



PINEHILL PACIFIC BERHAD

(Company No.: 000222-D)

CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2019

	Note	CURRENT QUARTER 3 Months Ended		CUMULATIVE QUARTER 12 Months Ended	
		30/06/2019	30/06/2018	30/06/2019	30/06/2018
		RM'000	RM'000 Restated	RM'000	RM'000 Restated
Revenue	9	2,693	4,623	16,483	24,188
Cost of sales		(7,652)	(15,863)	(33,002)	(41,731)
Gross profit		(4,959)	(11,240)	(16,519)	(17,543)
Distribution costs		(69)	(83)	(355)	(390)
Administration expenses		(3,087)	(1,149)	(9,013)	(6,751)
Other operating income		106	107	240	144
Profit/(Loss) before interest & tax		(8,009)	(12,365)	(25,647)	(24,540)
Finance costs		(1,491)	(2,222)	(8,178)	(8,595)
Finance income		1	1	3	3
Profit/(Loss) before tax	9	(9,499)	(14,586)	(33,822)	(33,132)
Taxation	20	1,351	1,711	1,405	1,698
Profit/(Loss) for the period		<u>(8,148)</u>	<u>(12,875)</u>	<u>(32,417)</u>	<u>(31,434)</u>
Profit/(Loss) for the period attributable to:					
Owners of the parent		(7,212)	(10,071)	(29,042)	(26,430)
Non-controlling interests		(936)	(2,804)	(3,375)	(5,004)
		<u>(8,148)</u>	<u>(12,875)</u>	<u>(32,417)</u>	<u>(31,434)</u>
Earning/(loss) per share, attributable to owners of the parent (sen):	29				
Basic		(4.81)	(6.72)	(19.39)	(17.64)

The Condensed Consolidated Income Statements should be read in conjunction with the audited financial statements for the year ended 30 June 2018 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 30 JUNE 2019

	CURRENT QUARTER 3 Months Ended		CUMULATIVE QUARTER 12 Months Ended	
	30/6/2019	30/6/2018	30/6/2019	30/6/2018
	RM'000	RM'000 Restated	RM'000	RM'000 Restated
Profit/(Loss) for the period	(8,149)	(12,875)	(32,417)	(31,434)
Currency translation difference arising from consolidation (equity portion)	1,390	553	(5,520)	(15,278)
Total comprehensive income/(expense) for the period	<u>(6,759)</u>	<u>(12,322)</u>	<u>(37,937)</u>	<u>(46,712)</u>
Total comprehensive income/(expense) attributable to:				
Owners of the parent	(5,557)	(9,629)	(31,167)	(41,750)
Non-controlling interests	(1,202)	(2,703)	(6,770)	(4,962)
	<u>(6,759)</u>	<u>(12,332)</u>	<u>(37,937)</u>	<u>(46,712)</u>

The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 30 June 2018 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 30 JUNE 2019

	Note	Unaudited as at 30/06/19 RM'000	Audited as at 30/06/18 RM'000 Restated	As at 01/01/17 RM'000 Restated
<u>ASSETS</u>				
Non-current assets				
Property, plant and equipment	9	803	242,333	266,578
Land use rights		19,875	19,547	22,492
Biological assets - Bearer Plants		72,932	105,276	137,243
		93,610	367,156	426,313
Current assets				
Inventories		585	840	1,091
Assets held for sale		252,032	-	-
Produce growing on bearer plants		296	603	955
Trade receivables		375	564	943
Other current assets		558	389	2,297
Cash and bank balances		232	1,910	4,305
		254,078	4,306	9,591
TOTAL ASSETS		347,688	371,462	435,904
<u>EQUITY AND LIABILITIES</u>				
Equity attributable to owners of the parent				
Share capital		74,902	74,902	74,902
Revaluation reserve		257,771	257,771	257,771
Exchange reserve		8,108	5,063	20,383
Retained earnings		(276,629)	(247,611)	(211,989)
		64,152	90,125	141,067
Non-controlling interests		(10,418)	(6,560)	(1,598)
Total equity		53,734	83,565	139,469
Non-current liabilities				
Long-term borrowings		131	247	416
Deferred tax liabilities		56,814	59,696	68,780
Amount due to a former Corporate Shareholder		26,660	26,660	26,660
Amount due to a Director		7,632	7,632	7,557
		91,237	94,235	103,413
Current liabilities				
Trade and other payables		51,093	43,736	47,098
Short-term borrowings		126,798	126,281	125,515
Current tax payable		24,126	22,999	19,844
Amount due to Directors		700	646	565
		202,717	193,662	193,022
Total liabilities		293,954	287,897	296,435
TOTAL EQUITY AND LIABILITIES		347,688	371,462	435,904
Net assets per share attributable to owners of the parent (RM)		0.43	0.60	0.94

