



IJM PLANTATIONS BERHAD (133399-A)

Part A1 : Quarterly Report

Quarterly report for the financial period ended: 30/06/2018
Quarter: 1st Qtr
Financial Year End: 31/03/2019
The figures: Have not been Audited

Full Quarterly Report: Refer attached

Part A2 : Summary of Key Financial Information for the financial Period 30/06/2018

	Individual Quarter		Cumulative Period	
	Current year quarter 30/06/2018 RM'000	Preceding year quarter 30/06/2017 RM'000 (Restated)	Current year to date 30/06/2018 RM'000	Preceding year to date 30/06/2017 RM'000 (Restated)
1 Revenue	183,143	184,594	183,143	184,594
2 (Loss)/profit before taxation	(26,269)	16,288	(26,269)	16,288
3 Net (loss)/profit for the period	(24,815)	10,673	(24,815)	10,673
4 (Loss)/profit attributable to owners of the Company	(19,577)	11,447	(19,577)	11,447
5 Basic (loss)/earnings per share (sen)	(2.22)	1.30	(2.22)	1.30
6 Proposed/Declared dividend per share (sen)	-	-	-	-
	As at end of current quarter 30/06/2018		As at preceding financial year end (Restated)	
7 Net assets per share attributable to owners of the Company (RM)		1.53		1.60

IJM PLANTATIONS BERHAD (133399-A)

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER 3 MONTHS ENDED 30 JUNE			CUMULATIVE 3 MONTHS ENDED 30 JUNE		
	2018 RM'000 (Unaudited)	2017 RM'000 (Unaudited) (Restated)	change % +/-	2018 RM'000 (Unaudited)	2017 RM'000 (Unaudited) (Restated)	change % +/-
Revenue	183,143	184,594	-0.8	183,143	184,594	-0.8
Operating expenses	(172,533)	(163,991)	+5.2	(172,533)	(163,991)	+5.2
Net income and net (losses):						
- Net other income	643	1,912	-66.4	643	1,912	-66.4
- Net foreign exchange losses	(19,122)	(839)	+2179.1	(19,122)	(839)	+2179.1
(Loss)/profit from operations	(7,869)	21,676	-136.3	(7,869)	21,676	-136.3
Finance costs:						
- Interest expense	(6,644)	(5,388)	+23.3	(6,644)	(5,388)	+23.3
- Net foreign exchange losses on borrowings	(11,756)	-	-	(11,756)	-	-
Share of profits of joint venture	*	-	-	*	-	-
(Loss)/profit before taxation	(26,269)	16,288	-261.3	(26,269)	16,288	-261.3
Income tax	1,454	(5,615)	+125.9	1,454	(5,615)	+125.9
Net (loss)/profit for the financial period	(24,815)	10,673	-332.5	(24,815)	10,673	-332.5
Other comprehensive income/(loss)						
<i>Items that may be reclassified subsequently to profit or loss:</i>						
- Currency translation difference	700	(23,271)	+103.0	700	(23,271)	+103.0
Total comprehensive loss for the financial period	(24,115)	(12,598)	+91.4	(24,115)	(12,598)	+91.4
Net (loss)/profit attributable to:						
- Owners of the Company	(19,577)	11,447	-271.0	(19,577)	11,447	-271.0
- Non-controlling interests	(5,238)	(774)	+576.7	(5,238)	(774)	+576.7
	(24,815)	10,673	-332.5	(24,815)	10,673	-332.5
Total comprehensive loss attributable to:						
- Owners of the Company	(18,920)	(12,091)	+56.5	(18,920)	(12,091)	+56.5
- Non-controlling interests	(5,195)	(507)	+924.7	(5,195)	(507)	+924.7
	(24,115)	(12,598)	+91.4	(24,115)	(12,598)	+91.4
(Loss)/earnings per share attributable to owners of the Company (sen):						
Basic (loss)/earnings per share:						
- [Note B10]	<u>(2.22) sen</u>	<u>1.30 sen</u>		<u>(2.22) sen</u>	<u>1.30 sen</u>	

* Below RM1,000/=

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 30 June 2018 RM'000	As at 31 March 2018 RM'000 (Restated)	As at 1 April 2017 RM'000 (Restated)
ASSETS			
Non-Current Assets:			
Property, plant and equipment	1,651,666	1,644,587	1,839,540
Land use rights	143,679	145,116	159,864
Joint venture	12,408	-	-
Other receivables	91,206	87,975	81,102
Deferred tax assets	15,823	11,608	23,156
	1,914,782	1,889,286	2,103,662
Current Assets:			
Inventories	97,995	114,718	99,288
Trade and other receivables	38,429	48,960	38,958
Derivative financial instruments	1,304	1,055	2,909
Produce growing on bearer plants	7,843	10,615	13,249
Tax recoverable	17,118	15,551	16,226
Deposits, cash and bank balances	206,329	217,010	393,640
	369,018	407,909	564,270
TOTAL ASSETS	2,283,800	2,297,195	2,667,932
EQUITY AND LIABILITIES			
Capital and reserves attributable to owners of the Company			
Share capital	922,530	922,530	922,530
Equity contribution reserve	5,386	7,064	8,343
Other reserves	(115,535)	(116,192)	16,462
Retained profits	531,203	594,809	628,061
	1,343,584	1,408,211	1,575,396
Non-controlling interests	(12,464)	(7,269)	(9,542)
Total Equity	1,331,120	1,400,942	1,565,854
Non-Current Liabilities:			
Retirement benefits	18,768	17,143	6,847
Borrowings	429,645	460,567	724,196
Deferred tax liabilities	58,751	59,642	76,001
	507,164	537,352	807,044
Current Liabilities:			
Trade and other payables	123,736	86,386	94,739
Current tax liabilities	2	2	174
Borrowings	321,778	272,513	200,121
	445,516	358,901	295,034
Total Liabilities	952,680	896,253	1,102,078
TOTAL EQUITY AND LIABILITIES	2,283,800	2,297,195	2,667,932
Net Assets Per Share attributable to owners of the Company (RM)	1.53	1.60	1.79

