

JAYA TIASA HOLDINGS BHD (3751-V)
FIRST QUARTERLY REPORT FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2018 - unaudited
CONDENSED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 months ended		3 months ended	
	30/09/2018	30/09/2017	30/09/2018	30/09/2017
	RM'000	RM'000	RM'000	RM'000
		(restated)		(restated)
Revenue	211,022	255,741	211,022	255,741
Cost of sales	(183,520)	(197,551)	(183,520)	(197,551)
Gross profit	27,502	58,190	27,502	58,190
Other income	3,201	4,166	3,201	4,166
Selling and distribution costs	(8,091)	(12,370)	(8,091)	(12,370)
Administrative expenses	(7,601)	(8,135)	(7,601)	(8,135)
Fair value change in biological assets	917	1,770	917	1,770
Operating profit	15,928	43,621	15,928	43,621
Finance costs	(14,452)	(12,959)	(14,452)	(12,959)
Profit before taxation	1,476	30,662	1,476	30,662
Income tax expense	(628)	(10,022)	(628)	(10,022)
Profit net of tax	848	20,640	848	20,640
Other comprehensive income:				
Foreign currency translation	-	5	-	5
Fair value change in available-for-sale financial assets	(9,100)	(6,300)	(9,100)	(6,300)
Other comprehensive income, net of tax	(9,100)	(6,295)	(9,100)	(6,295)
Total comprehensive income for the year	(8,252)	14,345	(8,252)	14,345
Profit/(loss) attributable to:				
Owner of the parent	871	19,992	871	19,992
Non-controlling interests	(23)	648	(23)	648
	848	20,640	848	20,640
Total comprehensive income attributable to:				
Owner of the parent	(8,229)	13,697	(8,229)	13,697
Non-controlling interests	(23)	648	(23)	648
	(8,252)	14,345	(8,252)	14,345
Basic earnings per share attributable to owners of the parent (Sen)	0.09	2.07	0.09	2.07

The unaudited condensed consolidated profit or loss and other 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 this quarterly report.

CONDENSED STATEMENTS OF FINANCIAL POSITION

	AS AT 30/09/2018 RM'000	AS AT 30/06/2018 RM'000 (restated)	AS AT 01/07/2017 RM'000 (restated)
ASSETS			
Non-current Assets			
Property, plant and equipment	2,223,682	2,254,416	2,369,687
Biological assets	49,295	46,491	32,760
Land use rights	34	35	40
Intangible assets	1,074	1,117	610
Investment securities	30,800	44,900	68,700
Deferred tax assets	37,502	33,901	33,179
	<u>2,342,387</u>	<u>2,380,860</u>	<u>2,504,976</u>
Current Assets			
Inventories	131,922	106,911	139,649
Biological assets	10,366	9,450	13,532
Trade and other receivables	60,131	49,216	59,584
Other current assets	19,067	16,898	14,663
Derivative assets	-	-	252
Cash and bank balances	69,185	19,953	65,234
	<u>290,671</u>	<u>202,428</u>	<u>292,914</u>
TOTAL ASSETS	<u><u>2,633,058</u></u>	<u><u>2,583,288</u></u>	<u><u>2,797,890</u></u>
EQUITY AND LIABILITIES			
Current Liabilities			
Interest bearing loans and borrowings	485,283	385,988	487,479
Trade and other payables	124,678	135,526	136,195
Income tax payable	2,858	994	4,968
Derivative liabilities	-	-	304
	<u>612,819</u>	<u>522,508</u>	<u>628,946</u>
EQUITY AND LIABILITIES			
Non-current Liabilities			
Interest bearing loans and borrowings	550,458	580,041	589,358
Deferred tax liabilities	49,843	47,549	62,241
	<u>600,301</u>	<u>627,590</u>	<u>651,599</u>
Total Liabilities	<u>1,213,120</u>	<u>1,150,098</u>	<u>1,280,545</u>
Net assets	<u>1,419,938</u>	<u>1,433,190</u>	<u>1,517,345</u>
Equity Attributable to owners of the parent			
Share capital	977,402	977,402	977,402
Treasury shares	(13,687)	(13,687)	(13,687)
Reserves	456,690	469,919	542,320
	<u>1,420,405</u>	<u>1,433,634</u>	<u>1,506,035</u>
Non-controlling interests	<u>(467)</u>	<u>(444)</u>	<u>11,310</u>
Total Equity	<u>1,419,938</u>	<u>1,433,190</u>	<u>1,517,345</u>
TOTAL EQUITY AND LIABILITIES	<u><u>2,633,058</u></u>	<u><u>2,583,288</u></u>	<u><u>2,797,890</u></u>
Net assets per share attributable to equity holders (RM)	1.47	1.48	1.56
Number of ordinary shares net of treasury shares	967,991	967,991	967,991

The unaudited condensed consolidated statement 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.

