



CHUAN HUAT RESOURCES BERHAD
(290729-W)

Condensed Consolidated Financial Statements
For the Quarter and Twelve Months Ended
31 December 2015

CHUAN HUAT RESOURCES BERHADCompany No. 290729-W
(Incorporated in Malaysia)**Condensed Consolidated Statement of Financial Position****As at 31 December 2015**

(The figures below have not been audited)

	Unaudited As at 31/12/15 (RM'000)	Audited As at 31/12/14 (RM'000)
ASSETS		
Non-Current assets		
Property, plant & equipment	172,699	155,309
Investment properties	30,869	31,436
Investments	2,841	2,757
Goodwill	777	777
	<u>207,186</u>	<u>190,279</u>
Current assets		
Inventories	102,844	139,800
Trade & other receivables	163,533	168,220
Cash & cash equivalents	24,730	26,793
	<u>291,107</u>	<u>334,813</u>
TOTAL ASSETS	<u>498,293</u>	<u>525,092</u>
EQUITY AND LIABILITIES		
Share Capital	84,127	83,578
Reserves	168,614	161,210
	<u>252,741</u>	<u>244,788</u>
Non-controlling interest	14,478	14,597
Total equity	<u>267,219</u>	<u>259,385</u>
Non-current liabilities		
Borrowings	19,162	20,272
Deferred tax liabilities	12,412	14,187
	<u>31,574</u>	<u>34,459</u>
Current liabilities		
Trade & other payables	65,877	45,478
Borrowings	133,604	185,684
Taxation	19	86
	<u>199,500</u>	<u>231,248</u>
Total liabilities	<u>231,074</u>	<u>265,707</u>
TOTAL EQUITY AND LIABILITIES	<u>498,293</u>	<u>525,092</u>
Net assets per share attributable to ordinary equity holders of the parent (RM)	<u>1.50</u>	<u>1.46</u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying Notes to the Interim Financial Report and the audited financial statements of the Company for the financial year ended 31 December 2014

CHUAN HUAT RESOURCES BERHADCompany No. 290729-W
(Incorporated in Malaysia)
Condensed Consolidated Statement of Comprehensive Income
For the Quarter and Twelve months ended 31 December 2015
 (The figures below have not been audited)

	Individual quarter		Cumulative quarter	
	31/12/15 (RM'000)	31/12/14 (RM'000)	31/12/15 (RM'000)	31/12/14 (RM'000)
Revenue	149,193	181,828	663,131	708,732
Operating expenses	(148,810)	(179,020)	(649,860)	(688,712)
Other income	326	277	3,459	2,445
Operating profit	709	3,085	16,730	22,465
Depreciation and amortisation	(2,051)	(2,075)	(8,215)	(7,944)
Interest expenses	(1,779)	(2,355)	(8,213)	(9,079)
Interest income	395	660	995	1,518
Provision for and write off of receivables	(2)	(59)	(421)	(1,392)
Provision for and write off of inventories	(1,200)	-	(1,488)	(21)
Gain/(loss) on disposal of quoted or unquoted investments or properties	-	30	-	30
Impairment of assets	-	(13)	-	(54)
Foreign exchange gain or loss	(124)	(18)	(326)	(7)
(Loss)/Profit from operation	(4,052)	(745)	(938)	5,516
Fair value gain on investment properties	-	-	-	18,678
(Loss)/Profit before tax	(4,052)	(745)	(938)	24,194
Taxation	1,385	(83)	(623)	(2,221)
(Loss)/Profit for the period	(2,667)	(828)	(1,561)	21,973
Other Comprehensive Income net of tax	-	-	-	-
Total Comprehensive (Loss)/Income for the period	(2,667)	(828)	(1,561)	21,973
(Loss)/Profit attributable to:-				
Owner of the parent	(2,476)	(904)	(1,513)	21,367
Non-controlling interest	(191)	76	(48)	606
(Loss)/Profit for the period	(2,667)	(828)	(1,561)	21,973
Comprehensive Income attributable to:-				
Owner of the parent	(2,476)	(904)	(1,513)	21,367
Non-controlling interest	(191)	76	(48)	606
Comprehensive (loss)/Income for the period	(2,667)	(828)	(1,561)	21,973
Earnings per share (sen):-				
Basic earnings per share	(1.47)	(0.54)	(0.90)	12.78
Diluted earnings per share	(1.19)	(0.43)	(0.72)	10.23

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying Notes to the Interim Financial Report and the audited financial statements of the Company for the financial year ended 31 December 2014.