IJM PLANTATIONS BERHAD (133399-A)

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2018

	Attributable to Equity Holders of the Company					Non-controlling interests	Total Equity
	Share Capital	Equity Contribution Reserve	Other Reserves	Retained Profits	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 April 2018							
- As previously stated under FRSs	922,530	7,064	(71,115)	764,772	1,623,251	(3,483)	1,619,768
- Effects of transition from FRSs to MFRSs	-	-	(45,077)	(169,963)	(215,040)	(3,786)	(218,826)
- As restated	922,530	7,064	(116,192)	594,809	1,408,211	(7,269)	1,400,942
Comprehensive Loss:							
-net loss for the period	-	-	-	(19,577)	(19,577)	(5,238)	(24,815)
Other Comprehensive income:							
-Currency translation differences arising from translation of net investments in subsidiaries	-	-	657	-	657	43	700
Total Comprehensive income/(loss)	-	-	657	(19,577)	(18,920)	(5,195)	(24,115)
Capital contribution by ultimate holding company, net of ESOS exercised by employees	-	(1,678)	-	-	(1,678)	-	(1,678)
Dividends - year ended 31 March 2017	-	-	-	(44,029)	(44,029)	-	(44,029)
At 30 June 2018 (Unaudited)	922,530	5,386	(115,535)	531,203	1,343,584	(12,464)	1,331,120

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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2017

	Attributable to Equity Holders of the Company					Non-controlling interests	Total Equity
	Share Capital	Equity Contribution Reserve	Other Reserves	Retained Profits	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 April 2017							
- As previously stated under FRSs	922,530	8,343	71,808	782,287	1,784,968	(5,938)	1,779,030
- Effects of transition from FRSs to MFRSs	-	-	(55,346)	(154,226)	(209,572)	(3,604)	(213,176)
- As restated	922,530	8,343	16,462	628,061	1,575,396	(9,542)	1,565,854
Comprehensive Income/(Loss):							
-net profit/(loss) for the period	-	-	-	11,447	11,447	(774)	10,673
Other Comprehensive (loss)/income:							
-Currency translation differences arising from translation of net investments in subsidiaries	-	-	(23,538)	-	(23,538)	267	(23,271)
Total Comprehensive (loss)/income	-	-	(23,538)	11,447	(12,091)	(507)	(12,598)
Capital contribution by ultimate holding company, net of ESOS exercised by employees	-	(3,227)	-	-	(3,227)	-	(3,227)
Dividend - year ended 31 March 2017	-	-	-	(61,641)	(61,641)	-	(61,641)
At 30 June 2017 (Unaudited)	922,530	5,116	(7,076)	577,867	1,498,437	(10,049)	1,488,388

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	3 MONTHS ENDED 30 JUNE 2018 RM'000	3 MONTHS ENDED 30 JUNE 2017 RM'000 (Restated)
OPERATING ACTIVITIES		
Receipts from customers	190,986	166,870
Payments to contractors, suppliers and employees	(130,402)	(138,329)
Interest paid	(6,644)	(5,388)
Income tax paid	(5,248)	(9,325)
<i>Net cash flows generated from operating activities</i>	48,692	13,828
INVESTING ACTIVITIES		
Additions to property, plant and equipment, and land use rights	(32,609)	(32,144)
Subscription of shares in joint venture	(12,408)	-
Interest received	1,313	1,567
<i>Net cash flows used in investing activities</i>	(43,704)	(30,577)
FINANCING ACTIVITIES		
Repayment of borrowings	(15,670)	(31,091)
<i>Net cash flows used in financing activities</i>	(15,670)	(31,091)
Net Change in Cash and Cash Equivalents	(10,682)	(47,840)
Foreign Exchange differences	(7)	(6,634)
Cash & Cash Equivalents at beginning of financial period	206,165	385,994
Cash & Cash Equivalents at end of financial period	195,476	331,520
Notes:	AS AT 30 JUNE 2018 RM'000	AS AT 30 JUNE 2017 RM'000
Cash and cash equivalents represent the following:		
Cash and bank balances	39,642	45,904
Deposits with licensed banks	166,687	293,226
	206,329	339,130
Less: Restricted deposits with licensed banks	(10,853)	(7,610)
	195,476	331,520

IJM PLANTATIONS BERHAD (133399-A)

A NOTES TO THE QUARTERLY RESULTS

A1. Basis of Preparation

The unaudited interim financial report has been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”) 134: *Interim Financial Reporting* and Chapter 9 Appendix 9B of the *Listing Requirements of Bursa Malaysia Securities Berhad*.

