

GREENYIELD BERHAD

(Company No. 582216-T)

(Incorporated in Malaysia)

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income for the second quarter ended 31 January 2018

(The figures have not been audited)

	Individual Quarter		Cumulative Quarter	
	3 months ended		6 months ended	
	31 January		31 January	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Revenue	11,076	8,854	20,341	15,560
Cost of sales	(7,499)	(5,570)	(14,655)	(10,155)
Gross profit	3,577	3,284	5,686	5,405
Other operating income	(194)	632	(59)	939
Distribution expenses	(200)	(79)	(665)	(119)
Administrative expenses	(2,399)	(2,355)	(4,398)	(4,303)
Other operating expenses	(136)	(132)	(327)	(255)
Profit/(Loss) from operations	648	1,350	237	1,667
Finance costs	(184)	(121)	(367)	(238)
Interest income	32	42	60	71
Operating profit/(loss)	496	1,271	(70)	1,500
Share of profit/(loss) in associates, net of tax	(34)	50	(34)	20
Profit/(Loss) before taxation	462	1,321	(104)	1,520
Income tax expense	2	(309)	-	(484)
Net profit/(loss) for the period	464	1,012	(104)	1,036
Other comprehensive income for the period	(61)	(125)	(83)	(12)
Total comprehensive income/(loss) for the period	403	887	(187)	1,024
Profit/(Loss) attributable to:				
Owners of the company	464	1,012	(104)	1,036
Non-controlling interests	-	-	-	-
Profit/(Loss) for the period	464	1,012	(104)	1,036
Total comprehensive income/(loss) attributable to:				
Owners of the company	403	887	(187)	1,024
Non-controlling interests	-	-	-	-
Total comprehensive income/(loss) for the period	403	887	(187)	1,024

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Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income for the second quarter ended 31 January 2018

(Cont'd)

(The figures have not been audited)

	Individual Quarter		Cumulative Quarter	
	3 months ended		6 months ended	
	31 January		31 January	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Earnings/(loss) per share[^]				
Basic earnings/(loss) per ordinary share (sen)	0.14	0.30	(0.03)	0.31

Note:

[^] Please refer to Note 30 for details of the computations.

The condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 July 2017 and the accompanying explanatory notes attached to the interim financial report.

GREENYIELD BERHAD

(Company No. 582216-T)

(Incorporated in Malaysia)

Condensed Consolidated Statement of Financial Position as at 31 January 2018

(The figures have not been audited)

	As at 31.01.2018 RM'000	Audited As at 31.07.2017 RM'000
Assets		
Property, plant and equipment	32,459	31,272
Intangible assets	65	63
Prepaid lease payments	2,984	3,034
Investment in associates	15,308	15,342
Total non-current assets	<u>50,816</u>	<u>49,711</u>
Inventories	9,472	9,650
Trade, other receivables and prepayments	9,185	6,658
Current tax assets	1,877	2,587
Cash and cash equivalents	6,661	8,867
Total current assets	<u>27,195</u>	<u>27,762</u>
Total assets	<u><u>78,011</u></u>	<u><u>77,473</u></u>
Equity		
Share capital	33,374	33,374
Reserves	341	424
Retained earnings	20,972	22,077
Total equity attributable to owners of the Company	<u>54,687</u>	<u>55,875</u>
Liabilities		
Borrowings	16,057	15,903
Deferred tax liabilities	1,442	1,446
Total non-current liabilities	<u>17,499</u>	<u>17,349</u>
Trade and other payables	4,624	3,115
Borrowings	1,201	1,134
Total current liabilities	<u>5,825</u>	<u>4,249</u>
Total liabilities	<u>23,324</u>	<u>21,598</u>
Total equity and liabilities	<u><u>78,011</u></u>	<u><u>77,473</u></u>
Net Assets per share attributable to Shareholders of the Company (sen)	<u>16.4</u>	<u>16.7</u>

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 July 2017 and the accompanying explanatory notes attached to the interim financial report.

