

TA ANN HOLDINGS BERHAD
(Incorporated in Malaysia)

Condensed consolidated statement of financial position
As at 30 June 2017 - unaudited

	Note	30 June 2017 RM'000	31 December 2016 RM'000
Assets			
Property, plant and equipment		1,220,563	924,446
Prepaid lease payments		3,606	3,763
Oil palm plantation development expenditure		396,204	344,170
Reforestation expenditure		105,516	94,493
Deferred tax assets		13,618	13,407
Timber concessions		22,186	23,293
Goodwill		38,307	10,058
Other intangible assets		5,494	5,487
Total non-current assets		1,805,494	1,419,117
Inventories		190,271	169,122
Property development costs		1,441	1,441
Trade and other receivables	14	64,824	110,663
Current tax recoverable		-	1,998
Cash and cash equivalents	22	278,611	345,941
Other investments	23	18,662	16,921
Total current assets		553,809	646,086
Total assets		2,359,303	2,065,203
Financed by:			
Capital and reserves			
Share capital		444,844	444,844
Treasury shares		(904)	(904)
Foreign exchange translation reserve		26,957	23,744
Retained earnings	33	857,377	806,888
Total equity attributable to owners of the Company		1,328,274	1,274,572
Non-controlling interests		53,127	42,821
Total equity		1,381,401	1,317,393
Liabilities			
Deferred tax liabilities		162,344	90,770
Deferred income		40,484	40,987
Borrowings	27	255,291	251,470
Employee benefits		27,312	25,584
Total non-current liabilities		485,431	408,811
Trade and other payables		109,151	152,918
Deferred income		2,670	2,617
Borrowings	27	352,216	166,169
Employee benefits		2,434	2,550
Current tax payable		26,000	14,745
Total current liabilities		492,471	338,999
Total liabilities		977,902	747,810
Total equity and liabilities		2,359,303	2,065,203
Net assets per share (RM)		2.99	2.87

The unaudited condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements.

TA ANN HOLDINGS BERHAD
(Incorporated in Malaysia)

Condensed consolidated statement of profit or loss and other comprehensive income
For the period ended 30 June 2017 - unaudited

	Note	Individual Quarter		Cumulative Quarter	
		Current Year Quarter Ended 30 June 2017 RM'000	Preceding Year Corresponding Quarter Ended 30 June 2016 RM'000	Current Year To date 30 June 2017 RM'000	Preceding Year Corresponding Period Ended 30 June 2016 RM'000
Revenue	9	266,366	269,081	571,932	487,613
Cost of sales		(180,749)	(199,762)	(404,871)	(376,435)
Gross profit		85,617	69,319	167,061	111,178
Finance income		1,760	2,646	4,189	4,535
Other operating income		5,250	6,118	11,529	11,777
Unrealised gain/(loss) in foreign exchange		75	1,464	(281)	(220)
Distribution costs		(11,589)	(15,213)	(24,058)	(28,516)
Administrative expenses		(13,109)	(14,316)	(24,531)	(23,100)
Other expenses		(3,745)	(5,150)	(6,535)	(8,114)
Profit from operations		64,259	44,868	127,374	67,540
Finance costs		(6,488)	(4,952)	(12,048)	(10,012)
Profit before tax	9	57,771	39,916	115,326	57,528
Tax expense	21	(17,306)	(6,785)	(31,885)	(12,433)
Profit for the period		40,465	33,131	83,441	45,095
Other comprehensive (loss)/income, net of tax					
Item that is or may be reclassified subsequently to profit or loss					
Foreign exchange translation differences for foreign operations		(3,657)	356	3,213	(7,187)
Other comprehensive (loss)/income for the period, net of tax		(3,657)	356	3,213	(7,187)
Total comprehensive income for the period		36,808	33,487	86,654	37,908
Profit attributable to:					
Owners of the Company		33,234	29,012	72,721	41,557
Non-controlling interests		7,231	4,119	10,720	3,538
Profit for the period		40,465	33,131	83,441	45,095
Total comprehensive income attributable to:					
Owners of the Company		29,577	29,368	75,934	34,370
Non-controlling interests		7,231	4,119	10,720	3,538
Total comprehensive income for the period		36,808	33,487	86,654	37,908
Earnings per share attributable to owners of the Company :					
Basic/ Diluted earnings per ordinary share (sen)	31	7.47	6.52	16.35	9.35

The unaudited condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements.