FIRST QUARTERLY REPORT FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2018 - unaudited

CONDENSED STATEMENTS OF CHANGES IN EQUITY

	Share Capital RM'000	Treasury Shares RM'000	Exchange Difference Reserves RM'000	Fair Value Reserves RM'000	Retained Profits RM'000	Total RM'000	Non- controlling Interest RM'000	Total Equity RM'000
At 01 July 2018, as previously reported	977,402	(13,687)	(6,441)	-	823,186	1,780,460	(444)	1,780,016
Effect on transition to MFRSs	-	-	6,441	-	(353,267)	(346,826)	-	(346,826)
	977,402	(13,687)	-	-	469,919	1,433,634	(444)	1,433,190
Effect on adoption of MFRS 9	-	-	-	(30,100)	25,100	(5,000)	-	(5,000)
At 01 July 2018, as restated	977,402	(13,687)	-	(30,100)	495,019	1,428,634	(444)	1,428,190
Profit/(loss) for the period	-	-	-	-	871	871	(23)	848
Other comprehensive income	-	-	-	(9,100)	-	(9,100)	-	(9,100)
Total comprehensive income	-	-	-	(9,100)	871	(8,229)	(23)	(8,252)
At 30 September 2018	977,402	(13,687)	-	(39,200)	495,890	1,420,405	(467)	1,419,938
At 01 July 2017, as previously reported	977,402	(13,687)	(6,441)	(6,300)	855,829	1,806,803	11,310	1,818,113
Effect on transition to MFRSs	-	-	6,441	-	(307,209)	(300,768)	-	(300,768)
At 01 July 2017, as restated	977,402	(13,687)	-	(6,300)	548,620	1,506,035	11,310	1,517,345
Profit for the year	-	-	-	-	19,992	19,992	648	20,640
Other comprehensive income	-	-	5	(6,300)	-	(6,295)	-	(6,295)
Total comprehensive income	-	-	5	(6,300)	19,992	13,697	648	14,345
At 30 September 2017	977,402	(13,687)	5	(12,600)	568,612	1,519,732	11,958	1,531,690

The unaudited condensed consolidated statement 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 this quarterly report.

FIRST QUARTERLY REPORT FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2018 - unaudited

CONDENSED STATEMENTS OF CASH FLOWS

	Current	Corresponding
	3 months ended	3 months ended
	30/09/2018	30/09/2017
	RM'000	RM'000
		(restated)
Cash Flows from Operating Activities		
Profit before taxation	1,476	30,662
Adjustments for:		
Depreciation and amortisation	44,264	45,352
Fair value change in biological assets	(917)	(1,770)
Interest expenses	13,931	12,112
Interest income	(37)	(54)
Net (gain)/loss on disposal of property, plant and equipment	(537)	336
Net unrealised foreign exchange loss	111	2,477
Reversal of fair value loss on derivatives	-	(52)
Operating cash flows before working capital changes	58,291	89,063
Net change in current assets	(36,079)	9,744
Net change in current liabilities	(10,849)	(5,046)
Cash flows from operations	11,363	93,761
Interest received	37	54
Interest paid	(13,933)	(12,130)
Income taxes paid, net of refund	(2,083)	(4,468)
Net cash flows (used in)/from operating activities	(4,616)	77,217
Cash Flows from Investing Activities		
Acquisition of property, plant and equipment	(14,718)	(13,160)
Acquisition of biological assets	(4,925)	(8,465)
Proceeds from disposal of property, plant and equipment	4,114	5,878
Proceeds from disposal of biological assets	-	33
Net cash flows used in investing activities	(15,529)	(15,714)
Cash Flows from Financing Activities		
Net proceeds of revolving credit and bankers' acceptances	71,370	23,079
Repayments of hire purchase creditors	(3,525)	(7,251)
Repayments of term loans	(22,692)	(7,117)
Proceeds from term loans	-	51,900
Net cash flows from financing activities	45,153	60,611
Net change in cash and cash equivalent	25,008	122,114
Effects of exchange rate changes	(44)	-
Cash and cash equivalents at the beginning of the year	(81,694)	(73,792)
Cash and cash equivalents at the end of the year	(56,730)	48,322
Cash and bank balances	69,185	125,592
Bank overdrafts	(125,915)	(77,270)
	(56,730)	48,322

