



PINEHILL PACIFIC BERHAD

(Company No.: 000222-D)

CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE PERIOD ENDED 31 MAR 2018

	Note	CURRENT QUARTER 3 Months Ended		CUMULATIVE QUARTER 9 Months Ended	
		31/03/2018	31/03/2017	31/03/2018	31/03/2017
		RM'000	RM'000	RM'000	RM'000
Revenue	8	4,967	6,677	19,565	20,636
Cost of sales		(8,202)	(8,028)	(25,868)	(28,716)
Gross profit		(3,235)	(1,351)	(6,303)	(8,080)
Distribution costs		(86)	(73)	(308)	(246)
Administration expenses		(1,626)	(1,738)	(5,283)	(5,865)
Other operating income		28	(7)	37	2
Profit/(Loss) before interest & tax		(4,919)	(3,169)	(11,857)	(14,189)
Finance costs		(2,095)	(2,217)	(6,373)	(6,314)
Finance income		1	20	3	21
Profit/(Loss) before tax	8	(7,013)	(5,366)	(18,227)	(20,482)
Taxation	19	(13)	87	(13)	87
Profit/(Loss) for the period		(7,026)	(5,279)	(18,240)	(20,395)
Profit/(Loss) for the period attributable to:					
Owners of the parent		(6,303)	(4,488)	(16,061)	(17,032)
Non-controlling interests		(723)	(791)	(2,179)	(3,363)
		(7,026)	(5,279)	(18,240)	(20,395)
Earning/(loss) per share, attributable to owners of the parent (sen):	28				
Basic		(4.21)	(3.00)	(10.72)	(11.37)

The Condensed Consolidated Income Statements should be read in conjunction with the audited financial statements for the year ended 30 June 2017 and the accompanying explanatory notes attached to the interim financial statements.



PINEHILL PACIFIC BERHAD

(Company No.: 000222-D)

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 MAR 2018

	CURRENT QUARTER 3 Months Ended		CUMULATIVE QUARTER 9 Months Ended	
	31/03/2018	31/03/2017	31/03/2018	31/03/2017
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) for the period	(7,026)	(5,279)	(18,240)	(20,395)
Currency translation difference arising from consolidation (equity portion)	(5,099)	(424)	(11,213)	7,663
Total comprehensive income/(expense) for the period	<u>(12,125)</u>	<u>(5,703)</u>	<u>(29,453)</u>	<u>(12,732)</u>
Total comprehensive income/(expense) attributable to:				
Owners of the parent	(11,915)	(4,955)	(28,359)	(8,881)
Non-controlling interests	(210)	(748)	(1,094)	(3,851)
	<u>(12,125)</u>	<u>(5,703)</u>	<u>(29,453)</u>	<u>(12,732)</u>

The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 30 June 2017 and the accompanying explanatory notes attached to the interim financial statements.



PINEHILL PACIFIC BERHAD

(Company No.: 000222-D)

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MAR 2018

	Note	Unaudited as at 31/03/18 RM'000	Audited as at 30/06/17 RM'000
<u>ASSETS</u>			
Non-current assets			
Property, plant and equipment	9	246,250	258,394
Land use rights		19,588	21,784
Biological assets		113,924	130,072
		379,762	410,250
Current assets			
Inventories		1,073	1,179
Trade receivables		575	995
Other current assets		1,161	1,099
Cash and bank balances		604	3,409
		3,413	6,682
TOTAL ASSETS		383,175	416,932
<u>EQUITY AND LIABILITIES</u>			
Equity attributable to owners of the parent			
Share capital		74,902	74,902
Revaluation reserve		257,771	257,771
Exchange reserve		4,620	16,918
Retained earnings		(238,119)	(222,058)
		99,174	127,533
Non-controlling interests		(3,894)	(2,799)
Total equity		95,280	124,734
Non-current liabilities			
Long-term borrowings		252	360
Deferred tax liabilities		64,431	64,431
Amount due to a former Corporate Shareholder		26,660	26,660
Amount due to a Director		7,632	7,632
		98,975	99,083
Current liabilities			
Trade and other payables		41,549	43,997
Short-term borrowings		126,131	125,599
Current tax payable		20,607	22,927
Amount due to Directors		633	592
		188,920	193,115
Total liabilities		287,895	292,198
TOTAL EQUITY AND LIABILITIES		383,175	416,932
Net assets per share attributable to owners of the parent (RM)		0.66	0.85