Company No: 419232-K

TA ANN HOLDINGS BERHAD

Condensed consolidated statement of changes in equity
For the period ended 30 June 2017 - unaudited

	← Attributable to owners of the Company →						
	← Non-distributable →		Foreign exchange translation reserve	Distributable Retained earnings	Total	Non- controlling interests	Total equity
	Share capital RM'000	Treasury shares RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2017	444,844	(904)	23,744	806,888	1,274,572	42,821	1,317,393
Foreign exchange translation differences	-	-	3,213	-	3,213	-	3,213
Total other comprehensive income for the period	-	-	3,213	-	3,213	-	3,213
Profit for the period	-	-	-	72,721	72,721	10,720	83,441
Total comprehensive income for the period	-	-	3,213	72,721	75,934	10,720	86,654
<i>Contributions by and distributions to owners of the Company</i>							
- Dividends to owners of the Company	-	-	-	(22,232)	(22,232)	-	(22,232)
- Dividends to non-controlling interests	-	-	-	-	-	(800)	(800)
Total transactions with owners of the Company	-	-	-	(22,232)	(22,232)	(800)	(23,032)
Subscription of shares by non-controlling interests	-	-	-	-	-	386	386
At 30 June 2017	444,844	(904)	26,957	857,377	1,328,274	53,127	1,381,401
At 1 January 2016	370,736	(904)	18,152	796,181	1,184,165	33,889	1,218,054
Foreign exchange translation differences	-	-	(7,187)	-	(7,187)	-	(7,187)
Total other comprehensive loss for the period	-	-	(7,187)	-	(7,187)	-	(7,187)
Profit for the period	-	-	-	41,557	41,557	3,538	45,095
Total comprehensive (loss)/ income for the period	-	-	(7,187)	41,557	34,370	3,538	37,908
<i>Contributions by and distributions to owners of the Company</i>							
- Dividends to owners of the Company	-	-	-	(18,527)	(18,527)	-	(18,527)
- Dividends to non-controlling interests	-	-	-	-	-	(400)	(400)
- Issue of bonus shares	74,108	-	-	(74,108)	-	-	-
Total transactions with owners of the Company	74,108	-	-	(92,635)	(18,527)	(400)	(18,927)
At 30 June 2016	444,844	(904)	10,965	745,103	1,200,008	37,027	1,237,035

The unaudited condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements.

Company No: 419232-K

TA ANN HOLDINGS BERHAD

Condensed consolidated statement of cash flows
For the period ended 30 June 2017 - unaudited

	1 January 2017 to 30 June 2017 RM'000	1 January 2016 to 30 June 2016 RM'000
Cash flows from operating activities		
Profit before tax	115,326	57,528
<i>Adjustments for:</i>		
Amortisation of plantation development expenditure	11,153	9,268
Amortisation of prepaid lease payments	157	140
Amortisation of goodwill	240	240
Amortisation of other intangible assets and timber concessions	1,122	4,238
Depreciation of property, plant and equipment	33,441	33,325
Deferred income recognised as income	(1,315)	(1,220)
Finance costs	12,048	10,012
Finance income	(4,189)	(4,535)
Gain on disposal of property, plant and equipment	(217)	(104)
Property, plant and equipment written off	258	203
Unrealised foreign exchange loss	281	220
Employee benefits	1,831	1,746
Operating profit before changes in working capital	<u>170,136</u>	<u>111,061</u>
Changes in working capital:		
Inventories	(18,417)	(5,572)
Trade and other receivables, prepayments and other assets	25,569	(12,915)
Trade and other payables	<u>(80,562)</u>	<u>4,190</u>
Cash generated from operations	96,726	96,764
Interest paid	(2,103)	(1,446)
Income tax paid	(10,878)	(22,053)
Employee benefits paid	<u>(107)</u>	<u>(120)</u>
Net cash from operating activities	<u>83,638</u>	<u>73,145</u>
Cash flows from investing activities		
Acquisition of property, plant and equipment	(22,191)	(13,985)
Proceeds from disposal of property, plant and equipment	1,568	233
Plantation development expenditure incurred	(12,976)	(11,448)
Acquisition of new subsidiary (net of cash acquired)	(185,926)	-
Placement of fixed deposits with original maturities exceeding three months	(1,741)	(20,121)
Interest received	<u>4,189</u>	<u>4,535</u>
Net cash used in investing activities	<u>(217,077)</u>	<u>(40,786)</u>
Cash flows from financing activities		
Dividends paid to owners of the Company	(22,232)	(18,527)
Dividends to non-controlling interests	(800)	(400)
Proceeds from/ (Repayment of) borrowings/trade financing	107,086	(36,687)
Repayment of finance lease liabilities	(8,238)	(7,688)
(Placement)/ Upliftment of pledged deposits	(5)	407
Finance lease interest paid	(571)	(600)
Term loan interest/ profit paid	<u>(9,374)</u>	<u>(7,966)</u>
Net cash from/ (used in) financing activities	<u>65,866</u>	<u>(71,461)</u>
Net decrease in cash and cash equivalents	(67,573)	(39,102)
Effect of exchange rate fluctuations on cash held	238	(293)
Cash and cash equivalents at 1 January	<u>345,031</u>	<u>317,716</u>
Cash and cash equivalents at 30 June (Note 22)	<u><u>277,696</u></u>	<u><u>278,321</u></u>