The unaudited condensed consolidated statement of cash flow should be read in conjunction with the audited financial statements for the year ended 30 June 2018 and the accompanying explanatory notes attached to this quarterly report.

Explanatory notes pursuant to MFRS 134 and Appendix 9B of the Listing Requirements

1 Accounting Policies and Basis of Preparation

The interim financial report is unaudited and has been prepared in accordance with MFRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the Group's audited financial statements for the financial year ended 30 June 2018. The explanatory notes attached to the interim financial report 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.

For the financial period beginning 1 July 2018, the interim financial statements of the Group are the first set of interim financial statements prepared in accordance with the MFRS Framework, hence MFRS 1: First-time Adoption of Malaysian Financial Standards has been applied. The date of transition to the MFRS Framework for the purpose of preparation of the MFRS compliant interim financial report is 1 July 2017.

The Group has consistently applied the same accounting policies in its opening MFRS statement of financial position as at 1 July 2017 and throughout all comparable interim periods presented, as if these policies had always been in effect.

a) Transition from FRS to MFRS

i) MFRS 9 – Financial Instruments

The Group has applied MFRS 9 prospectively, with an initial application date of 1 July 2018. The Group has not restated the comparative information, which continues to be reported under MFRS 139. Differences arising from the adoption of MFRS 9 have been recognised directly in retained earnings and fair value reserves.

The following are the changes in the classification of the Group's financial assets:

Listed equity investments previously classified as available-for-sale ("AFS") financial assets as at 30 June 2018 are now classified and measured at fair value through other comprehensive income ("OCI"). RM30 million of impairment losses was recognized in profit or loss for this investment in prior period was reclassified to fair value reserves as at 1 July 2018. The Group elected to classify irrevocably its listed equity investments under this category as it intends to hold these investments for the foreseeable future.

Equity investments in non-listed companies previously classified as AFS financial assets as at 30 June 2018 are now classified and measured as equity instruments designated at fair value through profit or loss. The Group elected to classify irrevocably its non-listed equity investments under this category as it intends to hold these investments for the foreseeable future. The cost of investment in the equity investments in non-listed companies of RM5 million was reclassified to retained earnings as at 1 July 2018.

ii) Exchange difference reserves

Under FRS, the Group recognized translation differences on foreign operation in a separate component of equity. The cumulative foreign currency translation differences for all foreign operations are deemed to be zero as at date of transition to MFRS. Accordingly, at date of transition to MFRS, the cumulative foreign currency translation differences of RM 6.4 million were adjusted against retained earnings.

Explanatory notes pursuant to MFRS 134 and Appendix 9B of the Listing Requirements

I Accounting Policies and Basis of Preparation

a) Transition from FRS to MFRS

iii) MFRS 116 - Property, Plant and Equipment and MFRS 141 - Agriculture: Bearer Plants

Bearer plants

Under the amendments to MFRS 116 and MFRS 141, biological assets that meet the definition of bearer plants will be within the scope of MFRS 116. After initial recognition, the Group's bearer plants is measured at cost less amortisation, which involve reclassification of the bearer assets from biological assets to property, plant and equipment.

Biological assets

Prior to the adoption of MFRS 141 Agriculture: Bearer Plants, produce growing on bearer plants and consumable biological assets were not recognised. Following the adoption of MFRSs, the biological assets within the scope of MFRS 141 are measured at fair value less costs to sell. The changes of fair value recognised in profit or loss.