The unaudited interim financial report should be read in conjunction with the audited financial statements for the year ended 31 March 2018 which are available at <http://www.ijm.com>. For the periods up to and including the year ended 31 March 2018, the Group prepared its financial statements in accordance with Financial Reporting Standards (“FRS”). The accounting policies for the unaudited interim financial report are consistent with those adopted for the annual audited financial statements for the financial year ended 31 March 2018, except for the effects of the transition from FRSs to MFRSs and the adoption of new MFRSs, amendments to standards and IC Interpretations as disclosed in Note A2 below.

The unaudited interim financial report of the Group for the current quarter ended 30 June 2018 is the first set of interim unaudited financial report prepared in accordance with the MFRS Framework, by adopting MFRS 1 “First-time Adoption of Malaysian Financial Reporting Standards” for the financial year/period beginning 1 April 2018. Subject to certain transition elections and effects of adoption of the amendments to MFRS 116 “Property, Plant and Equipment” and MFRS 141 “Agriculture”, the Group has consistently applied the same accounting policies in its opening MFRS statement of financial position as at 1 April 2017, being the transition date, and throughout all periods presented, as if these policies had always been in effect.

A2. Significant Accounting Policies

(A) Transition from FRSs to MFRS

(i) MFRS 1 exemption options

As provided in MFRS 1, first time adopters of MFRS can elect optional exemptions from full retrospective application of MFRSs. The Group has elected the applicable exemptions as follows:

(a) *Exemption for business combinations*

The Group has elected to apply MFRS 3 “Business Combinations” prospectively from the date FRS 3 “Business Combinations” was adopted on 1 January 2011. Business combinations that occurred prior to that date have not been restated. In addition, the Group has also applied MFRS 10 “Consolidated Financial Statements” on the same date as FRS 3. This election does not have any impact to the financial results of the Group.

(b) *Property, plant and equipment – previous revaluation as deemed cost*

Under FRS, valuation adjustments on certain property, plant and equipment were incorporated into the financial statements. The Group have elected to use the previous revaluation as deemed cost under MFRSs. Accordingly, the carrying amounts of these property, plant and equipment as at 1 April 2017 have not been restated. The revaluation surplus net of deferred taxation as at 1 April 2017 was reclassified to retained earnings.

(c) *MFRS 15 “Revenue from Contracts with Customers”*

The Group has elected the exemption in MFRS 1 which allows the Group not to restate any contracts that are completed before 1 January 2017. This election does not have any impact to the financial results of the Group.

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A2. Significant Accounting Policies (continued)

(A) Transition from FRSs to MFRS (continued)

(i) MFRS 1 exemption options (continued)

(d) *MFRS 9 “Financial Instruments”*

The Group has elected the exemption in MFRS 1 which allows the Group not to restate comparative information in the year of initial application. The Group continues to apply FRS 139 “Financial Instruments: Recognition and Measurement” and FRS 7 “Financial Instruments: Disclosures” for the comparative information. Any adjustments to align the carrying amounts of financial assets and financial liabilities under the previous FRS 139 with MFRS 9 are recognised in retained earnings and other reserves as at 1 April 2018. This election does not have any impact to the financial results of the Group.

(e) *Assets and liabilities of subsidiaries, joint ventures and associates*

The assets and liabilities of subsidiaries, joint ventures and associates which have adopted the MFRS Framework or International Financial Reporting Standards (“IFRS”) earlier than the Group shall remain at the same carrying amounts as in the financial statements of these subsidiaries, joint ventures and associates, after adjusting for consolidation adjustments. This election does not have any impact to the financial results of the Group.

The optional exemptions elected by the Group that have an impact on the reported financial positions prepared in accordance with FRSs have been applied in the opening MFRS statement of financial position as at 1 April 2017 and throughout all periods presented in the interim financial report.

(ii) Effect of Adoption of Amendments to MFRS 116 “Property, Plant and Equipment” and MFRS 141 “Agriculture” - Bearer Plants

Amendments to MFRS 116 “Property, Plant and Equipment” and MFRS 141 “Agriculture: Bearer Plants” introduce a new category of biological assets i.e. bearer plants. 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 a remote likelihood of being sold as agricultural produce, except for incidental scrap sales.

Bearer plants are accounted for under MFRS 116 as an item of property, plant and equipment. Agricultural produce growing on bearer plants are measured at fair value less costs to sell under MFRS 141, with fair value changes recognised in profit or loss as the produce grows.

Prior to the adoption of the MFRS 116 and MFRS 141, all new planting expenditure incurred from land clearing, planting, field upkeep and maintenance to the point of maturity was capitalised under plantation development expenditure and was not amortised. Replanting expenditure which represents cost incurred to replant old planted areas was charged to profit or loss as and when incurred. Agricultural produce which form part of the bearer plants were not recognised and identified separately.

With the adoption of the Amendments to MFRS 116 and MFRS 141, new planting expenditure and replanting expenditure are accounted for as property, plant and equipment in accordance with MFRS 116 and measured at cost less accumulated depreciation, whereas produce growing on bearer plants within the scope of MFRS 141 are measured at fair value less costs to sell.

