 30.06.16 RM'000	As at 30.06.15 RM'000 (Audited)
ASSETS			
Non-Current Assets			
Property, plant and equipment	9	1,346,509	1,380,501
Biological assets	9	514,977	495,111
Investment properties	9	45,700	36,000
Land use rights		17,472	18,292
Other receivables		9,298	8,988
		<u>1,933,956</u>	<u>1,938,892</u>
Current Assets			
Inventories		137,254	133,610
Derivative assets	25	1,359	76
Trade receivables		82,703	88,641
Other receivables		31,049	27,722
Tax recoverable		3,845	10,068
GST input tax receivable		4,896	5,130
Short-term deposits with licensed banks	23	3,000	13,367
Cash and bank balances	23	64,844	42,025
		<u>328,950</u>	<u>320,639</u>
TOTAL ASSETS		<u><u>2,262,906</u></u>	<u><u>2,259,531</u></u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		155,839	155,839
Share premium		53,727	53,727
Retained earnings	22	138,875	162,842
Other reserves		855,658	846,848
		<u>1,204,099</u>	<u>1,219,256</u>
Non-controlling interests		<u>(2,249)</u>	<u>(1,088)</u>
Total Equity		<u><u>1,201,850</u></u>	<u><u>1,218,168</u></u>
Non-Current Liabilities			
Borrowings	24	209,456	284,660
Deferred tax liabilities		211,018	214,427
		<u>420,474</u>	<u>499,087</u>
Current Liabilities			
Borrowings	24	463,565	395,331
Trade payables		123,573	81,809
Other payables		31,949	40,958
Derivative liabilities	25	21,495	24,178
		<u>640,582</u>	<u>542,276</u>
Total Liabilities		<u><u>1,061,056</u></u>	<u><u>1,041,363</u></u>
TOTAL EQUITY AND LIABILITIES		<u><u>2,262,906</u></u>	<u><u>2,259,531</u></u>

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 30 June 2015 and the accompanying explanatory notes attached to the interim financial statements.



Condensed Consolidated Statement of Changes in Equity
For The Year Ended 30 June 2016

	←-----			Attributable to Owners of the Company			-----→			
	Non-Distributable	Distributable		Non-Distributable			Equity Attributable to Owners of the Company, Total	Non-controlling Interests	Total Equity	
	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	RM'000	RM'000	RM'000
At 1 July 2014	155,839	53,727	246,644	918,384	895,169	4,193	19,022	1,374,594	10	1,374,604
Loss net of tax	-	-	(68,218)	-	-	-	-	(68,218)	(1,098)	(69,316)
Other comprehensive income/(loss)										
- Foreign currency translation	-	-	-	17,509	-	-	17,509	17,509	-	17,509
- Revaluation of leasehold land, buildings and biological assets	-	-	-	(89,045)	(89,045)	-	-	(89,045)	-	(89,045)
	-	-	-	(71,536)	(89,045)	-	17,509	(71,536)	-	(71,536)
Total comprehensive (loss)/income	-	-	(68,218)	(71,536)	(89,045)	-	17,509	(139,754)	(1,098)	(140,852)
Transaction with owners										
Dividend paid on ordinary shares	-	-	(15,584)	-	-	-	-	(15,584)	-	(15,584)
At 30 June 2015	155,839	53,727	162,842	846,848	806,124	4,193	36,531	1,219,256	(1,088)	1,218,168
At 1 July 2015	155,839	53,727	162,842	846,848	806,124	4,193	36,531	1,219,256	(1,088)	1,218,168
(Loss)/Profit net of tax	-	-	(23,967)	-	-	-	-	(23,967)	(1,161)	(25,128)
Other comprehensive income/(loss)										
- Foreign currency translation	-	-	-	(6,898)	-	-	(6,898)	(6,898)	-	(6,898)
- Revaluation of leasehold land, buildings and biological assets	-	-	-	15,708	15,708	-	-	15,708	-	15,708
	-	-	-	8,810	15,708	-	(6,898)	8,810	-	8,810
Total comprehensive (loss)/income	-	-	(23,967)	8,810	15,708	-	(6,898)	(15,157)	(1,161)	(16,318)
Transaction with owners										
Dividend paid on ordinary shares	-	-	-	-	-	-	-	-	-	-
At 30 June 2016	155,839	53,727	138,875	855,658	821,832	4,193	29,633	1,204,099	(2,249)	1,201,850

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 30 June 2015 and the accompanying explanatory notes attached to the interim financial statements.