The effects on transition from FRSs to MFRSs are as follows:

Condensed Statements of Profit or Loss

	As previously reported	Effect on transition to MFRS	Restated
	RM'000	RM'000	RM'000
<u>Quarter ended 30.09.2017</u>			
Cost of sales	(184,192)	(13,359)	(197,551)
Fair value change in biological assets	-	1,770	1,770
Income tax expense	(12,803)	2,781	(10,022)
Profit net of tax	29,448	(8,808)	20,640

Explanatory notes pursuant to MFRS 134 and Appendix 9B of the Listing Requirements

I Accounting Policies and Basis of Preparation

a) Transition from FRS to MFRS

Condensed Statements of Financial Position

	As previously reported RM'000	Effect on transition to MFRS RM'000	Restated RM'000
<u>As at 1.7.2017</u>			
Non-current Assets			
Property, plant and equipment	1,171,915	1,197,772	2,369,687
Biological assets	1,639,812	(1,607,052)	32,760
Deferred tax assets	22,492	10,687	33,179
Current Assets			
Biological assets	-	13,532	13,532
Non-current Liabilities			
Deferred tax liabilities	146,534	(84,293)	62,241
Equity			
Reserves	843,088	(300,768)	542,320

	As previously reported RM'000	Effect on transition to MFRS RM'000	Restated RM'000
<u>As at 30.06.2018</u>			
Non-current Assets			
Property, plant and equipment	1,089,736	1,164,680	2,254,416
Biological assets	1,676,971	(1,630,480)	46,491
Deferred tax assets	22,807	11,094	33,901
Current Assets			
Biological assets	-	9,450	9,450
Non-current Liabilities			
Deferred tax liabilities	145,979	(98,430)	47,549
Equity			
Reserves	816,745	(346,826)	469,919

Explanatory notes pursuant to MFRS 134 and Appendix 9B of the Listing Requirements

1 Accounting Policies and Basis of Preparation

a) Transition from FRS to MFRS

Condensed Statements of Cash Flow

	As previously reported RM'000	Effect on transition to MFRS RM'000	Restated RM'000
<u>Quarter ended 30.09.2017</u>			
Cash Flow from operating activities			
Profit before tax	42,251	(11,589)	30,662
Depreciation and amortisation	31,993	13,359	45,352
Fair value change in biological assets	-	(1,770)	(1,770)

b) Adoption of new MFRSs, amendments to standards and IC interpretations

The significant accounting policies adopted in the interim financial report are consistent with those adopted in the Group's audited financial statements for the financial year ended 30 June 2018. At the date of authorization of these interim financial statements, the Group has not adopted the following accounting standards that have been issued by the Malaysian Accounting Standards Board ("MASB"). The Group intend to adopt these amendments/standards, if applicable, when they become effective.

Description	Effective for annual periods beginning on or after
Annual improvements to MFRS Standards 2015-2017 Cycle:	
(i) Amendments to MFRS 3: Business Combinations	1 January 2019
(ii) Amendments to MFRS 11: Joint Arrangements	1 January 2019
(iii) Amendments to MFRS 112: Income Taxes	1 January 2019
(iv) Amendments to MFRS 123: Borrowing Costs	1 January 2019
IC Interpretation 23: Uncertainty over Income Tax Treatment	1 January 2019
MFRS 16: Leases	1 January 2019
Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures	1 January 2019
Amendments to MFRS 9: Prepayment Features with Negative Compensation	1 January 2019
Amendment to MFRS 119: Employee Benefits	1 January 2019

2 Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the year ended 30 June 2018 was not qualified.

Explanatory notes pursuant to MFRS 134 and Appendix 9B of the Listing Requirements

3 *Seasonal and Cyclical Factors*

Production of fresh fruit bunches (“FFB”) is cyclical in nature. The peak crops season of FFB normally is in the second half of the year but depends on weather conditions.

4 *Unusual Items*

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the current quarter and financial year-to-date.

5 *Changes in Estimates*

The estimates at 1 July 2017 and at 30 June 2018 were consistent with those made for the same dates in accordance with FRS. The estimates used by the Group to present these amounts in accordance with MFRS reflect conditions at 1 July 2017, the date of transition to MFRS and as of 30 June 2018.

6 *Debt and Equity Securities*

There were no issuances or repayments of debt and equity securities during the financial year. The number of shares retained as treasury shares amounted to 5,727,000 as at 30 September 2018.

7 *Dividends Paid*

There were no dividends paid during the financial period.