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A2. Significant Accounting Policies (continued)

(A) Transition from FRSs to MFRS (continued)

- (ii) Effect of Adoption of Amendments to MFRS 116 “Property, Plant and Equipment” and MFRS 141 “Agriculture” - Bearer Plants (continued)

The adoption of the Amendments to MFRS 116 and MFRS 141 have resulted in additional depreciation on property, plant and equipment and replanting expenditure that were charged to profit or loss prior to the adoption of the Amendments to MFRS 116 and MFRS 141 are reversed and capitalised under property, plant and equipment. Changes on fair value less costs to sell of the produce growing on bearer plants are recognised in profit or loss.

The effects of the transition from FRSs to MFRSs are as follows:

Condensed Statement of Comprehensive Income

	Preceding year quarter 30/06/2017		
	As previously stated under FRSs RM'000	Effects of transition from FRSs to MFRSs RM'000	Restated under MFRSs RM'000
Revenue	184,594	-	184,594
Operating expenses	(156,905)	(7,086)	(163,991)
Net income and net (losses):			
- Net other income	3,312	(1,400)	1,912
- Net foreign exchange losses	(839)	-	(839)
Profit from operations	30,162	(8,486)	21,676
Finance costs:			
- Interest expense	(5,388)	-	(5,388)
Profit before taxation	24,774	(8,486)	16,288
Income tax	(8,185)	2,570	(5,615)
Net profit for the financial period	16,589	(5,916)	10,673
Other comprehensive loss:			
Item that may be reclassified subsequently to profit or loss:			
- Currency translation difference	(24,985)	1,714	(23,271)
Total comprehensive loss	(8,396)	(4,202)	(12,598)
Net profit/(loss) attributable to:			
- Owners of the Company	16,898	(5,451)	11,447
- Non-controlling interest	(309)	(465)	(774)
	16,589	(4,986)	10,673
Total comprehensive loss attributable to:			
- Owners of the Company	(8,255)	(3,836)	(12,091)
- Non-controlling interest	(141)	(366)	(507)
	(8,396)	(4,202)	(12,598)
Basic earnings per share (sen):			
Basic	1.92	(0.62)	1.30

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A2. Significant Accounting Policies (continued)

(A) Transition from FRSs to MFRS (continued)

The effects of the transition from FRSs to MFRSs are as follows: (continued)

Condensed Consolidated Statement of financial position

	As at 31 March 2018		
	As previously stated under FRSs	Effects of transition from FRSs to MFRSs	Restated under MFRSs
	RM'000	RM'000	RM'000
<u>Non-current assets:</u>			
Property, plant and equipment	881,720	762,867	1,644,587
Plantation expenditure	1,107,848	(1,107,848)	-
Deferred tax assets	4,333	7,275	11,608
<u>Current asset:</u>			
Produce growing on bearer plants	-	10,615	10,615
<u>Equity:</u>			
Other reserves	(71,115)	(45,077)	(116,192)
Retained profits	764,772	(169,963)	594,809
Non-controlling interests	(3,483)	(3,786)	(7,269)
<u>Non-current liability:</u>			
Deferred tax liabilities	167,907	(108,265)	59,642
Net Assets per shares (RM)	1.84	(0.24)	1.60

	As at 1 April 2017		
	As previously stated under FRSs	Effects of transition from FRSs to MFRSs	Restated under MFRSs
	RM'000	RM'000	RM'000
<u>Non-current assets:</u>			
Property, plant and equipment	973,322	866,218	1,839,540
Plantation expenditure	1,201,570	(1,201,570)	-
Deferred tax assets	10,204	12,952	23,156
<u>Current asset:</u>			
Produce growing on bearer plants	-	13,249	13,249
<u>Equity:</u>			
Other reserves	71,808	(55,346)	16,462
Retained profits	782,287	(154,226)	628,061
Non-controlling interests	(5,938)	(3,604)	(9,542)
<u>Non-current liability:</u>			
Deferred tax liabilities	171,976	(95,975)	76,001
Net Assets per shares (RM)	2.03	(0.24)	1.79

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A2. Significant Accounting Policies (continued)

(A) Transition from FRSs to MFRS (continued)

The effects of the transition from FRSs to MFRSs are as follows: (continued)

Condensed Consolidated Statements of Cash flows

	Period to date ended 30 June 2017		
	As previously stated under FRSs	Effects of transition from FRSs to MFRSs	Restated under MFRSs
	RM'000	RM'000	RM'000
<u>Cash flows from operating activities:</u>			
Payments to contractors, suppliers and employees	(142,003)	3,674	(138,329)
<u>Cash flows from investing activities:</u>			
Additions to property, plant and equipment, land use rights and plantation expenditure	(28,470)	28,470	-
Additions to property, plant and equipment, and land use rights	-	(32,144)	(32,144)

(B) Adoption of new MFRSs, amendments to standards, IC interpretations

Following the adoption of the MFRS framework, the Group has adopted the following new accounting standards and amendments to standards which are applicable and effective for the financial year beginning on 1 April 2018:

- MFRS 9 “Financial Instruments”
- MFRS 15 “Revenue from Contracts with Customers”
- Amendments to MFRS 140 “Classification on Change in Use”
- IC Interpretation 22 “Foreign Currency Transactions and Advance Consideration”

The adoption of these new MFRSs, amendments and IC Interpretations did not have any material impact on the interim financial report of the Group.