	12 months Ended	
	30.06.16 <u>RM'000</u>	30.06.15 <u>RM'000</u> (Audited)
OPERATING ACTIVITIES		
Loss before tax	(17,618)	(69,277)
Adjustments for:		
Amortisation of land use rights	475	418
Impairment loss on receivables	132	969
Impairment of property, plant and equipment	-	11,907
Impairment of biological assets	7,971	-
Depreciation of property, plant and equipment	38,351	37,041
Property, plant and equipment written off	1	1
Net fair value (gain)/loss on derivative financial instruments	5,317	17,764
Net gain from fair value adjustment of investment properties	(13,406)	(9,093)
Gain on disposal of investment properties	(7)	(341)
Gain on disposal of property, plant and equipment	(196)	(871)
Reversal of impairment allowance on receivables	(15)	(4,608)
Unrealised (gain)/loss on foreign exchange	14,382	24,075
Interest expense	33,267	32,295
Interest income	(1,263)	(2,054)
Total adjustments	<u>85,009</u>	<u>107,503</u>
Operating cash flows before working capital changes	<u>67,391</u>	<u>38,226</u>
Changes in working capital:		
(Increase)/decrease in inventories	(3,644)	4,572
Decrease/(increase) in receivables	2,403	(63,511)
Increase/(decrease) in payables	32,755	5,062
Total changes in working capital	<u>31,514</u>	<u>(53,877)</u>
Cash flows from/(used in) operations	<u>98,905</u>	<u>(15,651)</u>
Interest paid	(33,267)	(32,295)
Income tax paid	(12,207)	(19,530)
Income tax refunded	7,275	6,888
Net cash flows from/(used) in operating activities	<u>60,706</u>	<u>(60,588)</u>
INVESTING ACTIVITIES		
Withdrawal of short-term deposits	5,067	-
Purchase of property, plant and equipment	(11,285)	(13,685)
Plantation development expenditure	(11,026)	(17,625)
Additions of investment properties	(294)	(20)
Proceeds from disposal of property, plant and equipment	237	2,718
Proceeds from disposal of an investment property	4,007	500
Interest received	1,263	2,054
Net cash flows used in investing activities	<u>(12,031)</u>	<u>(26,058)</u>
FINANCING ACTIVITIES		
Drawdown of revolving credits	1,520,000	210,000
Repayment of revolving credits	(1,413,000)	(210,000)
Drawdown of term loans	-	264,312
Repayment of term loans	(75,149)	(55,623)
Repayment of hire purchase financing	(1,287)	(2,493)
Drawdown of bankers' acceptances and trust receipts	848,298	1,705,400
Repayment of bankers' acceptances and trust receipts	(897,036)	(1,808,772)
Dividend paid	-	(15,584)
Net cash flows (used in)/from financing activities	<u>(18,174)</u>	<u>87,240</u>
Net increase in cash and cash equivalents	<u>30,501</u>	<u>594</u>
Effect of exchange rate differences	<u>(12,982)</u>	<u>(40,800)</u>
Cash and cash equivalents at beginning of the period	<u>50,325</u>	<u>90,531</u>
Cash and cash equivalents at end of period (Note 23)	<u><u>67,844</u></u>	<u><u>50,325</u></u>

The condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the year ended 30 June 2015 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 2015. 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 2015.

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 2015, except as stated in our audited financial statements for the financial year ended 30 June 2015, 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 2019.

3. Auditors’ Report on Preceding Annual Financial Statements

The auditors’ report on the financial statements for the financial year ended 30 June 2015 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 year 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

No dividend was paid/payable during the current year under review.



