



PINEHILL PACIFIC BERHAD

(Company No.: 000222-D)

CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE PERIOD ENDED 30 SEPT 2019

	Note	CURRENT QUARTER 3 Months Ended		CUMULATIVE QUARTER 3 Months Ended	
		30/09/2019	30/09/2018	30/09/2019	30/09/2018
		RM'000	RM'000	RM'000	RM'000
Revenue	8	1,163	5,295	1,163	5,295
Cost of sales		(4,473)	(8,706)	(4,473)	(8,706)
Gross profit		(3,310)	(3,411)	(3,310)	(3,411)
Distribution costs		(35)	(98)	(35)	(98)
Administration expenses		(2,667)	(2,170)	(2,667)	(2,170)
Other operating income		154,438	24	154,438	24
Profit/(Loss) before interest & tax		148,426	(5,655)	148,426	(5,655)
Finance costs		90	(2,246)	90	(2,246)
Finance income		2,016	1	2,016	1
Profit/(Loss) before tax	8	150,532	(7,900)	150,532	(7,900)
Taxation	19	(36,870)	-	(36,870)	-
Profit/(Loss) for the period		<u>113,662</u>	<u>(7,900)</u>	<u>113,662</u>	<u>(7,900)</u>
Profit/(Loss) for the period attributable to:					
Owners of the parent		107,347	(7,083)	107,347	(7,083)
Non-controlling interests		6,315	(817)	6,315	(817)
		<u>113,662</u>	<u>(7,900)</u>	<u>113,662</u>	<u>(7,900)</u>
Earning/(loss) per share, attributable to owners of the parent (sen):	28				
Basic		71.66	(4.73)	71.66	(4.73)

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

	CURRENT QUARTER 3 Months Ended		CUMULATIVE QUARTER 3 Months Ended	
	30/09/2019	30/09/2018	30/09/2019	30/09/2018
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) for the period	113,662	(7,900)	113,662	(7,900)
Currency translation difference arising from consolidation (equity portion)	(66)	(8,925)	(66)	(8,925)
Total comprehensive income/(expense) for the period	<u>113,596</u>	<u>(16,825)</u>	<u>113,596</u>	<u>(16,825)</u>
Total comprehensive income/(expense) attributable to:				
Owners of the parent	107,347	(13,205)	107,347	(13,205)
Non-controlling interests	6,315	(3,620)	6,315	(3,620)
	<u>113,662</u>	<u>(16,825)</u>	<u>113,662</u>	<u>(16,825)</u>

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

	Unaudited as at 30/09/19 RM'000	Audited 30/06/19 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	9 513	803
Land use rights	19,907	19,875
Biological assets - Bearer Plants	71,772	72,932
	92,192	93,610
Current assets		
Inventories	94	585
Assets held for sale	-	252,032
Produce growing on bearer plants	-	296
Trade receivables	151	375
Other current assets	13,746	558
Cash and bank balances	125,576	232
Short Term Funds	60,035	-
	199,602	254,078
TOTAL ASSETS	291,794	347,688
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	74,902	74,902
Revaluation reserve	-	257,771
Exchange reserve	8,042	8,108
Retained earnings	140,435	(276,629)
	223,379	64,152
Non-controlling interests	(3,317)	(10,418)
Total equity	220,062	53,734
Non-current liabilities		
Long-term borrowings	26	131
Deferred tax liabilities	1,609	56,814
Amount due to a former Corporate Shareholder	-	26,660
Amount due to a Director	6,314	7,632
	7,949	91,237
Current liabilities		
Trade and other payables	44,214	51,093
Short-term borrowings	18	126,798
Current tax payable	19,551	24,126
Amount due to Directors	-	700
	63,783	202,717
Total liabilities	71,732	293,954
TOTAL EQUITY AND LIABILITIES	291,794	347,688
Net assets per share attributable to owners of the parent (RM)	1.49	0.43

The Condensed Consolidated Statements of Financial Position should be read in conjunction with the audited financial statements for the year ended 30 June 2019 and the accompanying explanatory notes attached to the interim financial statements.



PINEHILL PACIFIC BERHAD

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPT 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
Three Months Ended 30 Sept 2019							
Balance as at 01 July 2019	74,902	257,771	8,108	(276,629)	64,152	(10,418)	53,734
Decreased in deferred taxation previously recognised on revaluation	-	-	-	51,946	51,946	-	51,946
Reversal in revaluation due to disposal of assets	-	(257,771)	-	257,771	-	3,143	3,143
Total comprehensive (expense)/income for the period	-	-	(66)	107,347	107,281	6,315	113,596
Dividend paid by subsidiaries	-	-	-	-	-	(2,357)	(2,357)
Balance as at 30 Sept 2019	74,902	-	8,042	140,435	223,379	(3,317)	220,062
At 1 January 2018, as previously reported							
Effect of change in accounting policy ("MFRS 141")	-	-	-	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	-	-	(6,122)	(23,469)	(29,591)	(3,620)	(33,211)
Balance as at 30 Sept 2018	74,902	257,771	4,111	(254,695)	82,089	(7,268)	74,821

The Condensed Consolidated Statements of Changes In Equity should be read in conjunction with the audited financial statements for the year ended 30 June 2019 and the accompanying explanatory notes attached to the interim financial statements.