CHUAN HUAT RESOURCES BERHAD

Company No. 290729-W
(Incorporated in Malaysia)



Condensed Consolidated Statement of Changes in Equity
For the Twelve months ended 31 December 2015
(The figures below have not been audited)

	Attributable to equity holders of the Company						Total (RM'000)	Minority interests (RM'000)	Total Equity (RM'000)
	Share Capital (RM'000)	Capital Reserve (RM'000)	Warrant Reserve (RM'000)	Exchange Translation Reserve (RM'000)	Revaluation Reserve (RM'000)	Distributable Retained Earnings (RM'000)			
At 1 January 2015	83,578	21,923	566	504	58,943	79,274	244,788	14,597	259,385
Total comprehensive income for the period	-	-	-	172	9,689	(1,513)	8,348	(48)	8,300
Acquisition of additional equity interests in subsidiary company	-	-	-	-	-	-	-	332	332
Increase paid-up capital	549	-	-	-	-	-	549	-	549
Dividend paid	-	-	-	-	-	(944)	(944)	(403)	(1,347)
At 31 Dec 2015	84,127	21,923	566	676	68,632	76,817	252,741	14,478	267,219
At 1 January 2014	83,578	21,923	566	112	-	59,788	165,967	13,968	179,935
Total comprehensive income for the period	-	-	-	392	58,943	21,367	80,702	606	81,308
Acquisition of additional equity interests in subsidiary company	-	-	-	-	-	-	-	23	23
Dividend paid	-	-	-	-	-	(1,881)	(1,881)	-	(1,881)
At 31 Dec 2014	83,578	21,923	566	504	58,943	79,274	244,788	14,597	259,385

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying Notes to the Interim Financial Report and the audited financial statements of the Company for the financial year ended 31 December 2014

CHUAN HUAT RESOURCES BERHADCompany No. 290729-W
(Incorporated in Malaysia)**Condensed Consolidated Statement of Cash Flows
For the Twelve months ended 31 December 2015**

(The figures below have not been audited)

	12 months ended	
	31/12/15 (RM'000)	31/12/14 (RM'000)
Cash flows from operating activities		
Profit before tax from operation	(938)	24,194
Adjustment for non-cash items :-		
Depreciation and amortization	8,215	7,944
Interest expenses	8,213	9,079
Interest income	(995)	(1,518)
Provision for and write off of receivables	421	1,392
Provision for and write off of inventories	1,488	21
Non-cash items	(1,160)	(18,810)
Operating profit before working capital changes	15,244	22,302
Increase in inventories	36,185	(39,599)
Decrease/ (Increase) in receivables	4,353	45,136
(Decrease)/ increase in payables	14,043	(3,253)
Cash generated from operations	69,825	24,586
Interest received	913	1,342
Interest paid	(6,791)	(8,504)
Net tax (paid)/ refund	(905)	(1,205)
Net cash inflow from operating activities	63,042	16,219
Cash flows from investing activities		
Purchase of property, plant and equipment	(9,089)	(7,642)
Purchase of investment and investment properties	-	(20)
Purchase of additional investment in subsidiary company	-	(10)
Proceeds from issuance of shares	904	-
Proceeds from disposal of property, plant and equipment	222	250
Proceeds from disposal of investment properties	108	460
Interest received	82	176
Net cash outflow from investing activities	(7,773)	(6,786)
Cash flows from financing activities		
Net proceeds from /(repayments to) term loans	(108)	14,103
Repayments of finance lease liabilities	(1,303)	(1,021)
Net (repayments to)/ proceeds from short term borrowings	(53,740)	(6,223)
Dividend paid	(1,347)	(1,881)
Interest paid	(1,421)	(575)
(Increased)/ decreased in fixed deposit pledged	(77)	(129)
Net cash (outflow)/ inflow (from)/ to financing activities	(57,996)	4,274
Effects of changes in exchange rates	(172)	13,707
Net increase in cash & cash equivalents	(2,727)	392
Cash & cash equivalents at beginning of the financial year	23,929	9,830
Cash & cash equivalents at end of the financial period	21,030	23,929

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the accompanying Notes to the Interim Financial Report and the audited financial statements of the Company for the financial year ended 31 December 2014.