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Condensed Consolidated Statement of Changes in Equity for the second quarter ended 31 January 2018

(The figures have not been audited)

Attributable to shareholders of the Company

	← Non-distributable →		Distributable	
	Share capital	Translation reserve	Retained earnings	Total equity
	RM'000	RM'000	RM'000	RM'000
6 months ended 31 January 2018				
Balance as at 1 August 2017	33,374	424	22,077	55,875
Foreign currency translation differences for foreign operations	-	(83)	-	(83)
Loss for the period	-	-	(104)	(104)
Total comprehensive income for the period	-	(83)	(104)	(187)
Dividends to owners of the Company	-	-	(1,001)	(1,001)
At 31 January 2018	33,374	341	20,972	54,687

6 months ended **31 January 2017**

Balance as at 1 August 2016	33,374	77	23,857	57,308
Foreign currency translation differences for foreign operations	-	(12)	-	(12)
Profit for the period	-	-	1,036	1,036
Total comprehensive income for the period	-	(12)	1,036	1,024
Dividends to owners of the Company	-	-	(2,002)	(2,002)
At 31 January 2017	33,374	65	22,891	56,330

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 July 2017 and the accompanying explanatory notes attached to the interim financial report.

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Condensed Consolidated Statement of Cash Flows for the second quarter ended 31 January 2018

(The figures have not been audited)

	Current period to date 31.01.2018 RM'000	Previous period to date 31.01.2017 RM'000
Cash flows from operating activities		
Profit/(Loss) before taxation	(104)	1,520
Adjustments for:		
Depreciation of property, plant and equipment	896	877
Amortisation of prepaid lease payments	10	16
Amortisation of intangible assets	7	3
Interest income	(60)	(71)
Unrealised foreign exchange gain	-	(309)
Finance costs	367	238
Gain/(Loss) disposal of Property, plant and equipment	(17)	-
Property, plant and equipment written off	2	-
Share of (profit)/loss in associates	34	(20)
Operating profit before working capital changes	1,135	2,254
Changes in working capital:		
Inventories	173	936
Receivables, deposits and prepayments	(2,999)	(789)
Payables and accruals	1,508	(3,192)
Cash used in operations	(183)	(791)
Interest paid	-	(18)
Tax paid	(575)	(655)
Tax refund	1,271	179
Net cash used in operating activities	513	(1,285)
Cash flows for investing activities		
Acquisition of property, plant and equipment	(1,053)	(466)
Acquisition of intangible assets	(10)	-
Acquisition of prepaid lease payment	-	(7)
Proceeds from disposal of property, plant and equipment	30	-
Investment in associates	-	(321)
(Increase)/decrease in pledged deposits placed with licensed banks	(28)	(30)
Interest received	60	71
Net cash used in investing activities	(1,001)	(753)

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Condensed Consolidated Statement of Cash Flows for the second quarter ended 31 January 2018

(Cont'd)

(The figures have not been audited)

	Current period to date 31.01.2018 RM'000	Previous period to date 31.01.2017 RM'000
Cash flows for financing activities		
Proceeds from/(Repayment of) term loans (net)	(149)	(107)
Repayment of finance lease liabilities (net)	(73)	(135)
Interest paid	(461)	(231)
Dividend paid	(1,001)	(2,002)
Net cash used in financing activities	(1,684)	(2,475)
Net decrease in cash and cash equivalents	(2,172)	(4,513)
Effect of exchange rate fluctuation on cash & cash equivalents	(62)	30
Cash and cash equivalents at beginning of the period	6,786	10,770
Cash and cash equivalents at end of the period	4,552	6,287
	Current period to date 31.01.2018 RM'000	Previous period to date 31.01.2017 RM'000
Cash and cash equivalents comprise of:		
Deposits with licensed banks	2,119	2,048
Cash and bank balances	4,542	6,278
	6,661	8,326
Less: Deposits pledged	(2,109)	(2,039)
	4,552	6,287

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 July 2017 and the accompanying explanatory notes attached to the interim financial report.

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Notes to the Condensed Consolidated Interim Financial Statements

1. Basis of preparation

The interim financial report is unaudited and has been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”), International Financial Reporting Standards (“IFRSs”) and the requirements of the Companies Act, 2016 in Malaysia.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 July 2017. These explanatory notes 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 year ended 31 July 2017.

2. Significant accounting policies

The significant accounting policies adopted in preparing these condensed consolidated financial statements are consistent with those in the audited financial statements for the year ended 31 July 2017.