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A3. Audit Report

The audit report for the financial year ended 31 March 2018 was not subject to any modification or qualification.

A4. Seasonality or Cyclicity of Operations

The Group's performance is affected by the oil palms cropping pattern that normally starts in a trough in the first half of a calendar year before rising to a peak in the second half.

A5. Unusual Significant Items

Other than the net foreign exchange losses as shown in Note B11, there were no items affecting assets, liabilities, equity, net income, or cash flows that are unusual in nature, size or incidence during the financial period to-date under review.

A6. Material Changes in Estimates

There were no major changes in estimates that had a material effect in the current quarter.

A7. Debt and Equity Securities

There were no cancellations, repurchases, resale and repayments of debt and equity securities for the current quarter.

A8. Dividend Paid

There was no dividend paid during the current quarter.

A9. Segmental Information

The principal activities of the Group are the cultivation of oil palms and milling of fresh fruit bunches. The operations are geographically located in Malaysia and Indonesia.

	INDIVIDUAL QUARTER		change % +/-	CUMULATIVE PERIOD		change % +/-
	3 months ended 30/06/2018 RM'000	3 months ended 30/06/2017 RM'000 (Restated)		3 months ended 30/06/2018 RM'000	3 months ended 30/06/2017 RM'000 (Restated)	
Revenue and Timing of revenue recognition:						
-Malaysia – At a point in time	100,594	101,755	-1.1	100,594	101,755	-1.1
-Malaysia – Over time	-	-	-	-	-	-
<i>Total revenue from Malaysia</i>	100,594	101,755	-1.1	100,594	101,755	-1.1

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A9. Segmental Information (continued)

	INDIVIDUAL QUARTER		change % +/-	CUMULATIVE PERIOD		change % +/-
	3 months ended 30/06/2018 RM'000	3 months ended 30/06/2017 RM'000 (Restated)		3 months ended 30/06/2018 RM'000	3 months ended 30/06/2017 RM'000 (Restated)	
Revenue and Timing of revenue recognition (cont'd):						
-Indonesia – At a point in time	82,549	82,839	-0.4	82,549	82,839	-0.4
-Indonesia – Over time	-	-	-	-	-	-
<i>Total revenue from Indonesia</i>	82,549	82,839	-0.4	82,549	82,839	-0.4
 Total revenue	183,143	184,594	-0.8	183,143	184,594	-0.8
Earnings before interest, tax, depreciation and amortisation (“EBITDA”):						
-Malaysia	16,208	29,073	-44.3	16,208	29,073	-44.3
-Indonesia	4,171	23,866	-82.5	4,171	23,866	-82.5
	20,379	52,939	-61.5	20,379	52,939	-61.5
-Finance costs	(18,400)	(5,388)		(18,400)	(5,388)	
-Depreciation and amortisation	(28,248)	(31,263)		(28,248)	(31,263)	
-Share of profits of joint venture	*	-		*	-	
(Loss)/profit before taxation	(26,269)	16,288	-261.3	(26,269)	16,288	-261.3
(Loss)/profit before taxation:						
-Malaysia	5,586	16,678	-66.5	5,586	16,678	-66.5
-Indonesia	(31,855)	(390)	+8067.9	(31,855)	(390)	+8067.9
	(26,269)	16,288	-261.3	(26,269)	16,288	-261.3
* Below RM1,000/=						
TOTAL ASSETS				As at 30 June 2018 RM'000	As at 31 March 2018 RM'000 (Restated)	
Malaysian Operations				779,890	791,972	
Indonesian Operations				1,470,969	1,478,064	
Unallocated assets				32,941	27,159	
				2,283,800	2,297,195	

A10. Valuations of Property, Plant and Equipment

There was no revaluation of property, plant and equipment for the current quarter.

A11. Material Subsequent Events

There was no material event subsequent to the end of the current quarter that has not been reflected in the unaudited financial statements.

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A12. Changes in the Composition of the Group

On 26 March 2018, a subsidiary of the Group, PT Indonesia Plantation Synergy (“IPS”) entered into a Shareholders Agreement with KL-Kepong Plantation Holdings Sdn. Bhd (“KLKP”) and an individual shareholder to regulate the relationship and obligations of IPS, KLKP and the individual shareholder as the shareholders of PT Perindustrian Sawit Sinergi (“PT PSS”).

On 15 May 2018, IPS fully subscribed for 44,000 shares of Rp.1,000,000 each comprising a 20% equity interest in PT PSS for a total cash consideration of Rp.44,000,000,000 (approximately RM12,408,000) resulting in PT PSS becoming a 20:80 jointly controlled entity of IPS and KLKP.

Except for the above, there were no other changes in the composition of the Group for the current quarter.

A13. Contingent Liabilities or Contingent Assets

There were no material contingent liabilities or contingent assets as at 30 June 2018.