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED
31 DECEMBER 2015**

1. Basis of Preparation

These interim financial statements of the Group are not audited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards (“MFRS”) 134 – *Interim Financial Reporting* and the applicable disclosure provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2014 which were prepared under the Financial Reporting Standards (“FRS”).

The explanatory notes attached to the 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 31 December 2014.

2. Significant Accounting Policies

The accounting policies and method of computation applied in the interim financial statements are consistent with those used in the preparation of the 2014 Audited Financial Statements except for the adoption of amendments to existing standards that are applicable to the Group for the financial period beginning 1 January 2015 as set out below.

- Amendments to MFRS 119 “Employee Benefits”

Annual Improvements 2010-2012 Cycle

- Amendments to MFRS 2 “Share-based Payment”
- Amendment to MFRS 3 “Business Combinations”
- Amendment to MFRS 8 “Operating Segments”
- Amendment to MRRS 13 “Fair Value Measurement”
- Amendment to MFRS 116 “Property, Plant and Equipment”
- Amendment to MFRS 124 “Related Party Disclosures”

Annual Improvements 2011-2013 Cycle

- Amendments to MFRS 3 “Business Combinations”
- Amendments to MFRS 13 “Fair Value Measurement”
- Amendment to MFRS 140 “Investment Property”

The initial application of the above applicable standards (and its consequential amendments) and interpretations, is not expected to have any material impact on the financial statements of the Group.

2. Significant Accounting Policies (cont'd)

As at the date of authorisation of these interim financial statements, the Group have not made early adoption of the following MFRSs, IC Interpretations and Amendments to MFRSs which have been issued and will be effective for the financial periods as stated below:-

Effective for annual periods beginning on or after 1 January 2016

- MFRS 14 “Regulatory Deferral Accounts”
- Amendments to MFRS 116 and MFRS 138 “Clarification of Acceptable Methods of Depreciation and Amortisation”
- Amendments to MFRS 11 “Accounting for Acquisitions of Interests in Joint Operations”
- Amendments to MFRS 116 and MFRS 141 “Agriculture: Bearer Plants”
- Amendments to MFRS 127 “Equity Method in Separate Financial Statements”
- Amendments to MFRS 10 and MFRS 128 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”
- Amendments to MFRS 10, MFRS 12 and MFRS 128 “Investment Entities: Applying the Consolidation Exception”
- Amendments to MFRS 101 “Disclosure Initiative”

Annual Improvements to MFRSs 2012–2014 Cycle

- Amendments to MFRS 7 “Financial Instruments: Disclosure”
- Amendments to MFRS 119 “Defined Benefits Plans: Employee Contributions”
- Amendments to MFRS 134 “Interim Financial Reporting”

Effective for annual periods beginning on or after 1 January 2017

- MFRS15 “Revenue from Contracts with Customers”

Effective for annual periods beginning on or after 1 January 2018

- MFRS 9 “Financial Instruments (IFRS 9 Financial Instruments as issued by IASB in July 2014)”

The Group plans to apply the abovementioned MFRSs (and its consequential amendments) and Interpretations in the respective annual periods based on their effective dates and applicability.

3. Auditors’ Report in respect of the 2014 Annual Financial Statements

The auditors’ report on the financial statements for the financial year ended 31 December 2014 was not qualified.

4. Seasonality or Cyclicity of Interim Operations

The Group’s performance was not affected by any significant seasonal or cyclical factors in the current quarter under review.

5. Unusual Items affecting Assets, Liabilities, Equity, Net Income or Cash Flows

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group during the quarter and twelve months ended 31 December 2015.

6. Changes in Estimates

There were no changes in estimates that have had a material effect during the quarter and twelve months ended 31 December 2015.