The unaudited condensed statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements.

Company No : 419232-K

TA ANN HOLDINGS BERHAD

Notes to the interim financial report

1 Basis of Preparation

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

The preparation of an interim financial report in conformity with FRS 134: *Interim Financial Reporting*, requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year-to-date basis. Actual results may differ from these estimates.

This interim financial report should be read in conjunction with the audited financial statements for the year ended 31 December 2016. It contains unaudited condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the year ended 31 December 2016. The condensed consolidated interim financial report and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with Financial Reporting Standards (FRSs).

The statutory financial statements for the year ended 31 December 2016 are available from the Company's registered office.

2 Significant Accounting Policies

2.1 Change in accounting policies

The significant accounting policies adopted in the preparation of this interim financial report are consistent with those in the audited financial statements for the year ended 31 December 2016, except for the adoption of the following standards, amendments and interpretations:

- Amendments to FRS 107, *Statement of Cash Flows – Disclosure Initiative*
- Amendments to FRS 112, *Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses*

The adoption of the new and revised FRSs, IC Interpretations and Amendments has no material impact to the Group's consolidated financial statements of the current quarter or the comparative consolidated financial statements of the prior financial year.

2.2 Malaysian Financial Reporting Standards (MFRS) Framework

On 8 September 2015, MASB has confirmed that the effective date of MFRS 15 *Revenue from Contracts with Customers* will be deferred to annual periods beginning on or after 1 January 2018. The MASB has consistently used the effective date of MFRS 15 as the basis for setting the effective date for Transitioning Entities (TEs) to apply MFRS. As a result, the effective date for the TEs to apply MFRS will also be deferred to annual periods beginning on or after 1 January 2018.

Given that certain group entities are TEs, the financial statements of the Group will continue to be prepared in compliance with FRS for the financial year ending 31 December 2017. They will be prepared in compliance with MFRS from the financial year beginning on 1 January 2018.

3 Auditors' Report on Preceding Annual Financial Statements

The auditors have expressed an unqualified opinion on the audited financial statements for the year ended 31 December 2016 in their report dated 6 April 2017.

Company No : 419232-K

TA ANN HOLDINGS BERHAD

Notes to the interim financial report

4 Seasonality or Cyclicity of Operations

The Group's operations were not subject to any seasonal or cyclical changes for the current quarter under review.

5 Unusual Items

There are no unusual items that have any material impact on the interim financial report.

6 Changes in Estimates

There were no changes in estimates that have had a material effect on the current quarter and financial year-to-date results.

7 Debt and Equity Securities, Share Buy-back

There were no issuances or repayment of debt or equity securities during the financial quarter under review.

As at 30 June 2017, the number of ordinary shares repurchased in an earlier period and retained as treasury shares is 199,400 shares.