The Condensed Consolidated Statements of Financial Position should be read in conjunction with the audited financial statements for the year ended 30 June 2017 and the accompanying explanatory notes attached to the interim financial statements.



PINEHILL PACIFIC BERHAD

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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MAR 2018

	← Equity Attributable to Owners of the Parent →					Non-controlling Interests RM'000	Total Equity RM'000	
	Share Capital RM'000	Share Premium RM'000	Revaluation Reserve RM'000	Exchange Reserve RM'000	Retained Earnings RM'000			Total RM'000
Balance as at 1 July 2017	74,902	-	257,771	16,918	(222,058)	127,533	(2,799)	124,734
Total comprehensive (expense)/income for the period	-	-	-	(12,298)	(16,061)	(28,359)	(1,095)	(29,454)
Balance as at 31 Mar 2018	74,902	-	257,771	4,620	(238,119)	99,174	(3,894)	95,280
Balance as at 1 July 2016	74,902	-	257,771	11,765	(200,342)	144,096	1,448	145,544
period	-	-	-	8,151	(17,033)	(8,882)	(3,851)	(12,733)
Dividend paid by subsidiaries	-	-	-	-	-	-	-	-
Balance as at 31 Mar 2017	74,902	-	257,771	19,916	(217,375)	135,214	(2,403)	132,811

The Condensed Consolidated Statements of Changes In Equity should be read in conjunction with the audited financial statements for the year ended 30 June 2017 and the accompanying explanatory notes attached to the interim financial statements.



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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE PERIOD ENDED 31 MAR 2018

	9 Months Ended	
	31/03/2018 RM'000	31/03/2017 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/Profit before tax	(18,227)	(20,482)
Adjustments for :		
Non-cash items	18,077	19,363
Non-operating items	165	6,328
Operating profit before working capital changes	<u>15</u>	<u>5,209</u>
Working capital changes:-		
Net change in current assets	465	(1,111)
Net change in current liabilities	(230)	11,021
Cash generated from operating activities	<u>250</u>	<u>15,119</u>
Interest income	3	1
Tax paid	<u>(2,333)</u>	<u>(1,700)</u>
Net cash generated from operating activities	<u>(2,080)</u>	<u>13,420</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Other investments	(533)	(528)
Net cash used in investing activities	<u>(533)</u>	<u>(528)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(6,380)	(7,674)
Net repayment of borrowings	400	382
Net cash generated from/(used in) financing activities	<u>(5,980)</u>	<u>(7,292)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	(8,593)	5,600
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	3,409	1,473
EFFECTS OF FOREIGN EXCHANGE RATE CHANGES	5,788	(4,198)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u><u>604</u></u>	<u><u>2,875</u></u>

Cash and cash equivalents at the end of the financial period comprise the following:

	As at 31/03/2018 RM'000	As at 31/03/2017 RM'000
	Cash and bank balances	569
Deposits with licensed banks	35	35
	<u><u>604</u></u>	<u><u>2,875</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 2017 and the accompanying explanatory notes attached to the interim financial statements.



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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MAR 2018

PART A – EXPLANATORY NOTES PURSUANT TO FRS 134

1. Basis of Preparation

The interim financial statements are unaudited and are 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 interim financial statements should be read in conjunction with the audited financial statements for the year ended 30 June 2017. These 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 30 June 2017.