7. Debt and Equity Securities

Exercise of Warrants 2011/2016

During the year, the Company has issued 1,098,454 new ordinary shares of RM0.50 each for cash at RM0.50 each pursuant to the exercise of Warrants 2011/2016 and the total cash proceeds arising from the exercise of Warrants 2011/2016 amounted to RM549,227. The details of the Warrants 2011/2016 exercised are as follows:

Allotment Date	Nos. of Warrants Exercised	Nos. of Shares Allotted	Type of Issue
18 December 2015	6,600	6,600	Exercise of Warrants 2011/2016 at RM0.50 per share
22 December 2015	545,854	545,854	
29 December 2015	546,000	546,000	
Total	1,098,454	1,098,454	

As a result of the exercise of the Warrants 2011/2016, the total number of issued and paid up shares of RM0.50 each of the Company has increased from 167,156,266 shares to 168,254,720 shares. The shares arising from the exercise of Warrants 2011/2016 shall rank pari passu in all respect with the existing ordinary shares of the Company, save and except that the new shares shall not be entitled to any dividends, rights, allotments and/or distributions, unless the exercise of warrants is effected before the book closure of the share registers for the determination of the entitlement to such dividends, rights or distributions.

Pursuant to the Notice to Warrant Holders in relation to the expiry and final exercise of the Warrants 2011/2016 dated 4 December 2015, Warrants 2011/2016 will expire on 6 January 2016. After the expiry date, total number of Warrants 2011/2016 not exercised and has lapsed was 40,275,478.

8. Dividends Paid

	3 months ended		12 months ended	
	31/12/15	31/12/14	31/12/15	31/12/14
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Ordinary shares				
<u>First and Final dividend paid</u>				
[YE2014- Single Tier Exempt Dividend of 0.565 sen per Ordinary shares (50 sen)]	-	-	944	-
<u>First and Final dividend paid</u>				
[YE2013- Single Tier Exempt Dividend of 1.125 sen per Ordinary shares (50 sen)]	-	-	-	1,881
	-	-	944	1,881

CHUAN HUAT RESOURCES BERHADCompany No. 290729-W
(Incorporated in Malaysia)**9. Segment Information**

	3 months ended		12 months ended	
	31/12/15	31/12/14	31/12/15	31/12/14
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
<u>Segment Revenue</u>				
Trading of hardware & building materials	155,689	224,473	733,271	867,700
Trading of IT related products	11,840	18,233	52,654	74,222
Others	453	469	1,783	2,058
Total revenue including inter-segment sales	167,982	243,175	787,708	943,980
Elimination of inter segment sales	(18,789)	(61,347)	(124,577)	(235,248)
Total revenue	149,193	181,828	663,131	708,732
<u>Profit/ (loss) from operations</u>				
Trading of hardware & building materials	205	3,570	15,914	21,960
Trading of IT related products	105	387	462	1,370
Others	399	(872)	354	(865)
Total Operating Profit	709	3,085	16,730	22,465
<u>Profit/ (loss) before taxation</u>				
Trading of hardware & building materials	(3,863)	218	458	6,672
Trading of IT related products	3	213	(400)	656
Others	(192)	(1,176)	(996)	(1,812)
Fair value gain on investment properties	-	-	-	18,678
Total (Loss)/Profit before taxation	(4,052)	(745)	(938)	24,194

10. Carrying Amount of Revalued Assets

There were no revaluation of property, plant and equipment brought forward from the previous audited financial statements as the Group did not adopt a revaluation on its property, plant and equipment.

11. Material Events Subsequent to the Balance Sheet Date

There were no material events which occurred subsequent to the balance sheet date until the date of this announcement.

12. Changes in Composition of the Group

The changes in the composition of the Group during the quarter and six months ended 30 June 2015 and up to the date of this Interim Financial Report is as follows:-

- (a) The Company through a subsidiary company, Keyline Consulting Sdn. Bhd. ("Keyline") had on 28 March 2015 entered into Shareholders' Agreement with Swees-Tech Global Pte.Ltd. ("STG") for the setup of a Joint-Venture company CH Sweestech Door Sdn Bhd ("CHSD") for the strategic alliance between the parties to design, manufacture, market and development of Fire Rated Doors and other related products in Malaysia. Subsequently, Keyline had on 14 April 2015 acquired 2 Ordinary Shares of RM1.00 each and further subscribed for 74,998 new Ordinary Shares of RM1.00 each and on 15 December 2015 subscribed for an additional 675,000 new Ordinary Shares of RM1.00 each in CHSD. Keyline now holds a total of 750,000 Ordinary Shares of RM1.00 each in CHSD which represents seventy-five percent (75%) of the total issued and paid-up share capital of CHSD of RM1,000,000. Subsequent to the above, CHSD is a subsidiary of Keyline and CHRB,