8 Dividend

An interim single-tier ordinary dividend of 5 sen per ordinary share for the financial year ending 31 December 2017, amounting to RM22,232,225 was paid on 28 June 2017 to depositors registered in the Record of Depositors at the close of business on 7 June 2017.

The Board of Directors has declared a second interim single-tier ordinary dividend for the financial year ending 31 December 2017 of 5 sen per ordinary share (corresponding period in Year 2016: nil) to be paid on 28 September 2017 to depositors whose names appear in the Record of Depositors on 8 September 2017.

A depositor shall qualify for entitlement only in respect of:

- (a) Securities transferred into Depositor's Securities Account before 4:00 p.m. on 8 September 2017 in respect of transfers; and
- (b) Securities bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the rules of the Bursa Malaysia Securities Berhad.

9 Segmental Reporting

	Revenue from external customers		Profit before tax	
	6 months ended 30 June			
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Timber products	220,117	250,348	16,455	31,284
Oil palm	351,552	236,987	98,919	26,103
Reforestation	263	278	31	242
Property development	-	-	(79)	(101)
	571,932	487,613	115,326	57,528

10 Valuation of Property, Plant and Equipment

The valuations of buildings, wharf and jetty have been brought forward, without amendment from the previous audited financial statements.

11 Subsequent Events

There were no significant events that have occurred during the interval between the end of the current quarter and the date of this announcement.

Company No : 419232-K

TA ANN HOLDINGS BERHAD

Notes to the interim financial report

12 Changes in Composition of the Group

There were no changes in the composition of the Group during the financial quarter under review.

13 Contingent Liabilities or Assets

There were no material changes in the contingent liabilities or assets since the last annual reporting date.

14 Trade and Other Receivables

	As At 30 June 2017 RM'000	As At 31 December 2016 RM'000
Current assets		
Trade receivables	43,862	64,936
Interest receivable	-	428
Other receivables	1,950	8,252
Deposits	6,687	26,464
Prepayments		
-Plant and machinery	1,962	1,091
-Others	9,950	9,081
Advance to a log supplier	90	90
Other advances	323	321
	<u>64,824</u>	<u>110,663</u>

15 Capital Commitments

	As At 30 June 2017 RM'000
Property, plant and equipment	
- Contracted but not provided for	715
- Authorised but not contracted for	43,250
- Authorised and contracted for	6,914
	<u>50,879</u>
Plantation development expenditure	
- Authorised but not contracted for	30,063
	<u>30,063</u>
Leasehold land held for subsidiaries' use	
- Approved and contracted for	45,390
	<u>45,390</u>
	<u>126,332</u>

Company No : 419232-K

TA ANN HOLDINGS BERHAD

Notes to the interim financial report

16 Review of Performance

- (a) For the quarter under review, a revenue of RM266.37 million was achieved compared to RM269.08 million of the corresponding quarter in 2016. Profit before tax and net profit for the quarter were RM57.77 million and RM40.47 million, 45% and 22% higher compared to RM39.92 million and RM33.13 million of the corresponding quarter in 2016 respectively.

Main factors contributing to the better performance were as follow:

- (i) Increased crude palm oil ('CPO') and fresh fruit bunch ('FFB') sales volume by 11% and 16% respectively; and
- (ii) Higher average selling price for CPO and FFB by 16% and 3% respectively in the quarter under review.
- (b) For the first half year of 2017, the revenue and net profit were RM571.93 million and RM83.44 million, compared to RM487.61 million and RM45.10 million respectively of the corresponding period in 2016.

Higher CPO and FFB sales volumes by 20% and 17% respectively as well as with better CPO and FFB average selling prices, by 22% and 19% respectively contributed to the higher revenue and profit.

17 Variation of Results as compared to the Preceding Quarter

Revenue and net profit in the quarter under review were RM266.37 million and RM40.47 million compared to RM305.57 million and RM42.98 million respectively in the preceding quarter.

The drop in timber and timber products export volume by 28% and 33% respectively have resulted in the lesser revenue and profit.