The following accounting standards, amendments and interpretations have been issued by the Malaysian Accounting Standards Board (“MASB”) but have not been adopted by the Group:

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2017

- Amendments to MFRS 12, Disclosure of Interests in Other Entities (under Annual Improvements to MFRS Standards 2014-2016 Cycle)
- Amendments to MFRS 107, Statement of Cash Flows: Disclosure Initiative
- Amendments to MFRS 112, Recognition of Deferred Tax Assets for Unrealised Losses

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018

- Amendments to MFRS 1, *First-Time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2014-2016 Cycle)*
- Amendments to MFRS 128, *Investment in Associates and Joint Ventures (Annual Improvements 2014-2016 Cycle)*
- Amendments to MFRS 140, *Transfer of Investment Property*
- Amendments to MFRS 4, *Applying MFRS 9 Financial Instruments with MFRS 4: Insurance Contracts*
- Amendments to MFRS 2, *Classification and Measurement of Share-based Payment Transactions*
- MFRS 9, *Financial Instruments*
- MFRS 15, *Revenue from Contracts with Customers*
- MFRS 15, *Classification to MFRS 15*

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Notes to the Condensed Consolidated Interim Financial Statements (Cont'd)

2. Significant accounting policies (Cont'd)

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2019

- MFRS 16, *Leases*

The initial application of the accounting standards, amendments or interpretations are not expected to have any material financial impacts to the financial statements of current period and prior period of the Group except as mentioned below:-

MFRS 9, *Financial Instruments*

MFRS 9 replaces MFRS 139 Financial Instruments: Recognition and Measurement and all previous version of MFRS 9. The new standard introduces extensive requirements and guidance for classification and measurement of financial assets and financial liabilities which fall under the scope of MFRS 9, new “expected credit loss model” under the impairment of financial assets and greater flexibility has been allowed in hedge accounting transactions. Upon adoption of MFRS 9, financial assets will be measured at either fair value or amortised cost.

The adoption of MFRS 9 will result in a change in accounting policy. The Group is currently examining the financial impact of adopting MFRS 9.

MFRS 15, *Revenue from Contracts with Customers*

MFRS 15 replaces the guidance in MFRS 111, Construction Contracts, MFRS 118, Revenue, IC Interpretation 13, Customer Loyalty Programmes, IC Interpretation 15, Agreements for Construction of Real Estate, IC Interpretation 18, Transfers of Assets from Customers and IC Interpretation 131, Revenue – Barter Transactions Involving Advertising Services. Upon adoption of MFRS 15, it is expected that the timing of revenue recognition might be different as compared with current practices.

This standard will come into effect on or after 1 January 2018 with early adoption permitted. The adoption of MFRS 15 will result in a change in accounting policy. The Group is currently assessing the financial impact of adopting MFRS 15.

MFRS 16, *Leases*

MFRS 16 replaces MFRS 117, Leases and all previous version of MFRS 117. This standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions.

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Notes to the Condensed Consolidated Interim Financial Statements (Cont'd)

2. Significant accounting policies (Cont'd)

This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.

This standard will come into effect on or after 1 January 2019 with early adoption permitted, provided MFRS 15, Revenue from Contract with Customers is also applied. The adoption of MFRS 16 will result in a change in accounting policy. The Group is currently assessing the financial impact of adopting MFRS 16.

3. Estimates

There were no material changes to financial estimates made in respect of the current financial period that have been previously announced or disclosed.

4. Operational seasons and cycles

The plantation industry is subject to seasonal and cyclical factors such as weather and commodity prices.

5. Unusual items affecting the assets, liabilities, equity, net income or cash flows

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group for the current financial quarter.

6. Achievement of financial estimates or forecasts

There have been no financial estimates or forecasts previously announced or disclosed in a public document in respect of the current financial quarter.

7. Issuances, cancellations, repurchases, resale and repayments of debt and equity securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities in the Company during the quarter under review.

8. Dividends paid

The Company paid a single tier final dividend of 0.30 sen per ordinary share in respect of the financial year ended 31 July 2017 on 16 January 2018 to shareholders of the Company.

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Notes to the Condensed Consolidated Interim Financial Statements (Cont'd)

9. Operation segments

The Group has two reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and managing strategy. For each of the strategic business units, the Group's Managing Director reviews internal management reports on at least a quarterly basis. The following summary describes the operation in each Group's reportable segments.

- Plantation products Development, manufacturing and marketing of agricultural products and services based on agro-technology.
- Non-plantation products Manufacturing and marketing of plastic-related products.

There are varying levels of integration between reportable segments, namely the plantation products and non-plantation products. This integration includes marketing activities and transfer of raw materials.