8 *Carrying Amount of Revalued Assets*

The Group did not carry out any valuations on its property, plant and equipment during the current quarter and financial year-to-date. The carrying value of property, plant and equipment is based on the valuation incorporated in the annual financial statements for the year ended 30 June 2018.

9 *Subsequent Events*

No material events have arisen during the interval between the end of the current quarter and the date of this announcement that have not been reflected in the current quarterly report.

10 *Changes in Composition of the Group*

There were no changes in the composition of the Group during the current quarter, which were previously not announced.

11 *Contingent Liabilities and Contingent Assets*

There are no significant changes in contingent liabilities or assets as at the end of the current quarter.

JAYA TIASA HOLDINGS BHD (3751-V)
FIRST QUARTERLY REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018

Explanatory notes pursuant to MFRS 134 and Appendix 9B of the Listing Requirements

12 Segmental Information

The financial information in respect of the Group's business segments for the current financial period ended 30 September 2018 is as follows:

	Oil Palm	Timber	Others	Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
REVENUE					
External	153,910	56,992	120	-	211,022
Inter segment	122,752	63,488	3,262	(189,502)	-
Total Revenue	276,662	120,480	3,382	(189,502)	211,022
EBITDA	46,948	17,357	183	-	64,488
Finance cost	(11,046)	(3,396)	(10)	-	(14,452)
Depreciation and amortisation	(34,754)	(8,951)	(559)	-	(44,264)
Segmental result	1,148	5,010	(386)	-	5,772
Group admin and overhead cost					(4,296)
Profit before tax					1,476
Segment assets	2,112,081	454,183	66,794	-	2,633,058
Segment liabilities	877,552	333,060	2,508	-	1,213,120

13 Property, Plant and Equipment

Acquisition and disposal of items of property, plant and equipment by the Group for the current financial period ended 30 September 2018 is as follows:

	Acquisition	Disposal
	RM'000	RM'000
Factory, building and quarter	2,943	(72)
Road and bridge	2,169	-
Furniture, fitting and equipment	801	(126)
Motor vehicle	4,717	(6,652)
Plant and machinery	625	(82)
Total	11,255	(6,932)

Explanatory notes pursuant to MFRS 134 and Appendix 9B of the Listing Requirements

14 Capital Commitments

The amount of commitments for the purchase of property, plant and equipment not provided for in the quarterly report is as follows:

	As at 30 September 2018 RM'000	As at 30 June 2018 RM'000
Approved and contracted for	<u>9,431</u>	<u>7,215</u>

15 Fair value of Financial Instruments

The Group uses the following levels of fair value hierarchy in measuring the fair value of financial instruments.

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

As at 30 September 2018, the Group's financial instruments measured and recognised at fair value on a recurring basis are as follows:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Financial assets				
Equity investments quoted in Malaysia	<u>30,800</u>	-	-	<u>30,800</u>

The methods and valuation techniques used for the purpose of measuring fair value are consistent with the previous financial year ended 30 June 2018. There have been no transfers between the levels during the year.

Explanatory notes pursuant to MFRS 134 and Appendix 9B of the Listing Requirements

16 Significant Related Party Transactions

The Group entered into the following significant related parties transactions with companies connected to certain Directors of the Companies and its subsidiaries for the current financial period ended 30 September 2018.

	Period-to-date	
	30.09.2018 RM'000	30.09.2017 RM'000
i) Purchase of logs from Binamewah Sdn Bhd	-	423
ii) Purchase of raw materials from Petanak Enterprise Sdn Bhd	3,695	3,370
iii) Purchase of lubricant and spare parts from Rimbulan Hijau General Trading Sdn Bhd	1,940	1,325
iv) Provision of reforestation planning and advisory services by R H Development (Sarawak) Sdn Bhd	234	22
v) Provision of towage and freight charges by Subur Group	72	49
vi) Land rental for oil palm plantation development by RH Group	2,101	1,916
vii) Sale of veneer to Subur Group	-	1,404
viii) Sale of FFB to R H Selangau Palm Oil Mill Sdn Bhd	-	2,210
ix) Sale of CPO to Borneo Edible Oil Sdn Bhd	117,477	28,653
x) Provision of logging contract services to Tapak Megah Sdn Bhd	-	162
xi) Provision of freight and towage services by Oriental Evermore Group	1,280	2,597