18 Current Year Prospects

The Group's log harvesting policy is in compliance with our certification exercise. The reduction of log export quota from 30% to 20% effective 1st July will channel more proportion of logs harvested to the mills for processing. We have strategically revised our plywood production to process more products with higher plantation and certified woods components as we are stepping up harvesting of our plantation logs and utilization of imported PEFC certified eucalyptus veneer.

To-date, plywood products prices have gone up by USD25/m³ and with higher demand, we anticipate the price uptrend to continue.

Oil palm sector which was the main source of revenue and profit in the first half year is expected to generate higher revenue and profit for the Group since the oil palms are entering into the peak crop season.

Barring unforeseen circumstances, the directors are confident of a satisfactory performance for 2017.

Company No : 419232-K

TA ANN HOLDINGS BERHAD

Notes to the interim financial report

19 Profit Forecast

Not applicable as the Group did not publish any profit forecast.

20 Profit for the period

	Individual Quarter		Cumulative Quarter	
	3 months ended 30 June		6 months ended 30 June	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Profit for the period is arrived at after crediting/ (charging):				
Finance income	1,760	2,646	4,189	4,535
Finance costs	(6,488)	(4,952)	(12,048)	(10,012)
Depreciation and amortisation	(24,581)	(22,607)	(46,113)	(47,211)
(Loss)/ Gain on disposal of property, plant and equipment	(70)	90	217	104
Property, plant and equipment written off	(151)	(126)	(258)	(203)
Foreign exchange gain/ (loss)				
- realised	1,290	3,009	4,183	5,234
- unrealised	75	1,464	(281)	(220)

Save as disclosed above, the other items required to be disclosed under Appendix 9B, Part A (16) of the Bursa Listing Requirements are not applicable.

21 Tax Expense

The taxation charges of the Group for the period under review are as follows:

	Individual Quarter		Cumulative Quarter	
	3 months ended 30 June		6 months ended 30 June	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Current tax expense				
- Current year	12,167	5,265	24,131	10,662
Deferred tax expense				
- Current year	5,139	1,520	7,754	1,771
Total tax expense	17,306	6,785	31,885	12,433

Company No : 419232-K

TA ANN HOLDINGS BERHAD

Notes to the interim financial report

21 Tax Expenses (cont'd)

Reconciliation of tax expense

	Individual Quarter		Cumulative Quarter	
	3 months ended 30 June		6 months ended 30 June	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Profit for the period	40,465	33,131	83,441	45,095
Total tax expense	17,306	6,785	31,885	12,433
Profit excluding tax	<u>57,771</u>	<u>39,916</u>	<u>115,326</u>	<u>57,528</u>
Tax calculated using Malaysian tax rate of 24% (2016: 24%)				
- Prima facie income tax expense	13,865	9,580	27,678	13,807
- Non-deductible expenses	1,602	3,274	3,051	5,537
- Utilisation of previously unrecognised deferred tax assets	-	(3,946)	(1,510)	(3,946)
- Movements in unrecognised deferred tax assets	1,839	(2,123)	2,666	(2,965)
Tax expense for the period	<u>17,306</u>	<u>6,785</u>	<u>31,885</u>	<u>12,433</u>

22 Cash and Cash Equivalents

Cash and cash equivalents included in the statement of cash flows comprise the following amounts:

	As at 30 June 2017 RM'000	As at 30 June 2016 RM'000
Cash in hand	190	150
Cash at banks	159,448	132,385
Fixed deposits with original maturities not exceeding three months	<u>118,058</u>	<u>145,786</u>
	277,696	278,321
Fixed deposits pledged to banks	915	904
	<u>278,611</u>	<u>279,225</u>

Fixed deposits of subsidiaries amounting to RM914,775 (2016: RM909,309) are pledged to licensed banks for bank facilities granted thereto.

23 Other Investments

	As at 30 June 2017 RM'000	As at 31 December 2016 RM'000
Fixed deposits with original maturities exceeding three months	<u>18,662</u>	<u>16,921</u>

Company No : 419232-K

TA ANN HOLDINGS BERHAD

Notes to the interim financial report

24 Unquoted Investment and Properties

There was no sale of unquoted investments and/or properties during the financial quarter under review.

25 Quoted Investments

There was no purchase or disposal of quoted securities during the financial quarter under review.