13. Contingent Liabilities/Contingent Assets

	31/12/15 (RM'000)	31/12/14 (RM'000)	Changes (RM'000)
Corporate guarantees in respect of Banking facilities granted to subsidiary Companies	302,792	302,792	-
Corporate guarantees in respect of the Supply of goods to subsidiary companies	72,400	64,400	8,000

14. Capital Commitments

The Group has commitments as follows:

	31/12/15 (RM'000)	31/12/14 (RM'000)	Changes (RM'000)
Capital expenditure approved and contracted for	4,036	1,065	2,971

15. Related Party Transactions

The related parties of the Group and of the Company comprise the following:

Related companies being subsidiary companies of Chuan Huat Resources Berhad (CHRB) are as follow:-

- i) Chuan Huat Metal Sdn Bhd (CHM), a 80% owned subsidiary
- ii) Pineapple Resources Berhad, a 63.85% owned subsidiary and it's subsidiary companies (PRB Group)
- iii) Keyline Consulting Sdn Bhd (KLC), a 70% owned subsidiary
- iv) CHRB Building Materials Sdn Bhd (CHRB BM), a 60% owned subsidiary
- v) CHRB Trading Sdn Bhd (CHRB Trading), a 55% owned subsidiary
- vi) CH Sweestech Door Sdn Bhd ("CHSD"), a 52.5% owned subsidiary

Other related parties being an associated company of the Chuan Huat Resources Berhad Group of companies and companies in which Directors of the Company and Directors of subsidiary companies have an interest.

The significant related party transactions are as follows:

	12 months ended 31/12/15 (RM'000)	12 months ended 31/12/14 (RM'000)
a) Sale of goods to		
i) <u>Other related parties</u>		
Ahmad Zaki Sdn Bhd	5,665	13,299
ii) <u>Subsidiaries</u>		
CHM	6,100	3,005
CHRB BM	1,173	3,954
CHRB Trading	-	374
KLC	2	-
CHSD	8	-
b) Purchase of goods from		
i) <u>Other related parties</u>		
Amalgamated Industrial Steel Berhad	512	1,124
AIS Manufacturing Sdn Bhd	647	-
ii) <u>Subsidiaries</u>		
KLC	2,077	1,922
CHM	368	469
CHRB BM	-	661
i) <u>Subsidiaries</u>		
Rental income received from subsidiaries	273	291
Security, water & electricity charges received from subsidiaries	48	48
Management fee and incentive received from subsidiaries	76	82
Interest expenses	44	7

Ahmad Zaki Sdn Bhd is a company in which Dato' Sri Haji Wan Zaki bin Haji Wan Muda, a Director of a subsidiary of the Company and has a substantial financial interest.

Amalgamated Industrial Steel Berhad is a company in which CHRB had 7.33% indirect interest through a 100% owned subsidiary, Chuan Huat Hardware Holdings Sdn Bhd.

In the opinion of the Directors, the above related party transactions have been entered into in the normal course of business and have been established under terms that are no more favourable than those arranged with independent third parties.

15. Cash and Cash Equivalents

	12 months ended	
	31/12/15	31/12/14
	(RM'000)	(RM'000)
Fixed deposit with a licensed bank	1,170	2,404
Cash and bank balances	23,560	24,389
Bank overdraft	(2,770)	(2,010)
	<u>21,960</u>	<u>24,783</u>
Less : Fixed Deposits pledged	(930)	(854)
	<u>21,030</u>	<u>23,929</u>

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16. Review of Performance

The Group's revenue for the fourth quarter ended 31 December 2015 decreased by approximately 17.95% to RM149.193 million while for the twelve (12) months financial year ended 31 December 2015, it decreased by approximately 6.43% to RM663.131 million as compared to the corresponding period of the preceding year ended 31 December 2014.

The Group recorded Loss Before Tax of RM4.052 million for the fourth quarter and Loss Before Tax of RM0.938 million for the twelve (12) months financial year ended 31 December 2015 compared to a Loss Before Tax of RM0.745 million and Profit Before Tax of RM24.194 million in corresponding financial period the preceding year.

