

TA ANN HOLDINGS BERHAD
(Incorporated in Malaysia)

Condensed consolidated statement of financial position
As at 31 December 2017 - unaudited

	Note	31 December 2017 RM'000	31 December 2016 RM'000
Assets			
Property, plant and equipment		1,072,291	924,446
Prepaid lease payments		3,476	3,763
Oil palm plantation development expenditure		466,091	344,170
Reforestation expenditure		107,562	94,493
Deferred tax assets		20,156	13,407
Timber concessions		20,065	23,293
Goodwill		88,362	10,058
Other intangible assets		5,471	5,487
Total non-current assets		1,783,474	1,419,117
Inventories		179,141	169,122
Property development costs		1,462	1,441
Trade and other receivables	14	64,562	110,663
Current tax recoverable		291	1,998
Cash and cash equivalents	22	273,439	345,941
Other investments	23	14,031	16,921
Total current assets		532,926	646,086
Total assets		2,316,400	2,065,203
Financed by:			
Capital and reserves			
Share capital		444,844	444,844
Treasury shares		(904)	(904)
Foreign exchange translation reserve		20,698	23,744
Retained earnings		875,085	806,888
Total equity attributable to owners of the Company		1,339,723	1,274,572
Non-controlling interests		70,549	42,821
Total equity		1,410,272	1,317,393
Liabilities			
Deferred tax liabilities		155,968	90,770
Deferred income		37,503	40,987
Borrowings	27	260,233	251,470
Employee benefits		35,207	25,584
Total non-current liabilities		488,911	408,811
Trade and other payables		108,031	152,918
Deferred income		2,557	2,617
Borrowings	27	286,164	166,169
Employee benefits		2,404	2,550
Current tax payable		18,061	14,745
Total current liabilities		417,217	338,999
Total liabilities		906,128	747,810
Total equity and liabilities		2,316,400	2,065,203
Net assets per share (RM)		3.01	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 year ended 31 December 2017 - unaudited

	Note	Individual Quarter		Cumulative Quarter	
		Current Year Quarter Ended 31 December 2017 RM'000	Preceding Year Corresponding Quarter Ended 31 December 2016 RM'000	Current Year Ended 31 December 2017 RM'000	Preceding Year Ended 31 December 2016 RM'000
Revenue	9	292,836	310,296	1,172,939	1,147,793
Cost of sales		(228,155)	(229,525)	(856,931)	(850,931)
Gross profit		64,681	80,771	316,008	296,862
Finance income		2,870	3,395	9,344	10,503
Other operating income		6,079	9,240	21,677	27,388
Unrealised gain/(loss) in foreign exchange		83	1,818	(274)	1,900
Distribution costs		(12,505)	(20,647)	(50,346)	(67,058)
Administrative expenses		(19,388)	(23,409)	(55,982)	(58,181)
Other expenses		(3,729)	(3,826)	(18,974)	(16,036)
Profit from operations		38,091	47,342	221,453	195,378
Finance costs		(5,086)	(5,111)	(23,956)	(19,668)
Profit before tax	9	33,005	42,231	197,497	175,710
Tax expense	21	(5,569)	(9,835)	(56,339)	(40,604)
Profit for the period/year		27,436	32,396	141,158	135,106
Other comprehensive (loss)/income, net of tax					
Item that will not be reclassified subsequently to profit or loss					
Remeasurement of defined benefit liability		(6,591)	-	(6,591)	-
Item that is or may be reclassified subsequently to profit or loss					
Foreign exchange translation differences for foreign operations		(3,907)	4,566	(3,046)	5,592
Other comprehensive (loss)/income for the period/year, net of tax		(10,498)	4,566	(9,637)	5,592
Total comprehensive income for the period/year		16,938	36,962	131,521	140,698
Profit attributable to:					
Owners of the Company		23,441	31,956	119,252	125,574
Non-controlling interests		3,995	440	21,906	9,532
Profit for the period/year		27,436	32,396	141,158	135,106
Total comprehensive income attributable to:					
Owners of the Company		12,943	36,522	109,615	131,166
Non-controlling interests		3,995	440	21,906	9,532
Total comprehensive income for the period/year		16,938	36,962	131,521	140,698
Earnings per share attributable to owners of the Company :					
Basic/Diluted earnings per ordinary share (sen)	31	5.27	7.19	26.82	28.24