The Condensed Consolidated Statements of Financial Position should be read in conjunction with the audited financial statements for the year ended 30 June 2018 and the accompanying explanatory notes attached to the interim financial statements.



PINEHILL PACIFIC BERHAD

(Company No.: 000222-D)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2019

<----- Equity Attributable to Owners of the Parent ----->

	<u>Share Capital</u> RM'000	<u>Revaluation Reserve</u> RM'000	<u>Exchange Reserve</u> RM'000	<u>Retained Earnings</u> RM'000	<u>Total</u> RM'000	<u>Non-controlling Interests</u> RM'000	<u>Total Equity</u> RM'000
At 1 January 2018, as previously reported	74,902	257,771	10,233	(231,816)	111,090	(3,684)	107,406
Effect of change in accounting policy (see Note 2)	-	-	-	590	590	36	626
At 1 January 2018, as restated	74,902	257,771	10,233	(231,226)	111,680	(3,648)	108,032
Total comprehensive (expense)/income for the period	-	-	(2,125)	(45,403)	(47,528)	(6,770)	(54,298)
Balance as at 30 June 2019	74,902	257,771	8,108	(276,629)	64,152	(10,418)	53,734
At 1 January 2017, as previously reported	74,902	257,771	20,383	(212,886)	140,170	(1,656)	138,514
Effect of change in accounting policy (see Note 2)	-	-	-	897	897	58	955
At 1 January 2017, as restated	74,902	257,771	20,383	(211,989)	141,067	(1,598)	139,469
Total comprehensive (expense)/income for the period	-	-	(15,320)	(35,622)	(50,942)	(4,962)	(55,904)
Balance as at 30 June 2018	74,902	257,771	5,063	(247,611)	90,125	(6,560)	83,565

The Condensed Consolidated Statements of Changes In Equity should be read in conjunction with the audited financial statements for the year ended 30 June 2018 and the accompanying explanatory notes attached to the interim financial statements.



PINEHILL PACIFIC BERHAD

(Company No.: 000222-D)

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2019

	12 Months Ended	
	30/6/2019 RM'000	30/6/2018 RM'000 Restated
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/Profit before tax	(33,822)	(33,132)
Adjustments for :		
Non-cash items	34,305	32,812
Non-operating items	129	(691)
Operating profit before working capital changes	<u>612</u>	<u>(1,011)</u>
Working capital changes:-		
Net change in current assets	(56)	1,357
Net change in current liabilities	7,799	4,377
Cash generated from operating activities	<u>8,355</u>	<u>4,723</u>
Interest income	3	3
Tax paid	<u>2,533</u>	<u>1,770</u>
Net cash generated from operating activities	<u>10,891</u>	<u>6,496</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Other investments	(355)	(611)
Net cash used in investing activities	<u>(355)</u>	<u>(611)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(6,397)	(6,387)
Drawdown of term loan	515	687
Repayment of hire purchase creditors	<u>(114)</u>	<u>(149)</u>
Net cash generated from/(used in) financing activities	<u>(5,996)</u>	<u>(5,849)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	4,540	36
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	1,910	3,409
EFFECTS OF FOREIGN EXCHANGE RATE CHANGES	<u>(6,218)</u>	<u>(1,535)</u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u>232</u>	<u>1,910</u>

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

	As at 30/6/2019 RM'000	As at 30/6/2018 RM'000
Cash and bank balances	197	1,875
Deposits with licensed banks	35	35
	<u>232</u>	<u>1,910</u>

The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the audited financial statements for the year ended 30 June 2018 and the accompanying explanatory notes attached to the interim financial statements.