2. Auditor's Report on Preceding Annual Financial Statements

The preceding annual financial statements of the Group as at 30 June 2017 were reported on without any qualification which contained a material uncertainty related to going concern as stipulated in Note 2 in the financial statements as below:

During the last financial year ended 30 June 2017, the Group and the Company incurred a net loss of RM25,705,606 and RM266,478 respectively, and as of that date, the Group's and the Company's current liabilities exceeded its current assets by RM186,433,922 and RM38,883,818 respectively, thereby indicating the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern.

However, it is noted that the loss of the Group was partly attributed to non-cash expenses such as the depreciation of the property, plant and equipment and amortisation of the biological assets approximately RM16,644,366 and RM8,201,506 respectively. It is noted that the Group recorded a positive net cash flow from operating activities of RM3,950,346 for the current quarter year ended 30 June 2017.

The Group had in the past implemented cost cutting measures while improving efficiencies and productivities of the plantation operations. Barring unforeseen circumstances, the cash inflows from its plantations operations are dependent on fluctuation of crude palm oil ("CPO") price and fresh fruit bunch ("FFB") yield.



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2. Auditor's Report on Preceding Annual Financial Statements (con't)

The directors are reasonably optimistic that the financial position of the Group will strengthen in the foreseeable future based on the following factors:

- The Group's oil palm plantation in Indonesia is of a relatively young age with a planted area of 8,985 hectare ("ha"). Oil palm crops generally require at least 3 years, to be matured where the yields are low. Thereafter, the yields will gradually peak on the 7th year of maturity and mature oil palm trees will remain productive for a period of 25 years,
- It is also expected that there will be a growth in demand for food due to the growing world population and the increasing trend of the use of green energy (palm oil biodiesel) will also increase demand for palm oil.
- The Group's Indonesian subsidiaries had obtained the Izin Usaha Perkebunan ("IUP") in year 2010 and are currently in the process of applying to Badan Pertanahan Nasional Indonesia for the Sertifikat Hak Guna Usaha ("HGU") and the lease period of the HGU can be up to 35 years with a renewable term of up to 25 years as per the relevant laws and regulations in the Republic of Indonesia.
- As of 30 June 2017, the Group has 3,191 ha and 8,947 ha of mature oil palms in Malaysia and Indonesia respectively and the maturing of the planted areas in Indonesia will contribute to the growth in FFB production of the Group's plantation.
- The continuing effort of the Group in implementing cost optimization measures whilst improving efficiencies and productivity of the plantation development and operations will improve FFB yields per ha.
- The underlying value of the Group's plantation operations both in Malaysia and Indonesia provide options available for the Company to raise funds through capital market or to realise the assets to strengthen the Group's financial position.
- The financial support of a director and the former corporate shareholder, as and when necessary. The director and the former corporate shareholder in which, the director has interest had provided the financial support to a subsidiary of the Company.

In addition, the Group and the Company have shareholders' equity of RM127,532,628 and RM29,454,638 respectively as at 30 June 2017 and the directors are optimistic that the underlying value of the plantation assets of the Group will be further enhanced with the progress of the plantation assets, thus further strengthening the financial position of the Group and to address any significant doubt on the Group's and the Company's ability in their use of going concern assumption.

Based on the above, the directors are confident that the Group and the Company would be able to strengthen the financial position to meet their liabilities and obligations as and when they fall due. The Group's continuous operation is dependent upon its ability to generate sufficient cash flows as stated above, to obtain favourable support from its creditors and financial support from its shareholders and financier. The Auditors' opinion is not modified in respect of the Statement on that matter.

There were no key audit matters that relate to the material uncertainty related to going concern for the financial year ended 30 Jun 2017.



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3. Seasonal or Cyclical Factors

There was no variation of financial results from the immediate preceding quarter to the current quarter due to seasonal or cyclical factors except for the production of fresh fruit bunches (“FFB”).