26 Status of Corporate Proposal

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

27 Group Borrowings and Debt Securities

Total Group borrowings as at 30 June 2017 were as follows: -

		As at 30 June 2017
		RM'000
<u>Current</u>		
<i>Denominated in Ringgit Malaysia</i>		
Unsecured -	Bankers' acceptances/ Export Credit Refinancing	48,194
	Revolving Credits	105,000
	Term loans	
	- Conventional	53,031
	- Islamic	124,000
Secured -	Finance lease liabilities	11,670
	Term loans	10,321
		<hr/>
		352,216
<u>Non-current</u>		
<i>Denominated in Ringgit Malaysia</i>		
Unsecured -	Term loans	
	- Conventional	52,068
	- Islamic	179,231
Secured -	Term loans	14,790
	Finance lease liabilities	9,202
		<hr/>
		255,291
		<hr/>
Total		607,507

TA ANN HOLDINGS BERHAD

Notes to the interim financial report

28 Material Litigation

There are no pending material litigations as at the date of this announcement other than the followings:

- (a) On 16 February 2012, Amba Anak Balleh and 3 others filed a writ of summons against Ta Ann Pelita Igan Plantation Sdn Bhd (“TAPIPSB”), a subsidiary of Ta Ann and four other external defendants not within the Ta Ann Group where the plaintiffs claimed various orders, relief and damages including a declaration that the issuance of the said provisional lease covering the plaintiffs’ claimed areas of approximately 450 hectares within the provisional lease of the state land described as Lot 550 Kabang Land District was unlawful, unconstitutional, null and void. The maximum exposure to liabilities will be confined to the approximately 450 hectares claimed by the plaintiffs and Ta Ann is unable to determine the monetary liability impact pending the outcome of the appeal.

The High Court delivered a ruling on 11 July 2014 allowing the plaintiffs’ claim against the defendants. The defendants had filed appeals against the High Court’s ruling with the Court of Appeal, and a Notice of Application for Stay of Execution was filed on 30 October 2014.

On 12 July 2017 in the Court of Appeal, consent order has been entered for an amicable out of court settlement constituting a sum of RM1 million as full and final payable to Amba Anak Balleh and 3 others (the Respondents). The Respondents forthwith disclaim and/or surrender all claims to any Native Customary Rights claim in the affected area or any other area over or within Provisional Lease of State Land Lot 2 Block 3 Lassa Land District.

- (b) On 26 August 2014, Sumen Bin Gasan and 6 others claiming to be inhabitants of Melanau and Iban communities and villages situated at Kampung Kebuaw Lama, Kampung Baru Sungai Sah, Kebuaw and Sungai Ilas Batang Igan within the provisional lease of the state land known as Lot 2 Block 3 Lassa Land District held by TAPIPSB and four other external defendants not within the Ta Ann Group filed a claim with the Sibu High Court for various orders, relief and damages including a declaration that the issuance of the said provisional lease covering the plaintiffs’ claimed areas of approximately 719 hectares was unlawful, unconstitutional, null and void. The maximum exposure to liabilities will be confined to the approximately 719 hectares claimed by the plaintiffs and Ta Ann is unable to determine the monetary liability impact pending the outcome of the trial.

At the pre-trial case management hearing for this suit in March 2015, the plaintiffs’ claim was struck out by the Court with liberty to file afresh due to non-compliance with pre-trial directions.

On 13 October 2015, the plaintiff refiled the Writ and Statement of Claim. The trial of the case has ended on 4 November 2016. The High Court has given directions to prepare written submissions and bundles of authorities.

During the clarification hearing on 3 February 2017, the Plaintiffs’ counsel had informed the Court in light of the decision of the Federal Court case of TR Sandah (which clearly recognise the temudak and cultivated lands although rejecting the claims on pulau galau and pemakai menoa as having no force of law) that he was considering whether to proceed with the case or to concede with survey of the cleared area based on the aerial photograph of the area in question. His clients brought this matter back to their village for discussion but they have not come to a decision yet.

The Honourable Judge asked if the parties could come to an agreement or settlement perhaps to allow the Plaintiffs’ claim for the temudak (cleared or cultivated lands), and agree for a survey to be done for the temudak and cleared or cultivated lands guided by the aerial photograph interpretation. This would mean that the Plaintiff will concede their claim for the pemakai menoa and pulau galau. All these will be done on without admission of liability basis.