Performance is measured on segment revenue that is reviewed by the Group's Managing Director who is the Group's chief operating decision maker. Segment revenue is used to measure performance as management believes that such information is the most relevant in evaluating the results of the segments.

<i>RM('000)</i>	Plantation		Non-Plantation		Eliminations		Consolidated	
<i>For the six months ended 31 January</i>	2018	2017	2018	2017	2018	2017	2018	2017
<i>Business segments</i>								
Revenue from external customers	9,548	7,119	10,793	8,441	-	-	20,341	15,560
Inter-segment revenue	995	1,046	839	899	(1,834)	(1,945)	-	-
Total segment revenue	10,543	8,165	11,632	9,340	(1,834)	(1,945)	20,341	15,560

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Notes to the Condensed Consolidated Interim Financial Statements (Cont'd)

9. Operation segments (Cont'd)

Segment results*	5,686	5,405
Depreciation and amortisation	(913)	(896)
Unallocated income	(59)	939
Unallocated expenses	(4,477)	(3,781)
Operating profit/(loss)	237	1,667
Finance costs	(367)	(238)
Interest income	60	71
Share of profit/(loss) in associates	(34)	20
Tax expenses	-	(484)
Profit/(Loss) for the period	(104)	1,036

* The breakdown of segment results between plantation and non-plantation is not available.

10. Profit for the period

Profit for the period is arrived at after charging:

	Individual Quarter 3 months ended 31 January		Cumulative Quarter 6 months ended 31 January	
	2018	2017	2018	2017
Amortisation of intangible assets	2	2	7	3
Amortisation of prepaid lease payments	5	7	10	16
Depreciation of property, plant and equipment	444	438	896	877
Finance cost	184	121	367	238
Net realised foreign exchange loss	106	-	60	-
Net unrealised foreign exchange loss	242	-	344	-

and after crediting:

Interest income	32	42	60	71
Net realised foreign exchange gain	0	285	42	325
Net unrealised foreign exchange gain	0	175	0	328

11. Property, plant and equipment

The valuations of land and buildings have been brought forward, without amendment from the previous annual report.

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Notes to the Condensed Consolidated Interim Financial Statements (Cont'd)

12. Subsequent events

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

13. Changes in composition of the Group

On 9 February 2018, the Liquidator of Greenyield Plantation Sdn Bhd (In Member's Voluntary Winding-up), a wholly owned subsidiary convened a final meeting to conclude the Member's Voluntary Winding-up. The Return by Liquidator relating to Final meeting was lodged on 9 February 2018 with the Companies Commission of Malaysia and the Official Receiver. Pursuant to Section 272(6) of the Companies Act 1965, on the expiration of 3 months after the lodgement of the Return, Greenyield Plantation Sdn Bhd will be dissolved. This is part of the Group's streamlining exercise to dissolve dormant companies in the Group and will not have any material effect on earnings and net assets of the Group for the financial year ending 31 July 2018.

14. Changes in contingent assets and contingent liabilities

There were no material contingent liabilities or contingent assets as at the date of this report.

15. Related party transactions

There were no material related party transactions for the current quarter.

16. Capital commitments

	As at 31.01.2018 RM'000	As at 31.01.2017 RM'000
Contracted but not provided for		
- property, plant and equipment	<u>33</u>	<u>-</u>

17. Review of Group performance (YTD Q2 FYE 2018 vs. YTD Q2 FYE 2017)

The Group's revenue was RM20.3 million for the current period ended 31 January 2018 compared to RM15.6 million for the comparative period ended 31 January 2017. The increase of 30.1% was a result of higher sales from both plantation and non-plantation products. However, the Group recorded loss before taxation of RM0.1 million compared to profit before taxation of RM1.5 million in the financial period ended 31 January 2017 due to reduced net margin arising from higher operating costs and lower net foreign exchange gains recorded in other operating income and expenses.

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Notes to the Condensed Consolidated Interim Financial Statements (Cont'd)

18. Variation of results against immediate preceding quarter (Q2 FYE 2018 vs. Q1 FYE 2018)

The Group recorded a profit before taxation of RM0.5 million in the current quarter ended 31 January 2018 as compared to loss before taxation of RM0.6 million in the immediate preceding quarter ended 31 October 2017. This was mainly due to improved sales totalling RM11.1 million, against RM9.3 million recorded in the immediate preceding quarter. Sales remain to be mainly export led.