A14. Capital Commitments

Capital commitments not provided for in the unaudited financial statements as at 30 June 2018 are as follows:

Property, plant, equipment, land use rights and Plantation expenditure:	RM'000
- Approved and contracted for	143,302
- Approved but not contracted for	72,069
	<u>215,371</u>

A15. Fair Value of Financial Instruments

The following hierarchies were applied to determine the fair value of all the financial instruments carried at fair value:

- (a) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- (b) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- (c) Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at 30 June 2018, the Group measured and recognised the derivative financial instruments for the crude palm oil pricing swap contracts at fair value. It was classified by the level of fair value measurement hierarchy as follows:

	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
<u>Financial Assets</u>				
Derivative financial instruments	-	1,304	-	1,304

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B Bursa Securities Listing Requirements (Part A of Appendix 9B)

Current quarter under review – Q1-FY2019

Corresponding quarter of the preceding year – Q1-FY2018

Immediate preceding quarter – Q4-FY2018

B1. Review of Performance

The results of the Group are tabulated below:

	Individual Quarter		change %
	Current year quarter 30/06/2018 RM'000	Preceding year quarter 30/06/2017 RM'000 (Restated)	
Revenue:			
-Malaysia	100,594	101,755	-1.1
-Indonesia	82,549	82,839	-0.4
	183,143	184,594	-0.8
EBITDA:			
-Malaysia	16,208	29,073	-44.3
-Indonesia	4,171	23,866	-82.5
	20,379	52,939	-61.5
(Loss)/profit before taxation:			
-Malaysia	5,586	16,678	-66.5
-Indonesia	(31,855)	(390)	+8067.9
	(26,269)	16,288	-261.3

Individual Quarter -- Q1-FY2019 vs Q1-FY2018

For Q1-FY2019, FFB production was lower mainly due to the change in cropping pattern in the Malaysian operations in the corresponding quarter of the preceding year. Owing to the adverse market supply and demand condition, commodity prices were significantly lower as compared to Q1-FY2018. As a result, the Group recorded a slight reduction in revenue despite higher sales volumes from stock reduction.

The Rupiah weakened significantly against the US Dollar during the quarter. As a result, the Group EBITDA was impacted by net unrealised foreign exchange losses on the US Dollar denominated borrowings which are reported as other operating expenses and not regarded as finance costs by RM19.122 million (Q1-FY2018: RM0.839 million losses). Compounded by the net unrealised foreign exchange losses on the US Dollar denominated borrowings which are regarded as finance costs amounting to RM11.756 million (Q1-FY2018: Nil), the Group recorded a significant loss before taxation for the quarter.

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B1. Review of Performance (continued)

Individual Quarter -- Q1-FY2019 vs Q1-FY2018 (continued)

The performance by geographical segments are summarised as follows:

- (a) FFB production in the Malaysian operations was lower due to change in cropping pattern. Despite higher sales volumes with stock reduction, a slight reduction in revenue was recorded due to the lower commodity prices. The overall financial performance was adversely impacted by a decline in closing inventory levels as compared to the corresponding quarter of the previous year, valued at the prevailing lower palm produce prices resulting in an impact to EBITDA of RM24.560 million.
- (b) despite a higher sales volume, the Indonesian operations recorded a slightly lower revenue in Q1-FY2019 due to lower commodity prices. Although there was an adverse effect of the change in cropping pattern, FFB production was higher due to the larger areas that have attained maturity. The EBITDA and profit before tax were adversely impacted by the net unrealised foreign exchange losses on its US Dollar denominated borrowings amounting to RM18.283 million and RM30.039 million respectively and production cost pressures from the increase in young mature areas incurring full fixed plantation maintenance and overhead costs set against start-up crop yields.

The relevant details pertaining to the results above are as follows:

	Individual Quarter		var % +/-
	Current year quarter 30/06/2018	Preceding year quarter 30/06/2017	
Malaysian Operations			
Own FFB production (mt)	86,465	111,299	-22.3
Outside FFB crops (mt)	33,519	45,352	-26.1
CPO production (mt)	25,006	31,142	-19.7
PKO production (mt)	2,251	3,162	-28.8
CPO sales (mt)	37,196	31,554	+17.9
PKO sales (mt)	2,278	2,812	-19.0
CPO price per mt (RM)	2,395	2,753	-13.0
PKO price per mt (RM)	3,538	4,399	-19.6
Indonesian Operations			
Own FFB production (mt)	134,588	130,245	+3.3
Outside FFB crops (mt)	30,602	27,111	+12.9
CPO production (mt)	25,402	24,775	+2.5
PKO production (mt)	1,966	1,275	+54.2
Own FFB sales (mt)	55,931	40,323	+38.7
CPO sales (mt)	24,511	23,211	+5.6
PKO sales (mt)	1,501	1,000	+50.1
FFB price per mt (RM)	450	509	-11.6
CPO price per mt (RM)	2,115	2,502	-15.5
PKO price per mt (RM)	3,519	4,136	-14.9
Closing Exchange Rates			
	As at 30/06/2018	As at 30/06/2017	
RM : Rupiah	1 : 3,559	1 : 3,096	
US Dollar : RM	1 : 4.043	1 : 4.295	
US Dollar : Rupiah	1 : 14,404	1 : 13,319	