4. Unusual Items Affecting Assets, Liabilities, Equity, Net Income Or Cash Flows

There was no unusual nature and amount of items affecting assets, liabilities, equity, net income or cash flows.

5. Changes In Estimates

There were no changes in estimates of amounts reported in prior financial years that have a material effect in the current quarter.

6. Changes In Debt and Equity Securities

There was no issuance and repayment of debts and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares in the current financial period under review.

7. Dividends Paid

There were no dividends paid during the current quarter.

8. Segment Information

The Group’s segment information for the financial period ended 31 Mar 2018 is as follows:

1) Major Business Segments

9 months ended 31 Mar 2018

Group	Plantations RM'000	Investment RM'000	Elimination RM'000	Consolidated RM'000
SEGMENT REVENUE				
External revenue	19,565	0	0	19,565
Inter-segment	0	0	0	0
Total Revenue	19,565	0	0	19,565
SEGMENT RESULTS				
Profit/(Loss) from operations	(11,646)	(208)	0	(11,854)
Finance Costs	(6,373)	0	0	(6,373)
Profit/(Loss) before taxation	(18,019)	(208)	0	(18,227)
Taxation	0	0	0	0
Profit/(Loss) after taxation	(18,019)	(208)	0	(18,227)
FINANCIAL POSITION				
As at 31 Mar 2018				
Total segment assets	421,417	33	(38,275)	383,175
Total segment liabilities	113,820	1,163	172,912	287,895



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8. Segment Information (con't)

1) Major Business Segments (con't)

9 months ended 31 Mar 2017				
Group	Plantations	Investment	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000
SEGMENT REVENUE				
External revenue	20,636	0	0	20,636
Inter-segment	0	0	0	0
Total Revenue	20,636	0	0	20,636
SEGMENT RESULTS				
Profit/(Loss) from operations	(13,957)	(211)	0	(14,168)
Finance Costs	(6,314)	0	0	(6,314)
Profit/(Loss) before taxation	(20,271)	(211)	0	(20,482)
Taxation	0	0	0	0
Profit/(Loss) after taxation	(20,271)	(211)	0	(20,482)
Financial Position				
As at 31 Mar 2017				
Total segment assets	465,026	36	(37,952)	427,110
Total segment liabilities	117,228	1,221	175,850	294,299

2) Geographical Segments

Revenue based on geographical location of the Group's customers is as follows:

Geographical Segments			
	Current Year		Preceding Year
Group	31 Mar 2018		31 Mar 2017
	RM'000		RM'000
Malaysia	19,157		20,578
Indonesia	408		58
Total	19,565		20,636



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9. Valuation of Property, Plant & Equipment

The valuation of property, plant and equipment has been brought forward and without amendment from the previous annual financial statement.

10. Material Events Subsequent To The Interim Period

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

11. Changes In The Composition of the Group

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

12. Contingent Liabilities And Contingent Assets

During the current quarter, the Group's maximum exposure to credit risk is represented by a nominal amount of RM126,682,698 relating to a corporate guarantee provided by the Group to financial institutions for credit facilities granted to a subsidiary.

13. Capital Commitments

There is no capital commitment from the last balance sheet date.

14. Related Party Transactions

There is no related party transaction entered into by the Company and/or its subsidiaries during the financial period to-date.

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

15. Review of Performance

The performance of the Group was mainly contributed by the plantation subsidiaries.

The loss before taxation and non-controlling interests of the plantation subsidiaries for the current quarter were due to the factors as mentioned in note 16.



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16 Comparison With Preceding Quarter Results And Comparison Financial Period Todate

Current Quarter

The Group reported RM7.01 million loss before taxation and non-controlling interests in the current quarter as compared to RM5.24 million loss before taxation and non-controlling interests in the immediate preceding quarter. This is mainly due to lower Fresh Fruits Bunch (“FFB”) production & lower average CPO price by 31 % & 7% respectively.