The Plaintiffs can only confirm their decision in writing within two weeks’ time and forward their proposal to us, the Defendants in due course. However todate, no proposal has been received from the plaintiff. High court ruling date has not been fixed.

TA ANN HOLDINGS BERHAD

Notes to the interim financial report

28 Material Litigation (cont'd)

- (c) The recently acquired subsidiary, Agrogreen Ventures Sdn Bhd ('Agrogreen') is involved in a Native Customary Rights ('NCR') Civil Suit filed by the 13 Plaintiffs against Agrogreen, and 8 others Defendants including the Sarawak Government, Superintendent of Lands & Surveys, Kuching Division, Sarawak.

However in the last court hearing held on 24 July 2017, the Plaintiff decided to discontinue and withdraw the case. The Judge thus struck out the case with award of RM2,000 to each of the defendants and no liberty for the plaintiff to file afresh.

29 Significant Related Party Transactions

The Group entered into the following transactions with related parties, other than compensations to Directors and other key management personnel (see Note 30), during the current financial year:

	6 months ended 30 June	
	2017	2016
	RM'000	RM'000
Transactions with an associate		
Sales of logs and timber products	(1,689)	(2,286)
Transactions with companies connected to certain Directors of the Company and its subsidiaries		
Contract fees and fuel surcharge	13,520	24,971
Food ration expenses	119	1,760
Handling fees, transportation & freight charges	7,089	8,245
Repair and maintenance	140	-
Hiring of equipment	-	2
Insurance premium	1,953	1,883
Purchase of fresh fruit bunches	1,648	377
Purchase of property, plant and equipment	1,170	76
Rental of premises paid	42	33
Purchase of spare parts, fertilizer & consumables	4,716	5,629
Purchase of logs and timber products	1,998	2,716
Security charges	42	42
Advisory fee	16	24
Computer hardware & software development fees	292	125
Purchase of diesel and lubricants	9,671	7,193
Road toll received	-	(59)
Sales of logs and timber products	(4,148)	(4,608)
Sales of fresh fruit bunches	(35,652)	(24,232)
Sales of spare parts, fertilizer & consumables	(23)	(59)
Empty bunch subsidised	(3)	(2)
Hiring income	(20)	(4)
Income from rental of premises	(71)	(71)
Handling fee received	(2,123)	(1,846)
Transport subsidised	(356)	(254)
	=====	=====

TA ANN HOLDINGS BERHAD

Notes to the interim financial report

30 Key Management Personnel Compensation

Compensations to key management personnel are as follows:

	6 months ended 30 June	
	2017 RM'000	2016 RM'000
Directors		
- Fees	683	556
- Remunerations	3,220	1,841
	3,903	2,397
Other key management personnel		
- Fees	51	66
- Remunerations	3,050	2,267
	3,101	2,333
Total	7,004	4,730

31 Earnings Per Share

	3 months ended 30 June 2017	6 months ended 30 June 2017
(a) Basic		
Net profit attributable to ordinary owners of the Company ('000)	<u>RM33,234</u>	<u>RM72,721</u>
Weighted average number of ordinary shares in issue ('000)	<u>444,645</u>	<u>444,645</u>
Basic earnings per ordinary share (sen)	<u>7.47</u>	<u>16.35</u>
(b) Diluted	<u>7.47</u>	<u>16.35</u>

32 Gain/Losses arising from Fair Value Changes of Financial Liabilities

There were no gains or losses arising from fair value changes of financial liabilities for the current quarter ended 30 June 2017.

33 Realised and Unrealised Profits Disclosure

The retained earnings is analysed as follows:

	As at 30 June 2017 RM'000	As at 30 June 2016 RM'000
Total retained earnings of the Company and its subsidiaries		
- Realised	1,247,610	1,067,881
- Unrealised	(149,007)	(79,343)
	1,098,603	988,538
Less: Consolidation adjustments	(241,226)	(243,435)
Total Group retained earnings as per consolidated accounts	857,377	745,103

34 Authorisation for Issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 22 August 2017.