PINEHILL PACIFIC BERHAD

(Company No.: 000222-D)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2019

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 2018. 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 2018.

2. Accounting Policies

The financial statements of the Group for the financial period ended 30 Sept 2018 is the first set of financial statements prepared in accordance with the MFRS Framework. The date of transition to the MFRS Framework was on 01 January 2017.

The Group has consistently applied the same accounting policies in its opening MFRS statement of financial position as at 1 January 2017 and throughout all comparable interim periods presented, as if these policies had always been in effect. Comparative information in these unaudited condensed interim financial statements has been restated to give effect to these changes and the financial impact on transition from FRS in Malaysia to MFRS.

Adoption of amendments to MFRS 116 Property, Plant and Equipment and MFRS 141 Agriculture: Bearer Plants

The Group has changed its accounting policy for bearer plants to be in accordance with the accounting requirements of MFRS 116 “Property, Plant and Equipment”. A bearer plant is a living plant that is used in the production and supply of agricultural produce, is expected to bear produce for more than one period, and has remote likelihood of being sold as agriculture produce. Bearer plants are accounted for under MFRS 116 as an item of property, plant and equipment. Agricultural produce growing on bearer plants continue to be measured at fair value less costs to sell under MFRS 141 “Agriculture: Bearer Plants”, with fair value changes recognized in profit or loss as the produce grows.



PINEHILL PACIFIC BERHAD

(Company No.: 000222-D)

2. Accounting Policies (cont')

The Group's bearer plants consist of oil palm trees which the cost includes development expenditure and the plantation infrastructure from land clearing to the point of harvesting. Any replanting costs incurred are capitalized. These costs are currently in plantation development expenditure accounts and are measured at cost less accumulated depreciation based on estimated annual yield over 25 years. Upon adoption of MFRS framework, the net carrying amount of the plantation development expenditure accounts will be reclassified to bearer plants as part of the Group's property, plant and equipment.

Produce growing on bearer plants of the Group comprise of fresh fruit bunches ("FFB") prior to harvest. The management has deliberated on the oil content of such unharvested FFB, which is unripe and concluded that since the oil content of unharvested FFB accrues exponentially up to 15 days prior to harvest, such unharvested FFB more than 15 days are excluded from the valuation as their fair values are considered negligible. The fair value of unharvested FFB is computed based on market approach which takes into consideration the market prices of such unharvested FFB less harvesting, transport and other costs to sell.

The effects of the adoption of transition change in accounting policy on the comparatives are as follows:

		As previously stated under FRSs	Effect of transition from FRs to MFRs	Restated under MFRS
		RM'000	RM'000	RM'000
Condensed Consolidated Income Statement				
Quarter ended 30 Jun 2018				
Other Income		144	-	144
Loss before taxation		(32,801)	(331)	(33,132)
Loss for the financial period		(31,103)	(331)	(31,434)
Profit/(loss) attributable to:				
Equity holders of the Company		(26,120)	(310)	(26,430)
Non-controlling interests		(4,983)	(21)	(5,004)
Profit per share:				
Basic (sen)		(17.44)	(0.21)	(17.64)



PINEHILL PACIFIC BERHAD

(Company No.: 000222-D)

2. Accounting Policies (cont')

		As previously stated under FRSs	Effect of transition from FRs to MFRs	Restated under MFRS
		RM'000	RM'000	RM'000
Condensed Consolidated Statement of Financial Position				
<u>As at 30 June 2018</u>				
Current assets				
Produce growing on bearer plants		-	603	603
Equity				
Reserves		89,557	567.73	90,125
Non-controlling interests		(6,596)	36	(6,560)
Net assets per share (sen)		0.60	0.00	0.60
<u>As at 01 January 2017</u>				
Current assets				
Produce growing on bearer plants		-	955	955
Equity				
Reserves		140,170	897	141,067
Non-controlling interests		(1,656)	58	(1,598)
Net assets per share (sen)		0.94	0.01	0.94