Year to Date

As compared to corresponding quarter ended 31 Mar 2017, the Group reported RM18.23 million loss before taxation and non-controlling interests for current financial period as compared to RM20.48 million loss in the corresponding period of the last financial year. The improvement of RM2.25 million is mainly contributed from 42% reduction in operating expenses in Indonesia.

17. Current Year Prospect

The average CPO price for the current quarter was RM2,460 per metric tonne, which was lower compared to the average of immediate preceding quarter of RM2,659 per metric tonne. The current CPO price is trading in the region of RM2,380 per metric tonne. The shortage of foreign labours affects the harvesting / production of FFB.

We expect the performance of the Group to be challenging in the coming months until the recruitment of the foreign labours has been optimized.

18. Variance From Profit Forecast And Shortfall In Profit Guarantee

Not applicable since the Group has not committed to any profit forecast and profit guarantee.



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19. Income Tax Expense

Income tax expense comprises the following:

	Current Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	31/03/2018 RM'000	31/03/2017 RM'000	31/03/2018 RM'000	31/03/2017 RM'000
Malaysian taxation:				
Current tax expenses				
Over/(Under) provision in prior years	(13)	87	(13)	87
Total	<u>(13)</u>	<u>87</u>	<u>(13)</u>	<u>87</u>

20. Profit/(Loss) On Sale Of Unquoted Investment And / Or Properties

There is no sale of unquoted investments and/or properties for the current quarter and financial period-to-date.

21. Quoted Securities

There was no purchase or disposal of quoted securities during the current quarter and financial period-to-date.

22. Status of Corporate Proposals

There were no corporate proposals for the current quarter.



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23. Group Borrowings

The borrowings and debt securities of the Group as at the end of the reporting period are as follows:

	As at 31/03/2018 RM'000	As at 30/06/2017 RM'000
<u>Short-term borrowings</u>		
Secured		
Denominated in Ringgit Malaysia	126,131	125,599
<u>Long-term borrowings</u>		
Secured		
Denominated in Ringgit Malaysia	252	360

24. Off Balance Sheet Financial Instruments

There were no financial instruments with off balance sheet risk as at the date of issue of the quarterly report.

25. (Loss)/Profit before tax

	Current Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	31/03/2018 RM'000	31/03/2017 RM'000	31/03/2018 RM'000	31/03/2017 RM'000
Interest Income	(1)	(20)	(3)	(21)
Interest Expenses	2,095	2,217	6,373	6,314
Depreciation and amortisation	5,541	6,636	18,078	19,316

26. Material Litigation

There was no pending material litigation of the Group since the last annual balance sheet date up to the date of this report.



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27. Dividend Payable

No dividend has been recommended or declared for the current quarter.

28. Earnings / (Loss) Per Share

	Current Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	31/03/2018	31/03/2017	31/03/2018	31/03/2017
Basic				
Profit/(Loss) attributable to owners of the parent (RM'000)	<u>(6,303)</u>	<u>(4,488)</u>	<u>(16,061)</u>	<u>(17,032)</u>
Weighted average number of ordinary shares in issue ('000)	<u>149,804</u>	<u>149,804</u>	<u>149,804</u>	<u>149,804</u>
Basic earning/(loss) per share (sen)	<u><u>(4.21)</u></u>	<u><u>(3.00)</u></u>	<u><u>(10.72)</u></u>	<u><u>(11.37)</u></u>

29. Disclosure of Realised and Unrealised Retained Profits/(Accumulated Losses)

	Current Financial Period RM'000	As At The End Of Last Financial Year RM'000
Total accumulated losses of the Company and its subsidiaries:		
- Realised	(189,873)	(193,952)
- Unrealised	<u>(48,246)</u>	<u>(28,106)</u>
	<u><u>(238,119)</u></u>	<u><u>(222,058)</u></u>

30. Authorisation For Issue Off The Interim Financial Statements

The current interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 25 May 2018.