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 year ended 31 December 2017 - unaudited

	← Attributable to owners of the Company →				Total RM'000	Non- controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Treasury shares RM'000	Foreign exchange translation reserve RM'000	Distributable Retained earnings RM'000			
At 1 January 2017	444,844	(904)	23,744	806,888	1,274,572	42,821	1,317,393
Remeasurement of defined benefit liability	-	-	-	(6,591)	(6,591)	-	(6,591)
Foreign exchange translation differences	-	-	(3,046)	-	(3,046)	-	(3,046)
Total other comprehensive income for the year	-	-	(3,046)	(6,591)	(9,637)	-	(9,637)
Profit for the year	-	-	-	119,252	119,252	21,906	141,158
Total comprehensive income for the year	-	-	(3,046)	112,661	109,615	21,906	131,521
<i>Contributions by and distributions to owners of the Company</i>							
- Dividends to owners of the Company	-	-	-	(44,464)	(44,464)	-	(44,464)
- Dividends to non-controlling interests	-	-	-	-	-	(3,800)	(3,800)
Total transactions with owners of the Company	-	-	-	(44,464)	(44,464)	(3,800)	(48,264)
Subscription of shares by non-controlling interests	-	-	-	-	-	9,622	9,622
At 31 December 2017	444,844	(904)	20,698	875,085	1,339,723	70,549	1,410,272
At 1 January 2016	370,736	(904)	18,152	796,181	1,184,165	33,889	1,218,054
Foreign exchange translation differences	-	-	5,592	-	5,592	-	5,592
Total other comprehensive income for the year	-	-	5,592	-	5,592	-	5,592
Profit for the year	-	-	-	125,574	125,574	9,532	135,106
Total comprehensive income for the year	-	-	5,592	125,574	131,166	9,532	140,698
<i>Contributions by and distributions to owners of the Company</i>							
- Dividends to owners of the Company	-	-	-	(40,759)	(40,759)	-	(40,759)
- Dividends to non-controlling interests	-	-	-	-	-	(700)	(700)
- Issue of bonus shares	74,108	-	-	(74,108)	-	-	-
Total transactions with owners of the Company	74,108	-	-	(114,867)	(40,759)	(700)	(41,459)
Acquisition of non-controlling interests	-	-	-	-	-	100	100
At 31 December 2016	444,844	(904)	23,744	806,888	1,274,572	42,821	1,317,393

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 year ended 31 December 2017 - unaudited