Condensed Consolidated Statement of Cash Flows				
<u>Quarter ended 30 Jun 2018</u>				
Cash Flows from operating activities				
Loss before taxation		(31,801)	(331)	(32,132)
Fair value gain/(loss) arising from produce growing on bearer plants		-	(331)	(331)



PINEHILL PACIFIC BERHAD

(Company No.: 000222-D)

2. Accounting Policies (cont')

New MFRSs, amendments/improvements to MFRSs and new IC Interpretations that have been issued, but yet to be effective:

The Group and the Company have not adopted the following new MFRSs, amendments / improvements to MFRSs and new IC Int that have been issued, but yet to be effective:

		Effective for financial periods beginning on or after
<u>New MFRSs</u>		
MFRS 16	Leases	1 January 2019
MFRS 17	Insurance Contracts	1 January 2021
<u>Amendments / Improvements to MFRSs</u>		
MFRS 1	First-time adoption of MFRSs	1 January 2021#
MFRS 2	Share-based Payment	1 January 2020*
MFRS 3	Business Combinations	1 January 2019 / 1 January 2020* / 1 January 2021#
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2021#
MFRS 6	Exploration for and Evaluation of Mineral Resources	1 January 2020*
MFRS 7	Financial Instruments: Disclosures	1 January 2021*
MFRS 9	Financial Instruments	1 January 2019 / 1 January 2021#
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 11	Joint Arrangements	1 January 2019
MFRS 14	Regulatory Deferral Accounts	1 January 2020*
MFRS 15	Revenue from Contracts with Customers	1 January 2021*
MFRS 101	Presentation of Financial Statements	1 January 2020* / 1 January 2021#
MFRS 107	Statements of Cash Flows	1 January 2021#
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Error	1 January 2020*
MFRS 112	Income Taxes	1 January 2019
MFRS 116	Property, Plant and Equipment	1 January 2021#
MFRS 119	Employee Benefits	1 January 2019 / 1 January 2021#
MFRS 123	Borrowing Costs	1 January 2019
MFRS 128	Investments in Associates and Joint Ventures	1 January 2019 / Deferred



PINEHILL PACIFIC BERHAD

(Company No.: 000222-D)

1 January 2021#

2. Accounting Policies (cont')

New MFRSs, amendments/improvements to MFRSs and new IC Interpretations that have been issued, but yet to be effective:

The Group and the Company have not adopted the following new MFRSs, amendments / improvements to MFRSs and new IC Int that have been issued, but yet to be effective:

MFRS 132	Financial Instruments: Presentation	1 January 2021#
MFRS 134	Interim Financial Reporting	1 January 2020*
MFRS 136	Impairment of Assets	1 January 2021#
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2020* / 1 January 2021#
MFRS 138	Intangible Assets	1 January 2020* / 1 January 2021#
MFRS 140	Investment Property	1 January 2021#

New IC Int

IC Int 23	Uncertainty over Income Tax Treatments	1 January 2019
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Amendments o IC Int

IC Int 12	Service Concession Arrangements	1 January 2020*
IC Int 19	Extinguishing Financial Liabilities with Equity Instruments	1 January 2020*
IC Int 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2020*
IC Int 22	Foreign Currency Transactions and Advance Consideration	1 January 2020*
IC Int 132	Intangible Assets – Web Site Costs	1 January 2020*

Amendments to References to the Conceptual Framework in MFRS Standards *

Amendments as to the consequence of effective of MFRS 17 Insurance Contracts #



PINEHILL PACIFIC BERHAD

(Company No.: 000222-D)

3. Auditor's Report on Preceding Annual Financial Statements

The preceding annual financial statements of the Group as at 30 June 2018 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 financial year ended 30 June 2018, the Group and the Company incurred a net loss of RM31,103,409 and RM266,485 respectively, and as of that date, the Group's and the Company's current liabilities exceeded its current assets by RM189,960,303 and RM39,150,303 respectively. These events and conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's and the Company's ability to continue as going concerns.