8. Segmental Information

Segmental information for the current financial year ended 30 June 2016 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>30.6.16</i>	<i>30.6.15</i>	<i>30.6.16</i>	<i>30.6.15</i>	<i>30.6.16</i>	<i>30.6.15</i>	<i>30.6.16</i>	<i>30.6.15</i>	<i>30.6.16</i>	<i>30.6.15</i>
		<i>(Audited)</i>		<i>(Audited)</i>		<i>(Audited)</i>		<i>(Audited)</i>		<i>(Audited)</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>
3 Months Ended 30 June										
Revenue										
External Sales	276,862	193,845	77,703	78,244	-	-	-	-	354,565	272,089
Inter-segment	-	-	-	-	-	-	-	-	-	-
Total Revenue	276,862	193,845	77,703	78,244	-	-	-	-	354,565	272,089
Results										
Interest income	220	724	26	36	-	-	-	-	246	760
Depreciation/Amortisation	5,968	5,622	1,947	1,916	211	394	-	-	8,126	7,932
Segment profit/(loss)	11,576*	11,316	(351)	(3,362)	(220)	4,458	-	-	11,005	12,412
12 Months Ended 30 June										
Revenue										
External Sales	1,002,787	1,045,135	255,706	272,662	-	2,326	-	(2,326)	1,258,493	1,317,797
Inter-segment	-	-	-	-	-	-	-	-	-	-
Total Revenue	1,002,787	1,045,135	255,706	272,662	-	2,326	-	(2,326)	1,258,493	1,317,797
Results										
Interest income	1,117	1,787	146	267	-	-	-	-	1,263	2,054
Depreciation/Amortisation	29,759	28,737	8,221	7,159	846	1,563	-	-	38,826	37,459
Segment loss	(8,832)*	(45,195)	(8,123)	(9,099)	(663)	(14,983)**	-	-	(17,618)	(69,277)

* Inclusive of impairment of biological assets, net foreign exchange gain/(loss) and fair value gain/(loss) on derivatives (Please refer to Note 16 for details).

** Inclusive of impairment of plant and equipment of RM11.907 million per Note 17.

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 year ended 30 June 2016.

11. Changes in Composition of the Group

There were no changes in the composition of the Group during the current year except that the Board of Directors had on 18 February 2016 resolved to strike off Kwantas SPV Sdn Bhd (SPV), a wholly-owned subsidiary of the Company. SPV was incorporated as a special purpose vehicle to undertake the Islamic Securities transactions and the Islamic loan was fully settled in May 2014. Since then, SPV has ceased the purpose in the nature of its activity.

The application to strike off SPV will not have any material effect to the consolidated earnings of the Company for the year ended 30 June 2016.

12. Capital Commitments

The amount of capital commitments for the plantation development activities not provided for in the financial statements as at 30 June 2016 is as follows:

	<i>RM'000</i>
Approved and contracted for	<u>8,792</u>

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 2016 amounted to approximately RM228 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 78.2% of the Group's total revenue. For the current quarter under review, this segment recorded a revenue of RM277 million, as compared to a total of RM194 million revenue reported in the same corresponding period of preceding year, an increase of 42.8% or RM83 million in value. The increase in revenue was due to the increase in the realised average CPO unit selling price of RM2,148/MT for the current quarter as compared to RM2,074/MT in the same corresponding quarter of preceding year, despite a slight decrease in sales volume traded by 7.4%.

Oleochemicals

Oleochemical division has accounted for 21.8% of the total Group's revenue for current quarter. The revenue has decreased by 0.7% or RM0.5 million in value to RM77.7 million for this quarter. The decrease was mainly due to the decrease in stearic acid's unit selling price by 2.5% for the current quarter under review.

Others

Others segments' results are insignificant to the Group.

16. Comment on Material Change in Loss Before Taxation

3-months ended 30 June 2016 (QTD 2016) Vs 3-months ended 30 June 2015 (QTD 2015)

The Group reported a profit before taxation of RM11.0 million for 3-months ended 30 June 2016 (QTD 2016) as compared to profit of RM12.4 million for 3-months ended 30 June 2015 (QTD 2015), a decrease of RM1.4 million for QTD 2016. The major reasons were mainly attributed to the followings:

- a) increase in profit margin contribution by RM8.4 million in QTD 2016. This was mainly due to increase in the realized average CPO unit selling price in QTD 2016 despite a slight decrease in the sales volume;
- b) increase in fair value gain on investment properties by RM3.8 million in QTD 2016;
- c) net realized foreign exchange gain of RM7.4 million from the USD denominated account balances in QTD 2016 as compared to a loss of RM5.1 million in QTD 2015;
- d) decrease in selling expenses by RM2.4 million in QTD 2016, particularly due to the decrease in sales tax payment to Sabah State Government and freight charges; and off-set by
- e) an impairment of biological assets of RM8.0 million in QTD 2015 (QTD2015: Nil).