The details of the performance of the various segments are as follows:

	3 months ended			12 months ended		
	31.12.15	31.12.14	Change	31.12.15	31.12.14	Change
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue						
Trading of hardware & building materials	137,661	168,700	-18.40	614,960	657,878	-6.52
Trading of IT related products	11,265	12,837	-12.25	47,117	49,494	-4.80
Others	267	291	-8.25	1,054	1,360	-22.50
Total	149,193	181,828	-17.95	663,131	708,732	-6.43
Profit / (Loss) before taxation						
Trading of hardware & building materials	(3,863)	218	-1,872.02	458	6,672	-93.14
Trading of IT related products	3	213	-98.59	(400)	656	-160.98
Others	(192)	(1,176)	-83.67	(996)	(1,812)	-45.03
	(4,052)	(745)	-443.89	(938)	5,516	-117.00
Fair value gain on investment property	-	-	-	-	18,678	-
Total	(4,052)	(745)	-443.89	(938)	24,194	-103.88

The reasons for the changes in the various sectors are as follows:-

(i) Trading of hardware & building materials

The decrease in revenue for the fourth quarter and twelve (12) months financial year ended 31 December 2015 was mainly due to slow down in construction and property market.

The division incurred a Loss Before Tax of RM3.863 million in the current quarter and Profit Before Tax of RM0.458 million for the twelve (12) months financial year ended 31 December 2015. This was due to decrease in revenue, increase of cost of sales as a result of unfavorable foreign exchange and impairment loss of inventory.

17. Review of Performance (cont'd)

(ii) Trading of IT related products

The decrease in revenue for the fourth quarter and twelve (12) months financial year ended 31 December 2015 was mainly due to the impact of GST on the domestic consumer market during the period under review.

Hence, the division incurred a Loss Before Tax of RM0.400 million for the twelve (12) months financial year ended 31 December 2015.

(iii) Others

Despite decrease in revenue, the division reported a lower Loss Before Tax for the fourth quarter and twelve (12) months financial year ended 31 December 2015. This was mainly due to lower operating expenses.

18. Material changes in profit before taxation against preceding quarter

The Group recorded a Loss Before Tax of RM4.052 million for the current quarter compared to Loss Before Tax of RM1.063 million in the immediate preceding quarter ended 30 September 2015. The detailed analysis by business segment are as follow:

	Individual Quarter 3 months ended		Change %
	31/12/15 (RM'000)	30/09/15 (RM'000)	
Revenue			
Trading of hardware & building Materials	137,661	141,860	-2.96
Trading of IT related products	11,265	9,235	21.98
Others	267	261	2.30
Total	149,193	151,356	-1.43
Profit / (Loss) before taxation			
Trading of hardware & building Materials	(3,863)	(603)	-540.63
Trading of IT related products	3	(234)	101.28
Others	(192)	(226)	-15.04
Total	(4,052)	(1,063)	-281.19

The reasons for the changes in the various sectors are as follows:-

(i) Trading of hardware & building materials

The division recorded Loss Before Tax ("LBT") of RM3.863 million for the fourth quarter ended 31 December 2015. This was largely due to increase of cost of sales as a result of unfavorable foreign exchange and impairment loss of inventory during the quarter under review.

(ii) Trading of IT related products

The division recorded a Profit Before Tax ("PBT") of RM3,000 for the fourth quarter ended 31 December 2015. This was due to increase in revenue by additional AEON members' day special offers during the quarter under review.

(iii) Others

The division recorded a lower Loss Before Tax ("LBT") of RM192,000 for the fourth quarter ended 31 December 2015 mainly due to lower operating expenses.

19. Commentary on Prospects

The overall economy is facing a lot of uncertainties due to a few major factors especially post GST 2015, the declining oil prices and a volatile currency exchange rates. Consumer spending is expected to slow down.

Although the property market is expected to slow down, the construction of infrastructure projects such as the Mass Rapid Transit (MRT) – 3rd line and Light Rail Transit (LRT) extensions should be able to sustain the industry.

The Group's Information Technology division is also expecting similar slowdown in the overall retail market post GST 2015. However, the Group will focus to increase the revenue through the e-commerce division.

Barring any unforeseen circumstances the Board expects the current financial performance to improve.

20. Profit Forecast and Profit Guarantee

The Group is not subject to any profit forecast or profit guarantee requirements.