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B1. Review of Performance (continued)

Contribution to the Sabah state sales tax and statutory payment of cesses to the Malaysian Palm Oil Board (“MPOB”) were as follows:

	Individual Quarter	
	Current year quarter 30/06/2018 RM'000	Preceding year quarter 30/06/2017 RM'000
Malaysian Operations		
Sabah sales tax	6,559	6,345
MPOB Cess:		
-Palm Oil Price Stabilisation Fund Order 2001	55	68
MPOB Cess:		
-Research & Development, Licensing, Enforcement and Marketing Cess Order 2002	300	380
Total	6,914	6,793

B2. Material Changes in the Quarterly Results Compared to the Results of Immediate Preceding Quarter

The results of the Group are tabulated below:

	Individual Quarter		change % +/-
	Current year quarter 30/06/2018 RM'000	Immediate preceding quarter 31/03/2018 RM'000 (Restated)	
Revenue:			
- Malaysia	100,594	79,411	+26.7
- Indonesia	82,549	61,906	+33.3
	<u>183,143</u>	<u>141,317</u>	+29.6
EBITDA:			
- Malaysia	16,208	27,224	-40.5
- Indonesia	4,171	12,952	-67.8
	<u>20,379</u>	<u>40,176</u>	-49.3
(Loss)/profit before taxation:			
- Malaysia	5,586	12,903	-56.7
- Indonesia	(31,855)	(16,690)	+90.9
	<u>(26,269)</u>	<u>(3,787)</u>	+593.7

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B2. Material Changes in the Quarterly Results Compared to the Results of Immediate Preceding Quarter (continued)

Revenue for the Q1-FY2019 was higher than Q4-FY2018 due to higher sales volumes. Commodity prices were lower. Although there was an increase in FFB production in the Indonesian operations due to the larger area coming into maturity, the adverse effect of the earlier prolonged dry weather resulted in an overall drop in production for the Group. The Group's financial performance was significantly impacted by the net unrealised foreign exchange losses of RM30.878 million recorded on its US Dollar denominated borrowings (Q4-FY2018: RM10.819 million).

The performance by geographical segments are summarised as follows:

- (a) FFB production in the Malaysian operations was lower due to the adverse effect of the earlier prolonged dry weather. However, higher revenue was recorded due to the higher sales volume with reduction of stocks. A lower profit before tax was recorded due to a significant decline in closing inventory levels valued at the prevailing lower palm produce prices resulting in an impact to EBITDA of RM50.596 million; and
- (b) The Indonesian operations recorded higher revenue due to higher sales volumes. FFB production increased significantly as it moved into a high crop cycle and more areas attained maturity. However, the lower EBITDA and loss before tax was as a result of the production cost pressure due to the increase in young mature areas incurring full fixed plantation maintenance and overhead costs set against the start-up crop yields and the net unrealised foreign exchange losses on the US Dollar denominated borrowings arising from the weakening of the Rupiah against the US Dollar.

The relevant details pertaining to the results above are as follows:

	Individual Quarter		var % +/-
	Current year quarter 30/06/2018	Immediate preceding quarter 31/03/2018	
Malaysian Operations			
Own FFB production (mt)	86,465	127,166	-32.0
Outside FFB crops (mt)	33,519	54,896	-38.9
CPO production (mt)	25,006	35,698	-30.0
PKO production (mt)	2,251	3,490	-35.5
CPO sales (mt)	37,196	21,980	+69.2
PKO sales (mt)	2,278	3,700	-38.4
CPO price per mt (RM)	2,395	2,469	-3.0
PKO price per mt (RM)	3,538	4,478	-21.0
Indonesian Operations			
Own FFB production (mt)	134,588	98,708	+36.3
Outside FFB crops (mt)	30,602	21,282	+43.8
CPO production (mt)	25,402	17,403	+46.0
PKO production (mt)	1,966	1,218	+61.4
Own FFB sales (mt)	55,931	46,466	+20.4
CPO sales (mt)	24,511	18,510	+32.4
PKO sales (mt)	1,501	-	-
FFB price per mt (RM)	450	497	-9.5
CPO price per mt (RM)	2,115	2,126	-0.5
PKO price per mt (RM)	3,519	-	-
Closing Exchange Rates			
	As at 30/06/2018	As at 31/03/2018	
RM : Rupiah	1 : 3,559	1 : 3,559	
US Dollar : RM	1 : 4.043	1 : 3.866	
US Dollar : Rupiah	1 : 14,404	1 : 13,756	

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B3. Prospects for the Current Financial Year

Notwithstanding the anticipated recovery of crop production from the effects of the prolonged dry weather and increased young mature areas, the Group continues to be affected by the start-up yields whilst incurring full plantation maintenance costs and overheads. The Group is also exposed to the volatility of the foreign exchange rates particularly that of the Rupiah against the US Dollar and higher borrowing costs.

As a result of the above factors and given the volatility in the commodity prices, the Group expects a challenging financial year.

B4. Variance of Actual Profit from Forecast Profit

Not applicable.