The directors of the Company are of the opinion that the preparation of the financial statements of the Group and of the Company on a going concern basis remains appropriate given the following mitigating measures being taken or will be taken by the Group to meet its obligations falling due within the next 12 months which, include among others:

- Proposed disposal of plantation assets in Malaysia as disclosed in Note 22 ("Proposed Disposal"). The Proposed Disposal is expected to raise proceeds of RM413,574,302 which is expected to be utilised, among others, for:
 - (a) repayment of bank borrowings;
 - (b) repayment of creditors;
 - (c) funding of the planting programme and construction of palm oil mill for the Group's oil palm plantation in Indonesia; and
 - (d) working capital of the Group.

In addition, the directors are also 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 plantations in Indonesia are of a relatively young age with a planted area of 8,008 hectare ("ha"). Oil palm crops generally require at least 3 years to mature 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.
- The Group's Indonesian subsidiaries had obtained the Izin Usaha Perkebunan ("IUP") in year 2016 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 2018, the Group has 7,970 ha of mature oil palms in Indonesia.
- 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.



PINEHILL PACIFIC BERHAD

(Company No.: 000222-D)

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

In addition, the Group and the Company have shareholders' equity of RM82,961,625 and RM29,188,153 respectively as at 30 June 2018 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 in Indonesia, 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 complete the Proposed Disposal, obtain favourable support from its creditors and financial support from its shareholders and financier.

The ability of the Group and the Company to continue as going concerns is dependent on sufficient cash flows to be generated from the successful implementation of the above measures. In the event that these are not forthcoming, the Group and the Company may be unable to realise their assets and discharge their liabilities in the normal course of business. Accordingly the financial statements may require adjustments relating to the recoverability and classification of recorded assets and liabilities that may be necessary should the Group and the Company be unable to continue as going concern.

In view of the matters set out above, there are material uncertainties on the ability of the Group and of the Company to continue as going concerns in the event that the above measures are not forthcoming. 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 2018.

4. 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").

5. 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.



PINEHILL PACIFIC BERHAD

(Company No.: 000222-D)

6. 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.

7. 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.

8. Dividends Paid

There were no dividends paid during the current quarter.

9. Segment Information

The Group's segment information for the financial period ended 30 June 2019 is as follows:

1) Major Business Segments

12 months ended 30 Jun 2019

Group	Plantations RM'000	Investment RM'000	Elimination RM'000	Consolidated RM'000
SEGMENT REVENUE				
External revenue	16,483	0	0	16,483
Total Revenue	<u>16,483</u>	<u>0</u>	<u>0</u>	<u>16,483</u>
SEGMENT RESULTS				
Profit/(Loss) from operations	(24,606)	(1,038)	0	(25,644)
Finance Costs	(8,178)	0	0	(8,178)
Profit/(Loss) before taxation	<u>(32,784)</u>	<u>(1,038)</u>	<u>0</u>	<u>(33,822)</u>
Taxation	1,405	0	0	1,405
Profit/(Loss) after taxation	<u>(31,379)</u>	<u>(1,038)</u>	<u>0</u>	<u>(32,417)</u>



PINEHILL PACIFIC BERHAD

(Company No.: 000222-D)

9. Segment Information (con't)

1) Major Business Segments (con't)

FINANCIAL POSITION

As at 30 Jun 2019

Total segment assets	386,666	19	(38,997)	347,688
Total segment liabilities	84,559	40,524	168,871	293,954

12 months ended 30 Jun 2018

Group	Plantations RM'000	Investment RM'000	Elimination RM'000	Consolidated RM'000
SEGMENT REVENUE				
External revenue	24,188	0	0	24,188
Total Revenue	24,188	0	0	24,188