21. Income Tax Expenses

	3 months ended		12 months ended	
	31/12/15 (RM'000)	31/12/14 (RM'000)	31/12/15 (RM'000)	31/12/14 (RM'000)
Malaysia income tax				
- current	(153)	470	1,193	2,655
- under/ (over) provision in prior years	-	(116)	(47)	(248)
	(153)	354	1,146	2,407
Deferred taxation	(1,232)	(271)	(523)	(186)
TOTAL	(1,385)	83	623	2,221

The effective tax rate for the financial year ended 31 December 2015 and 31 December 2014 are not reflective of the statutory tax rate mainly due to the losses of certain subsidiaries which cannot be set off against taxable profits made by other subsidiaries, and certain expenses which are not deductible for tax purposes.

22. Corporate Proposals

The Group does not have any corporate proposals announced but not completed as at the date of this report.

23. Borrowings

	12 months ended	
	31/12/15 (RM'000)	31/12/14 (RM'000)
<u>Short Term</u>		
Bank overdrafts (unsecured)	2,770	2,010
Bills payable (unsecured)	125,352	178,192
Finance lease liabilities	1,047	1,188
Term loans (amount payable within 12 months)	4,435	4,294
	<u>133,604</u>	<u>185,684</u>
<u>Long Term</u>		
Finance lease liabilities	3,179	3,282
Less : amount payable within 12 months	(1,047)	(1,188)
	<u>2,132</u>	<u>2,094</u>
Term Loans (secured)	21,465	22,472
Less : amount payable within 12 months	(4,435)	(4,294)
	<u>17,030</u>	<u>18,178</u>
	<u>19,162</u>	<u>20,272</u>

24. Realised and Unrealised Profits / (Losses)

	As at	As at
	31/12/15 (RM'000)	31/12/14 (RM'000)
Total retained earnings of the Company and its subsidiaries:		
- Realised	67,070	75,198
- Unrealised	9,747	4,376
	<u>76,817</u>	<u>79,574</u>
Consolidation adjustments	-	(300)
Retained earnings as per statements of financial positions	<u>76,817</u>	<u>79,274</u>

25. Off Balance Sheet Financial Instruments

There were no off balance sheet financial instruments as at the date of this report.

26. Changes in Material Litigation

As at date of this report, there were no changes in material litigation, including the status of pending material litigation since the last annual balance sheet date of 31 December 2014.

27. Dividends

The Board of Directors had recommended a first and final single tier first and final dividend of 0.565 sen (1.13%) gross per ordinary share (2013: first and final single tier dividend of 1.125 sen (2.25%) gross per ordinary share) and was approved by the shareholders at the Twenty-First Annual General Meeting held on 17 June 2015. The dividend was paid on 12 August 2015.

28. Earnings per share

a. Basic earnings per share

The basic earnings per share is calculated by dividing the profit attributable to owners of the parent for the period by the total number of ordinary shares of the Company in issue for the respective period as follows:

	3 months ended		12 months ended	
	31/12/15 (RM'000)	31/12/14 (RM'000)	31/12/15 (RM'000)	31/12/14 (RM'000)
(Loss)/Profit attributable to the owners of the parent (RM'000)	(2,476)	(904)	(1,513)	21,367
Total number of ordinary shares in issue ('000)	168,255	167,156	168,255	167,156
Basic earnings per share (sen)	(1.47)	(0.54)	(0.90)	12.78

b. Diluted earnings per share

The diluted earnings per share is calculated by dividing the profit attributable to owners of the parent for the period by the total number of ordinary shares of the Company in issue adjusted for the effects of dilutive potential ordinary shares for the respective period as follows:

	3 months ended		12 months ended	
	31/12/15 (RM'000)	31/12/14 (RM'000)	31/12/15 (RM'000)	31/12/14 (RM'000)
(Loss)/Profit attributable to the owners of the parent (RM'000)	(2,476)	(904)	(1,513)	21,367
Total number of ordinary shares in issue ('000)	168,255	167,156	168,255	167,156
Effects of dilution for Warrants ('000)	40,690	41,789	40,690	41,789
Adjusted number of ordinary shares in issue applicable to diluted earnings per share ('000)	208,945	208,945	208,945	208,945
Diluted earnings per share (sen)	(1.19)	(0.43)	(0.72)	10.23

29. Authorisation for Issue

This interim financial statement were authorised for issue by the Board of Directors in accordance with a resolution of the Directors.

BY ORDER OF THE BOARD

DATO' LIM LOONG HENG
DEPUTY MANAGING DIRECTOR

Date: 26 February 2016