B5. Income Tax

The income tax expense of the group for the financial period under review is as follows:

	INDIVIDUAL QUARTER 3 MONTHS ENDED 30 JUNE		CUMULATIVE PERIOD 3 MONTHS ENDED 30 JUNE	
	2018 RM'000	2017 RM'000 (Restated)	2018 RM'000	2017 RM'000 (Restated)
Current tax:				
- Malaysian income tax	3,682	5,178	3,682	5,178
Deferred tax:				
- Relating to (reversal)/origination of temporary differences	(5,136)	437	(5,136)	437
	(1,454)	5,615	(1,454)	5,615

The effective tax rate of the Group is impacted by the tax treatment of the foreign exchange movements and non-deductibility of certain expenses for tax purposes at the overseas subsidiaries.

B6. Corporate Proposals

At the close of the quarter, there were no corporate proposals that were pending completion.

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B7. Group Borrowings

The particulars of the Group's borrowings denominated in US Dollars in Ringgit Malaysia equivalent are as follows:

	As at 30 June 2018
	RM'000
Short term borrowings	
<u>Unsecured:</u>	
- Short term advance facility	80,950
<u>Secured:</u>	
- Term loan	240,828
	321,778
Long term borrowings	
<u>Secured:</u>	
- Term loan	429,645
	429,645
Total borrowings	751,423

The term loans are secured by way of corporate guarantees by the Company.

B8. Changes in Material Litigation

There was no material litigation since 31 March 2018.

B9. Dividend Payable

In respect of the financial year ended 31 March 2018, a single tier interim dividend amounting to 5 sen per share (previous corresponding financial year: 7 sen per share) was paid on 18 July 2018 to every member who is entitled to receive the dividend as at 5.00 p.m. on 29 June 2018.

The Directors do not recommend any interim dividend for the current quarter.

B10. (Loss)/earnings per Share

	INDIVIDUAL QUARTER 3 MONTHS ENDED 30 JUNE		CUMULATIVE PERIOD 3 MONTHS ENDED 30 JUNE	
	2018	2017	2018	2017
<u>Basic (loss)/earnings per share</u>		(Restated)		(Restated)
Net (loss)/profit for the period attributable to owners of the Company (RM'000)	(19,577)	11,447	(19,577)	11,447
	(19,577)	11,447	(19,577)	11,447
Weighted average number of ordinary shares in issue ('000')	880,580	880,580	880,580	880,580
	880,580	880,580	880,580	880,580
Basic (loss)/earnings per share (sen)	(2.22)	1.30	(2.22)	1.30

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B11. Notes to the Condensed Statement of Comprehensive Income

	INDIVIDUAL QUARTER 3 MONTHS ENDED 30 JUNE		CUMULATIVE PERIOD 3 MONTHS ENDED 30 JUNE	
	2018 RM'000	2017 RM'000 (Restated)	2018 RM'000	2017 RM'000 (Restated)
Interest income	1,313	1,567	1,313	1,567
Net losses - net foreign exchange losses from operations	(19,122)	(839)	(19,122)	(839)
Finance costs – net foreign exchange losses on borrowings	(11,756)	-	(11,756)	-
Other income	1,184	1,048	1,184	1,048
Fair value gains on crude palm oil pricing swaps	913	720	913	720
Fair value losses on produce growing on bearer plants	(2,767)	(1,400)	(2,767)	(1,400)
Interest expense	(6,644)	(5,388)	(6,644)	(5,388)
Depreciation and amortisation	(28,248)	(31,264)	(28,248)	(31,264)

The above disclosure was prepared in accordance with paragraph 16 of Appendix 9B of the Main Market Listing Requirements (“MMLR”) issued by Bursa Malaysia Securities Berhad. Except for the above, the rest of the items required for disclosures pursuant to paragraph 16 of MMLR are not applicable to the Group.

B12. Financial Instruments

The Group entered into Crude Palm Oil (“CPO”) pricing swap contracts offered by certain reputable banks in Malaysia to mitigate the exposure to fluctuations in the price of CPO in accordance with the guidelines set by the Board of Directors.

As at the reporting date, the outstanding notional volume and value of the CPO pricing swap contracts and their fair value are as follows:

CPO pricing swap contracts	Notional volume outstanding as at the date of statement of financial position (Metric tonnes)	Notional value outstanding as at the date of statement of financial position (RM)	Fair value of derivative financial asset (RM)
- Less than 1 year	6,750	17,227,500	1,304,000
- 1 year to 3 years	-	-	-
- More than 3 years	-	-	-

There are no other type of derivatives entered into subsequent to the end of previous financial year. There is no change in the financial risk management and related accounting policy on the CPO pricing swaps since the end of the previous financial year.

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B13. Fair Value changes of Financial Instruments

The Group recognised the fair value gains of approximately RM913,000 (*Q1-FY 2018: Gains of RM720,000*) on the CPO pricing swap contracts during the current quarter.

The fair value change is due to the difference between fixed CPO prices as per the swap contracts and the average future CPO prices quoted on the Bursa Malaysia Derivative Exchange for the specific contracted periods.

Fair value gain is recorded when the average future CPO prices quoted on the Bursa Malaysia Derivative Exchange is lower than the contracted fixed CPO prices. Conversely, a fair value loss will be recorded when the average future CPO prices quoted on the Bursa Malaysia Derivative Exchange is higher than the contracted fixed CPO prices.