JAYA TIASA HOLDINGS BHD (3751-V)
FIRST QUARTERLY REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018

Explanatory notes pursuant to MFRS 134 and Appendix 9B of the Listing Requirements

17 Performance Review for Current Quarter and Financial Period to Date

	Individual/Cumulative Period		Changes
	Current Year First Quarter 30.09.2018 RM'000	Preceding Year Corresponding First Quarter 30.09.2017 RM'000 (restated)	
<u>Revenue</u>			
<i>Oil Palm</i>	153,910	165,483	-7%
<i>Timber</i>	56,992	90,210	-37%
<i>Others</i>	120	48	150%
	211,022	255,741	-17%
<u>Operating Profit</u>			
<i>Oil Palm</i>	12,194	43,115	-72%
<i>Timber</i>	8,406	4,551	85%
<i>Others</i>	(4,672)	(4,045)	-16%
	15,928	43,621	-63%
<u>Profit Before Tax</u>			
<i>Oil Palm</i>	1,148	33,882	-97%
<i>Timber</i>	5,010	828	505%
<i>Others</i>	(4,682)	(4,048)	-16%
	1,476	30,662	-95%
Profit After Tax	848	20,640	-96%
Profit Attributable to Owner of the Parent	871	19,992	-96%

For the current quarter under review, the Group recorded lower revenue as compared to the corresponding period last year. Reduction in revenue was mainly due to 67% and 39% decrease in log and plywood sales volume respectively. Revenue from the oil palm division also declined as a result of 36% and 19% contraction of FFB sales volume and average selling price in the current quarter compared to the corresponding quarter.

The pre-tax profit of the current quarter is 95% lower than the corresponding period last year mainly due to:-

- lower profit margin in oil palm division as a result of more than 20% decline in CPO and PK average selling price despite 27% and 18% increase in its sales volume respectively, and
- higher log production cost owing to 42% reduction in its production volume.

JAYA TIASA HOLDINGS BHD (3751-V)
FIRST QUARTERLY REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018

Explanatory notes pursuant to MFRS 134 and Appendix 9B of the Listing Requirements

18 Performance Review for Current Quarter with Immediate Preceding Quarter

	Individual Period		Changes
	Current Quarter 30.09.2018 RM'000	Immediate Preceding Quarter 30.06.2018 RM'000 (restated)	
Revenue			
<i>Oil Palm</i>	153,910	123,438	25%
<i>Timber</i>	56,992	58,179	-2%
<i>Others</i>	120	56	114%
	211,022	181,673	16%
Operating Profit			
<i>Oil Palm</i>	12,194	(7,909)	254%
<i>Timber</i>	8,406	7,621	10%
<i>Others</i>	(4,672)	(6,102)	23%
	15,928	(6,390)	349%
Profit Before Tax			
<i>Oil Palm</i>	1,148	(15,884)	107%
<i>Timber</i>	5,010	3,831	31%
<i>Others</i>	(4,682)	(36,203)	87%
	1,476	(48,256)	103%
Profit After Tax	848	(42,092)	102%
Profit Attributable to Owner of the Parent	871	(42,086)	102%

The Group's revenue and pre-tax profit performed better when compared to the immediate preceding quarter. The increase in Group's revenue is mainly due to a 32% and 54% increase in the sales volume of the CPO and PK respectively.

Better performance mainly contributed by the higher FFB and CPO production volume registered in the current quarter which leads to the lower production cost of FFB and CPO by 19% and 28% respectively as compared to immediate preceding quarter.

Explanatory notes pursuant to MFRS 134 and Appendix 9B of the Listing Requirements

19 Group's Prospects

With our continuous effort to improve operational efficiency and production yield in oil palm operations, we foresee growth in CPO output as well as improvement in OER. Despite the current weak CPO prices, we believe higher yield of FFB and capacity utilization of CPO mills would help in mitigating the impact.

Notwithstanding the uncertainty of the current global economic condition, we anticipate the log production to improve in the coming quarters and remain cautiously optimistic on the prices of timber products due to sustained demand from our major markets.