PINEHILL PACIFIC BERHAD

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

	3 Months Ended	
	30/09/2019 RM'000	30/09/2018 RM'000 Restated
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/Profit before tax	150,532	(7,900)
Adjustments for :		
Non-cash items	1,790	7,017
Non-operating items	(1,983)	6
Operating profit before working capital changes	<u>150,339</u>	<u>(877)</u>
Working capital changes:-		
Net change in current assets	(12,176)	(1,281)
Net change in current liabilities	(49,804)	3,281
Cash generated from operating activities	<u>88,359</u>	<u>1,123</u>
Interest income	1,981	1
Tax paid	(33,513)	2
Net cash generated from operating activities	<u>56,827</u>	<u>1,126</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Other investments	257,702	(42)
Net cash used in investing activities	<u>257,702</u>	<u>(42)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(16)	(2,049)
Drawdown of term loan	(126,683)	-
Repayment of hire purchase creditors	(203)	(34)
Net cash generated from/(used in) financing activities	<u>(126,902)</u>	<u>(2,083)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	187,627	(999)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	232	1,910
EFFECTS OF FOREIGN EXCHANGE RATE CHANGES	(2,248)	1,416
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u>185,611</u>	<u>2,327</u>

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

	As at 30/09/2019 RM'000	As at 30/09/2018 RM'000
	Cash and bank balances	125,541
Deposits with licensed banks	35	35
Short Term Funds	60,035	-
	<u>185,611</u>	<u>2,327</u>

The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the audited financial statements for the year ended 30 June 2019 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 30 SEPT 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 MFRS 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 2019. 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 2019.

2. Auditor's Report on Preceding Annual Financial Statements

There were no key audit matters that relate to the material uncertainty related to going concern for the financial year ended 30 Jun 2019.

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.



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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 30 September 2019 is as follows:

1) Major Business Segments

3 months ended 30 Sept 2019

Group	Plantations RM'000	Investment RM'000	Elimination RM'000	Consolidated RM'000
SEGMENT REVENUE				
External revenue	1,163	0	0	1,163
Total Revenue	<u>1,163</u>	<u>0</u>	<u>0</u>	<u>1,163</u>
SEGMENT RESULTS				
Profit/(Loss) from operations	151,007	(565)	0	150,442
Finance Costs	90	0	0	90
Profit/(Loss) before taxation	<u>151,097</u>	<u>(565)</u>	<u>0</u>	<u>150,532</u>
Taxation	0	0	0	0
Profit/(Loss) after taxation	<u>151,097</u>	<u>(565)</u>	<u>0</u>	<u>150,532</u>
Financial Position				
3 months ended 30 Sept 2019				
Total segment assets	<u>291,589</u>	<u>14</u>	<u>191</u>	<u>291,794</u>
Total segment liabilities	<u>49,546</u>	<u>791</u>	<u>21,395</u>	<u>71,732</u>



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8. Segment Information (con't)

1) Major Business Segments (con't)

3 months ended 30 Sept 2018

Group	Plantations RM'000	Investment RM'000	Elimination RM'000	Consolidated RM'000
SEGMENT REVENUE				
External revenue	5,295	0	0	5,295
Total Revenue	5,295	0	0	5,295
SEGMENT RESULTS				
Profit/(Loss) from operations	(5,586)	(68)	0	(5,654)
Finance Costs	(2,246)	0	0	(2,246)
Profit/(Loss) before taxation	(7,832)	(68)	0	(7,900)
Taxation	0	0	0	0
Profit/(Loss) after taxation	(7,832)	(68)	0	(7,900)

Financial Position

3 months ended 30 Sept 2018

Total segment assets	404,107	16	(38,352)	365,771
Total segment liabilities	80,621	39,550	170,779	290,950

2) Geographical Segments

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

Geographical Segments

GROUP	Current Year	Preceding Year
	30-Sep-19 RM'000	30-Sep-18 RM'000
Malaysia	958	5,191
Indonesia	205	104
Total	1,163	5,295

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.



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10. Material Events Subsequent To The Interim Period

Upon completion of the Disposal as stated in Note 22, the Group is considered as an Affected Listed Issuer under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the Company is in the midst of formulating a regularisation plan to be submitted for regulator's approval.

Other than the above, there were 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. It was fully settled via proceeds from the sales of subsidiaries plantation assets on 17 July 2019.

Other than the above, there were no contingent liabilities and contingent assets that have not reflected in the financial statements.

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.