SEGMENT RESULTS

Profit/(Loss) from operations	(24,267)	(270)	0	(24,537)
Finance Costs	(8,595)	0	0	(8,595)
Profit/(Loss) before taxation	(32,862)	(270)	0	(33,132)
Taxation	1,698	0	0	1,698
Profit/(Loss) after taxation	(31,164)	(270)	0	(31,434)

Financial Position

As at 30 Jun 2018

Total segment assets	409,766	19	(38,323)	371,462
Total segment liabilities	77,514	39,485	170,898	287,897

2) Geographical Segments

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

Geographical Segments

GROUP	Current Year	Preceding Year
	30-Jun-19 RM'000	30-Jun-18 RM'000
Malaysia	15,978	23,688
Indonesia	505	500
Total	16,483	24,188



PINEHILL PACIFIC BERHAD

(Company No.: 000222-D)

10. 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.

11. Material Events Subsequent To The Interim Period

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

12. Changes In The Composition of the Group

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

13. 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.

14. Capital Commitments

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

15. Related Party Transactions

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

16. 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 17.



PINEHILL PACIFIC BERHAD

(Company No.: 000222-D)

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

17. Comparison With Preceding Quarter Results And Comparison Financial Period Todate

Current Quarter

The Group reported RM9.50 million loss before taxation and non-controlling interests in the current quarter as compared to RM8.36 million loss before taxation and non-controlling interests in the immediate preceding quarter. The variances of RM1.14 million are mainly due to decrease in FFB production by 16%.

Year to Date

As compared to corresponding quarter ended 30 Jun 2019, the Group reported RM33.82 million loss before taxation and non-controlling interests for current financial period as compared to RM33.13 million loss in the corresponding period of the last financial year. The variances of RM0.69 million loss are mainly contributed as follows:

- Reduction due to one-off amortisation cost of matured expenditure by RM7.85 million in Indonesia in financial year 30 Jun 2018
- Decrease in FFB production and CPO price by 9% and 21% respectively

18. Current Year Prospect

The Company has disposed its subsidiaries plantation assets as disclosed in Note 23. The vacant possession was delivered to the Purchaser on 16 Aug 2019. The completion date is expected to occur in 1st quarter of FY2020 upon receiving of sale proceed.

Therefore, the current year prospect of the Company is depending on the performance of its oil palm development project in Indonesia subsidiaries which require additional investment for infrastructure to facilitate upkeep and harvesting.

19. Variance From Profit Forecast And Shortfall In Profit Guarantee

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



PINEHILL PACIFIC BERHAD

(Company No.: 000222-D)

20. Income Tax Expense

Income tax expense comprises the following:

	Current Quarter 3 Months Ended		Cumulative Quarter 12 Months Ended	
	30/6/2019 RM'000	30/6/2018 RM'000	30/6/2019 RM'000	30/6/2018 RM'000
Malaysian taxation:				
Current tax expenses				
Current period provision	1,530	3,024	1,530	3,024
Over/(Under) provision in prior years	-	-	(54)	13
	<u>1,530</u>	<u>3,024</u>	<u>1,476</u>	<u>3,037</u>
Deferred tax benefits/(expense)				
Current year	(2,881)	(5,274)	(2,881)	(5,274)
Prior year	-	539	-	539
	<u>(2,881)</u>	<u>(4,735)</u>	<u>(2,881)</u>	<u>(4,735)</u>
Total	<u>(1,351)</u>	<u>(1,711)</u>	<u>(1,405)</u>	<u>(1,698)</u>

21. 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.