12-months ended 30 June 2016 (FYE 2016) Vs 12-months ended 30 June 2015 (FYE 2015)

The Group reported a loss before taxation of RM17.6 million for 12-months ended 30 June 2016 (FYE 2016) compared to a loss of RM69.3 million for 12-months ended 30 June 2015 (FYE 2015). The Group results has improved by RM51.7 million or 74.6%, which were mainly due to the followings:

- a) better profit margin contribution for FYE 2016. This was mainly due to increase in the realized average CPO unit selling price in FYE 2016 despite a slight decrease in the sales volume;
- b) decrease in selling expenses by RM8.5 million in FYE 2016, particularly due to the slight decrease in year-to-date sales volume, hence resulting in the decrease in sales tax payment to Sabah State Government and freight charges;

16. Comment on Material Change in Loss Before Taxation (continued)

12-months ended 30 June 2016 (FYE 2016) Vs 12-months ended 30 June 2015 (FYE 2015)
(continued)

- c) increase in other operating income by RM7.7 million in FYE 2016, particularly due to the increase in fair value gain on investment properties by RM3.8 million during the year;
- d) lower administrative expenses in FYE 2016 as compared to FYE 2015. This was particularly due to the followings:
 - (i) net fair value loss on derivative financial instruments was RM5.3 million for FYE 2016, which has improved by RM8.5 million as compared to a loss of RM13.8 million for FYE 2015, despite the Ringgit Malaysia has weakened over FYE 2016 under review;
 - (ii) impairment loss on biological assets of RM8.0 million was provided for FYE 2016 as compared to a loss on plant and equipment of RM12 million in FYE 2015.

Excluding the depreciation and impairment on property, plant and equipment, net foreign exchange losses, fair value gains and losses in derivatives and fair value adjustments for investment properties, the Group had an underlying profit before tax of RM28.0 million for FYE 2016 as compared to RM0.9 million for FYE 2015, an improvement of RM27.1 million.

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>30.6.2016</i>	<i>30.6.2015</i>	<i>30.6.2016</i>	<i>30.6.2015</i>
		<i>(Audited)</i>		<i>(Audited)</i>
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Allowance on receivables	-	(969)	(132)	(969)
Amortisation of land use rights	(475)	(418)	(475)	(418)
Interest income	246	760	1,263	2,054
Interest expense	(7,974)	(7,379)	(33,267)	(32,295)
Gain on disposal of property, plant & equipment	4	432	196	871
Gain on disposal of investment property	-	-	7	341
Depreciation on property, plant & equipment	(7,651)	(7,514)	(38,351)	(37,041)
Realised foreign exchange gain/(loss)	7,444	(5,079)	(29,989)	(8,514)
Unrealised foreign exchange (loss)/gain	(16,926)	4,701	(14,382)	(24,075)
Reversal of impairment allowance on other receivables	15	-	15	4,608
Property, plant & equipment written off	-	(1)	(1)	(1)
Impairment loss of property, plant & equipment	-	4,836	-	(11,907)
Impairment loss of biological assets	(7,971)	-	(7,971)	-
Net gain from fair value adjustment of investment properties	13,406	9,093	13,406	9,093
Net fair value (loss)/gain on derivative financial instruments	(9,905)	(3,794)	(5,317)	(17,764)

18. Commentary on Prospects

CPO prices started to rebound and expected to reach RM2,700 per metric tonne in the second half of 2016 and increased in the output of the FFB productions is the expected. Plantation segment is expected to contribute significantly to the Group's results should the price and production forecast materialize.

The management was also of the view that the volatility in exchange rate for Ringgit will continue to affect the net non-cash flow foreign exchange gain/loss arising mainly from our medium to long term US Dollar denominated borrowings as well as the fair value gain/loss on derivative financial instruments. Whilst the uncertainty of the global economy and the volatility of foreign exchange rates and CPO prices prevail, Kwantas continues to mitigate risk in order to ensure the Group continues to move forward

China operations remained challenging with its uncertain market condition ahead. The Group's oleochemical plants in Zhangjiagang were running at almost full capacity with an average extraction rate of 95%. However, timely purchase of imported raw material was the key to profit margin due to fluctuation of the market prices of palm oil products. In general, the outlook for fatty acid market in China remained promising and it should contribute positively to the Group's results in the future.