15. Review of Performance

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

The profit before taxation and non-controlling interests of the plantation subsidiaries for the current quarter were due to the factors as mentioned in note 17.



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

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

Current Quarter

The Group reported RM150.53 million profit before taxation and non-controlling interests in the current quarter as compared to RM9.50 million loss before taxation and non-controlling interests in the immediate preceding quarter. The variances of RM160.03 million profits are mainly contributed as follows:

- One-off gain from the sales of subsidiaries plantation assets by RM154.40 million
- Decrease in depreciation and amortisation of the assets sold by RM4.36 million
- Decrease in Finance costs due to full settlement of term loan on 17 July 2019 by RM1.58 million

Year to Date

As compared to corresponding quarter ended 30 Sept 2019, the Group reported RM150.53 million profit before taxation and non-controlling interests for current financial period as compared to RM7.90 million loss in the corresponding period of the last financial year. The variances of RM158.43 million profits are mainly contributed as follows:

- One-off gain from the sales of subsidiaries plantation assets by RM154.40 million
- Decrease in depreciation and amortisation of the assets sold by RM5.35 million
- Decrease in Finance costs due to full settlement of term loan on 17 July 2019 by RM2.34 million

17. Current Year Prospect

The Company has disposed its subsidiaries plantation assets as disclosed in Note 22. The completion date was on 03 September 2019.

Therefore, the current year prospect of the Company is dependent on the following:

- the performance of its oil palm development project in Indonesian subsidiaries which require additional investment for infrastructure to facilitate upkeep and harvesting, and
- the on-going evaluation on the options available to regularize the company's status of Affected Listed Issuer.



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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.

19. Income Tax Expense

Income tax expense comprises the following:

	Current Quarter 3 Months Ended		Cumulative Quarter 3 Months Ended	
	30/09/2019 RM'000	30/09/2018 RM'000	30/09/2019 RM'000	30/09/2018 RM'000
Malaysian taxation:				
Current tax expenses				
Current period provision (RPGT)	36,870	-	36,870	-
Total	<u>36,870</u>	<u>-</u>	<u>36,870</u>	<u>-</u>

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

As announced on 03 September 2019, the Proposed Disposal of the Company as stated in Note 22 has been successfully completed for a total cash consideration of RM413,574,302 with a gain on disposal of RM154,398,696.

Other than that, there is a no sale of unquoted investments and/or other 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

A) 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:



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22. Status of Corporate Proposals (con't)

- i** 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;
- ii** 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
- iii** 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, it was announced that 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.

On 03 September 2019, the Proposed Disposal was completed.

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



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22. Status of Corporate Proposals (Con't)

B) The status of the utilization of the Proposed Disposal of RM413.574 million as at 30 Sept 2019 was as follows:

	Proposed utilisation as per circular to shareholder @ 27/12/18 RM'000	Actual utilization @ 30/09/19 RM'000	Proceeds balance @ 30/09/19 RM'000
Repayment of bank borrowings	126,700	(126,700)	0
Payment to all creditors	111,700	(68,325)	43,375
Funding the existing oil palm business in Indonesia	95,000	(440)	94,560
Dividend to minority shareholders in PPM	2,400	-	2,400
Working Capital	19,274	(1,777)	17,497
Supplementary Agreements as announced on 11 Jun 2019	12,500	-	12,500
Estimated Expenses	46,000	(21,003)	24,997
	<u>413,574</u>	<u>(218,245)</u>	<u>195,329</u>

23. Group Borrowings

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

	As at 30/09/2019 RM'000	As at 30/09/2018 RM'000
<u>Short-term borrowings</u>		
Secured		
Denominated in Ringgit Malaysia	-	125,455
<u>Long-term borrowings</u>		
Secured		
Denominated in Ringgit Malaysia	-	217

24. Off Balance Sheet Financial Instruments



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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		Cumulative Quarter	
	3 Months Ended		3 Months Ended	
	30/09/2019	30/09/2018	30/09/2019	30/09/2018
	RM'000	RM'000	RM'000	RM'000
Interest income	2,016	1	2,016	1
Interest expenses	(90)	2,246	(90)	2,246
Gain on disposal of PPE	154,399	-	154,399	-
Depreciation and amortisation	1,138	6,489	1,138	6,489
Fixed Assets written off	135	-	135	-

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.

27. Dividend Payable

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

28. Earnings / (Loss) Per Share

	Current Quarter		Cumulative Quarter	
	3 Months Ended		3 Months Ended	
	30/09/2019	30/09/2018	30/09/2019	30/09/2018
Basic				
Profit/(Loss) attributable to owners of the parent (RM'000)	<u>107,347</u>	<u>(7,083)</u>	<u>107,347</u>	<u>(7,083)</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>71.66</u>	<u>(4.73)</u>	<u>71.66</u>	<u>(4.73)</u>

29. Authorisation For Issue Off The Interim Financial Statements



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The current interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 25 November 2019.