19. Future prospects

The plantation and non-plantation segments performance continue to be influenced by commodity prices and varied consumer sentiments across many geographical regions. In mitigating this, the Group is focusing on product diversification and market penetration strategies, while investing in research and development activities. The Board is cautiously optimistic that the approach undertaken will improve the Group's bottom line in the coming quarters.

20. Variance of actual profit from profit forecast

The Group has not announced or disclosed any profit forecast in public documents.

21. Tax expense

The taxation figures are as follows:

	Individual Quarter		Cumulative Quarter	
	3 months ended		6 months ended	
	31 January		31 January	
	2018	2017	2018	2017
Current tax expense				
Inside Malaysia				
- current financial year	-	309	-	484
Outside Malaysia				
- prior financial year	0	-	(4)	-
Deferred tax expense	(2)	-	(4)	-
	<u>(2)</u>	<u>309</u>	<u>-</u>	<u>484</u>

The effective tax rate of the Group for the current financial period were lower than the statutory tax rate due to the current period losses made by subsidiaries.

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Notes to the Condensed Consolidated Interim Financial Statements (Cont'd)

22. Unquoted investments and properties

There was no purchase or sale of unquoted investments and/or properties for the current quarter.

23. Quoted investments

There was no purchase or disposal of quoted securities for the current quarter.

24. Status of corporate proposals announced but not completed

There were no corporate proposals announced pending completion as at 31 January 2018.

25. Borrowing and debt securities

	As at 31.01.2018 RM'000	As at 31.7.2017 RM'000
Current		
Finance lease liabilities	118	76
Term loans (secured)	1,083	1,058
	<u>1,201</u>	<u>1,134</u>
Non-current		
Finance lease liabilities	361	32
Term loans (secured)	15,696	15,871
	<u>16,057</u>	<u>15,903</u>
	<u>17,258</u>	<u>17,037</u>

All of the Group's borrowings are denominated in Ringgit Malaysia.

26. Off balance sheet financial instruments

As at 22 March 2018, the Group does not have any off balance sheet financial instruments.

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Notes to the Condensed Consolidated Interim Financial Statements (Cont'd)

27. Realised and unrealised profits/(losses)

The breakdown of the retained profits of the Group as at 31 January 2018, into realised and unrealised profits, pursuant to a directive issued by Bursa Securities on 25 March 2010 and 20 December 2010 is as follows:-

	As at 31.01.2018 RM'000	As at 31.07.2017 RM'000
Total retained profits of Greenyield Berhad and its subsidiaries:-		
- Realised	29,142	30,217
- Unrealised	(867)	(861)
	<u>28,275</u>	<u>29,356</u>
Total share of profit from associates:-		
- Realised	(121)	(87)
Less : Consolidated adjustments	<u>(7,182)</u>	<u>(7,192)</u>
Total Group retained profits as per consolidated account	<u>20,972</u>	<u>22,077</u>

28. Material litigation

There was no material litigation which would materially and adversely affect the financial position of the Group for the current quarter under review.

29. Proposed dividend

No dividend has been proposed during the current quarter under review.

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Notes to the Condensed Consolidated Interim Financial Statements (Cont'd)

30. Earnings per ordinary share

(a) *Basic earnings per ordinary share*

The calculation of the basic earnings per share for the current period is based on the net profit attributable to shareholders divided by the number of weighted average number of ordinary shares.

	Individual Quarter		Cumulative Quarter	
	3 months ended		6 months ended	
	31 January		31 January	
	2018	2017	2018	2017
Profit/(Loss) after taxation (RM'000)	464	1,012	(104)	1,036
Number of ordinary shares in issue ('000)	333,740	333,740	333,740	333,740
Basic earnings/(loss) per share (sen)	0.14	0.30	(0.03)	0.31

(b) *Diluted earnings per share*

There are no diluted earnings per share during the current and previous financial year as the Group do not have any convertible financial instruments.

31. Status of utilisation of proceeds

Not applicable as the Group does not have any corporate proposal to raise funds for the period under review.

32. Auditors' report on preceding annual financial statements

The auditors have expressed an unqualified opinion on the Group's statutory financial statements for the year ended 31 July 2017 in their report dated 8 November 2017.

33. Authorisation for issue

The condensed consolidated interim financial statements were authorised for issue by the Board of Directors on 22 March 2018.