22. Quoted Securities

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



PINEHILL PACIFIC BERHAD

(Company No.: 000222-D)

23 Status of Corporate Proposals

On 21 September 2018, subsidiaries of the Company as stated below entered into three separate conditional sale and purchase agreements (“SPAs”) with United Plantations Berhad to dispose the plantation assets located in the district of Hilir Perak, Perak, measuring approximately 8,999.13 acres, for a total cash consideration of RM413,574,302 as detailed out below:

- a) 5 parcels of land measuring approximately 7,615.42 acres together with all structures attached to the land including a palm oil mill, workers’ living quarters and site office owned by Pinehill Plantations (Malaysia) Sdn Bhd. (“PPM”), a 94.5% owned subsidiary of the Company for a cash consideration of RM350,301,630;
- b) a parcel of land measuring approximately 954.42 acres owned by Syarikat Kaum Melayu Hilir Perak Sdn Bhd, a wholly owned subsidiary of PPM for a cash consideration of RM43,525,933; and
- c) a parcel of land measuring approximately 429.29 acres owned by Tahir, Rozlan and Tasariff Sdn Bhd, a 91.33% owned subsidiary of PPM for a cash consideration of RM19,746,739.

The above collectively referred to as “Proposed Disposal”. As at the date of authorisation of these financial statements, the Proposed Disposal is yet to be completed pending fulfilment of the conditions precedent of the SPAs.

On 27 December 2018, the Circular to shareholders in relation to the Proposed Disposal was issued to all shareholders of PinePac.

On 18 January 2019, the shareholders of the Company approved the Proposed Disposal in the extraordinary general meeting (“EGM”).

On 17 May 2019, both the Company and United Plantations Berhad had mutually agreed to extend the PPM Conditional Period, SKMP Conditional Period and TRT Conditional Period for a period of 2 months until 21 July 2019 to comply with the PPM Conditions Precedent, SKMP Conditions Precedent and TRT Conditions Precedent, respectively.

On 11 June 2019, the Company announced that both the Company and United Plantations Berhad had on 10 Jun 2019 entered into 3 supplemental agreements to the SPAs.

On 3 July 2019, the Board is of the view that the Supplementary Agreements (“SAs”), do not require shareholders’ approval as the special resolutions in relation to the Proposed Disposal as passed by the shareholders of the Company during the EGM on 18 January 2019, are adequate for the variation to the terms of the Proposed Disposal pursuant to the SAs which are in the best interests of the Company and its shareholders.

On 16 August 2019, the vacant possession was delivered to United Plantations Berhad.

There were no other corporate proposals other than the above mentioned for the current quarter.



PINEHILL PACIFIC BERHAD

(Company No.: 000222-D)

24. Group Borrowings

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

	As at 30/6/2019 RM'000	As at 30/6/2018 RM'000
<u>Short-term borrowings</u>		
Secured		
Denominated in Ringgit Malaysia	126,798	126,281
<u>Long-term borrowings</u>		
Secured		
Denominated in Ringgit Malaysia	131	247

25. 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.

26. (Loss)/Profit Before Tax

	Current Quarter 3 Months Ended		Cumulative Quarter 12 Months Ended	
	30/6/2019 RM'000	30/6/2018 RM'000	30/6/2019 RM'000	30/6/2018 RM'000
Interest income	1	1	3	3
Interest expenses	1,491	2,222	8,178	8,595
Depreciation and amortisation	5,498	13,739	23,624	31,817
Gain on disposal of PPE	117	125	117	125
Allowance for Debtors	18	89	18	89
Impairment of Biological	509	-	509	-
Biological written off	373	-	373	-
Fixed Assets written off	50	-	50	-
Inventory written off	15	-	15	-



PINEHILL PACIFIC BERHAD

(Company No.: 000222-D)

27. 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.

28. Dividend Payable

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

29. Earnings / (Loss) Per Share

	Current Quarter 3 Months Ended		Cumulative Quarter 12 Months Ended	
	30/6/2019	30/6/2018 Restated	30/6/2019	30/6/2018 Restated
Basic				
Profit/(Loss) attributable to owners of the parent (RM'000)	<u>(7,212)</u>	<u>(10,071)</u>	<u>(29,042)</u>	<u>(26,430)</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>(4.81)</u></u>	<u><u>(6.72)</u></u>	<u><u>(19.39)</u></u>	<u><u>(17.64)</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 29 August 2019.