The Group has continued its effort in its assets rationalization measures in order to reduce the Group's borrowings so as to improve its overall financial position and liquidity.

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>30.6.2016</i>	<i>30.6.2015</i>	<i>30.6.2016</i>	<i>30.06.2015</i>
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Current income tax:				
- Malaysian income tax	(4,402)	(239)	(7,980)	(9,689)
Deferred tax	(2,030)	8,400	470	9,650
Total income tax expense	(6,432)	8,161	(7,510)	(39)

The effective tax rate for the current quarter 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 25 August 2016.

22. Retained Earnings

The breakdown of retained profits of the Group as at 30 June 2016 is as follows:

	<i>As at 30.6.2016 RM'000</i>	<i>As at 30.6.2015 RM'000 (Audited)</i>
Total retained earnings of the Company and its subsidiaries:		
- Realised	434,410	485,217
- Unrealised	(85,878)	(87,637)
	<u>348,532</u>	<u>397,580</u>
Less: Consolidation adjustments	(209,657)	(234,738)
Total Group retained earnings as per consolidated accounts	<u>138,875</u>	<u>162,842</u>

23. Cash and cash equivalents

Cash and bank balances	64,844	42,025
Short-term deposits with licensed banks	3,000	13,367
	<u>67,844</u>	<u>55,392</u>
Less: Short-term deposits pledged with licensed banks for bank facilities	-	(5,067)
Cash and cash equivalents	<u>67,844</u>	<u>50,325</u>

24. Borrowings

Short term borrowings		
- Secured	154,771	150,236
- Unsecured	308,794	245,095
	<u>463,565</u>	<u>395,331</u>
Long term borrowings		
- Secured	209,456	284,660
Total borrowings	<u>673,021</u>	<u>679,991</u>

Borrowings denominated in foreign currency:

	USD '000	RMB '000	RM'000 equivalent
United States Dollars	53,313	-	214,453
Renminbi	-	128,533	77,969
Total	<u>53,313</u>	<u>128,533</u>	<u>292,422</u>

A letter of indulgence for non-compliance with the current ratio of not less than 1.0 time requirement pursuant to a condition of a loan had been obtained from a bank for the Group's long term borrowings of RM214,453,266 (2015: RM262,813,237) up to the period 30 June 2016. A further request for indulgence covering period subsequent to 30 June 2016 had been made and pending approval from the bank.

25. Derivative Financial Instruments

As at 30 June 2016, the values and maturity analysis of the outstanding derivatives are as follows:

	Contract/Notional Amount RM '000	Fair Value Gain/(Loss) RM '000
i) Forward Currency Contracts - Less than 1 year	1,293	1,003
ii) Cross Currency Swap Contracts - 1 year to 3 years	21,495	(6,911)
iii) Commodity Swap Contracts - Less than 1 year	66	591

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 and commodity swap contracts to manage the financial risk exposures related to borrowings and revenue respectively.

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 2016, 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 Writ of Summons dated 27 June 2014 was filed by Inno Integrasi Sdn. Bhd. (Plaintiff) and served to Kwantas Oil Sdn Bhd (KOSB), a wholly-owned subsidiary of the Company, whereby the plaintiff claimed for loss of profit approximately RM66.9 million for the alleged breached/repudiation of agreements entered by plaintiff and KOSB to the supply of organic palm wastes together with KOSB's leased to the plaintiff, and in return, plaintiff will 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 applied for summary judgement and hearing began on 13.8.2015. On 18 January 2016, the Court has dismissed the Summary Judgement application on this case. The Court will fix a date for hearing/trial.

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 2016.

28. Earnings/(Loss) Per Share

(a) Basic

Basic earnings/(loss) per share amounts are calculated by dividing profit/(loss) 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>30.6.2016</i>	<i>30.6.2015</i> <i>(Audited)</i>	<i>30.6.2016</i>	<i>30.6.2015</i> <i>(Audited)</i>
Profit/(Loss) for the period/year attributable to owners of the Company (RM'000)	5,278	21,132	(23,967)	(68,218)
Weighted average number of ordinary shares in issue ('000)	311,678	311,678	311,678	311,678
Basic earnings/(loss) per share (sen)	1.69	6.78	(7.69)	(21.89)

(b) Diluted

There is no dilution in the earnings per share of the current and previous period/year end as there are no dilutive potential ordinary shares outstanding at the end of the reporting period.

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 2016.