20 Profit for the Period

Included in the profit before tax are the following items:

	Current quarter		Year-to-date	
	30.09.2018	30.09.2017	30.09.2018	30.09.2017
	RM'000	RM'000	RM'000	RM'000
		(restated)		(restated)
Amortisation	14,466	13,435	14,466	13,435
Depreciation	29,798	31,917	29,798	31,917
Fair value change in biological assets	(917)	(1,770)	(917)	(1,770)
Interest expenses	13,931	12,112	13,931	12,112
Net (gain)/loss on disposal of property, plant and equipment	(537)	336	(537)	336
Net unrealised foreign exchange loss	111	2,477	111	2,477
Interest income	(37)	(54)	(37)	(54)
Reversal of fair value loss on derivatives	-	(52)	-	(52)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

21 Profit Forecast or Profit Guarantee

The disclosure requirements for explanatory notes on the variation of actual profit after tax and non-controlling interest, and shortfall in profit guarantee are not applicable.

Explanatory notes pursuant to MFRS 134 and Appendix 9B of the Listing Requirements

22 Taxation

Tax charge for the current financial period comprise:-

	Current quarter		Year-to-date	
	30.09.2018	30.09.2017	30.09.2018	30.09.2017
	RM'000	RM'000	RM'000	RM'000
		(restated)		(restated)
Current taxation	1,934	5,203	1,934	5,203
Deferred taxation	(1,306)	4,819	(1,306)	4,819
	<u>628</u>	<u>10,022</u>	<u>628</u>	<u>10,022</u>

The effective tax rate for the Group is higher than the statutory tax rate of 24%. This is mainly due to certain expenses not allowable for tax deduction and tax losses of certain subsidiaries where deferred tax assets have not been recognised.

23 Corporate Proposals

There were no corporate proposals announced or pending completion as at the date of this quarterly report.

24 Quoted Securities

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

25 Unquoted Securities

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

26 Material litigation

There is no pending material litigation as at the date of this announcement.

Explanatory notes pursuant to MFRS 134 and Appendix 9B of the Listing Requirements

27 Borrowings and Debt Securities

	As at 30 September 2018					
	Long term		Short term		Total borrowings	
	USD'000	RM'000	USD'000	RM'000	USD'000	RM'000
Secured						
Finance lease	-	4,824	-	10,720	-	15,544
Unsecured						
Bank overdraft	-	-	-	125,915	-	125,915
Banker acceptance	-	-	-	61,786	-	61,786
Revolving credit	-	224,000	-	223,469	-	447,469
Term loans	-	321,634	-	63,393	-	385,027
	-	545,634	-	474,563	-	1,020,197
Total	-	550,458	-	485,283	-	1,035,741

	As at 30 June 2018					
	Long term		Short term		Total borrowings	
	USD'000	RM'000	USD'000	RM'000	USD'000	RM'000
Secured						
Finance lease	-	6,865	-	11,981	-	18,846
Unsecured						
Bank overdraft	-	-	-	101,647	-	101,647
Banker acceptance	-	-	-	13,685	-	13,685
Revolving credit	-	233,500	3,000	200,132	3,000	433,632
Term loans	-	339,676	-	58,543	-	398,219
	-	573,176	3,000	374,007	3,000	947,183
Total	-	580,041	3,000	385,988	3,000	966,029

28 Dividend Payable

A final single-tier dividend of 0.5 sen per ordinary share for the financial year ended 30 June 2018 amounting to RM4,840,000 will be paid on 19 December 2018 to Depositors whose names appear in the Record of Depositors on 4 December 2018.

Explanatory notes pursuant to MFRS 134 and Appendix 9B of the Listing Requirements

29 Earnings per share (EPS)

i) Basic EPS

Basic earnings per share is calculated by dividing the net profit of the period over the weighted average number of ordinary shares in issue during the year excluding treasury shares held by the Company.

	Current Quarter		Year-to-date	
	30.09.2018	30.09.2017 (restated)	30.09.2018	30.09.2017 (restated)
Net profit attributable to the equity holders of the Company (RM'000)	871	19,992	871	19,992
Weighted average number of ordinary shares in issue ('000)	967,991	967,991	967,991	967,991
Basic EPS (sen)	0.09	2.07	0.09	2.07

ii) Diluted EPS

There are no dilutive potential ordinary shares. As such, the dilutive earnings per share of the Group is equivalent to basic earnings per share.

30 Authorization for issue

The Board of Directors in accordance with a resolution of the directors has authorized the quarterly report for issue on 28th of November 2018.