	1 January 2017 to 31 December 2017 RM'000	1 January 2016 to 31 December 2016 RM'000
Cash flows from operating activities		
Profit before tax	197,497	175,710
<i>Adjustments for:</i>		
Amortisation of plantation development expenditure	22,583	17,577
Amortisation of prepaid lease payments	314	314
Amortisation of goodwill	480	674
Amortisation of other intangible assets and timber concessions	2,244	8,617
Depreciation of property, plant and equipment	73,523	65,840
Deferred income recognised as income	(2,653)	(2,617)
Finance costs	23,956	19,668
Finance income	(9,344)	(10,503)
Gain on disposal of property, plant and equipment	(50)	(330)
Plantation development expenditure written off	990	-
Property, plant and equipment written off	2,650	1,097
Property, plant and equipment expensed off	-	35
Unrealised foreign exchange loss/(gain)	274	(1,900)
Employee benefits	3,491	3,311
Operating profit before changes in working capital	315,955	277,493
Changes in working capital:		
Inventories	(11,950)	(15,568)
Employee benefits	-	618
Trade and other receivables, prepayments and other assets	24,883	(38,086)
Trade and other payables	(75,554)	29,339
Cash generated from operations	253,334	253,796
Interest paid	(4,205)	(2,944)
Income tax paid	(44,100)	(44,438)
Employee benefits paid	(986)	(126)
Net cash from operating activities	204,043	206,288
Cash flows from investing activities		
Acquisition of property, plant and equipment	(55,327)	(46,522)
Proceeds from disposal of property, plant and equipment	1,557	1,561
Proceeds from issuance of shares to non-controlling interests	5,346	-
Plantation development expenditure incurred	(21,371)	(21,300)
Acquisition of new subsidiary (net of cash acquired)	(185,926)	-
Upliftment/(Placement) of fixed deposits with original maturities exceeding three months	2,890	(12,421)
Interest received	9,344	10,503
Proceed on disposal of partial interest in a subsidiary that does not involve loss of control	-	100
Net cash used in investing activities	(243,487)	(68,079)
Cash flows from financing activities		
Dividends paid to owners of the Company	(44,464)	(40,759)
Dividends to non-controlling interests	(3,800)	(700)
Proceeds from/(Repayment of) borrowings/trade financing	50,369	(38,778)
Repayment of finance lease liabilities	(15,165)	(12,636)
(Placement)/Upliftment of pledged deposits	(11)	402
Finance lease interest paid	(1,109)	(1,194)
Term loan interest/profit paid	(18,642)	(16,853)
Net cash used in financing activities	(32,822)	(110,518)
Net (decrease)/increase in cash and cash equivalents	(72,266)	27,691
Effect of exchange rate fluctuations on cash held	(247)	(375)
Cash and cash equivalents at 1 January	345,032	317,716
Cash and cash equivalents at 31 December (Note 22)	272,519	345,032

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.

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 ended 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.

TA ANN HOLDINGS BERHAD

Notes to the interim financial report

4 Seasonality or Cyclical 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 31 December 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 ended 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.

A second interim single-tier ordinary dividend of 5 sen per ordinary share for the financial year ended 31 December 2017, amounting to RM22,232,225 was paid on 28 September 2017 to depositors registered in the Record of Depositors at the close of business on 8 September 2017.

The total dividend declared to date for the financial year ended 31 December 2017 is 10 sen per ordinary share.

No dividend has been proposed by the Directors for the financial quarter under review (corresponding period in Year 2016: nil).

9 Segmental Reporting

	Revenue from external customers		Profit before tax	
	Year ended 31 December			
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Timber products	416,894	540,101	1,702	69,831
Oil palm	755,630	606,890	196,084	105,621
Reforestation	415	802	(160)	565
Property development	-	-	(129)	(307)
	1,172,939	1,147,793	197,497	175,710

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.

TA ANN HOLDINGS BERHAD

Notes to the interim financial report

11 Subsequent Events

We announced on 11 January 2018 that the Company has entered into a conditional share sale agreement with Cermat Ceria Sdn Bhd to acquire 84,968,024 ordinary shares in Sarawak Plantation Berhad ('SPB'), representing approximately 30.39% equity interest in SPB, for a total cash consideration of RM169,936,048 or RM2.00 per Sale Share.

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 31 December 2017 RM'000	As At 31 December 2016 RM'000
Current assets		
Trade receivables	43,184	64,936
Interest receivable	713	428
Other receivables	1,574	8,252
Deposits	5,198	26,464
Prepayments		
-Plant and machinery	3,336	1,091
-Others	10,047	9,081
Advance to a log supplier	-	90
Other advances	510	321
	<u>64,562</u>	<u>110,663</u>

15 Capital Commitments

	As At 31 December 2017 RM'000
Property, plant and equipment	
- Contracted but not provided for	32
- Authorised but not contracted for	139,891
- Authorised and contracted for	12,761
	<u>152,684</u>
Plantation development expenditure	
- Authorised but not contracted for	22,725
Leasehold land held for subsidiaries' use	
- Approved and contracted for	45,390
	<u>220,799</u>

Notes to the interim financial report

16 Review of Performance

- (a) For the quarter under review, a revenue of RM292.84 million was achieved compared to RM310.30 million of the corresponding quarter in 2016. Profit before tax and net profit for the quarter were RM33.01 million and RM27.44 million respectively, 22% and 15% lower compared to RM42.23 million and RM32.40 million respectively of the corresponding quarter in 2016.

The lower revenue for the quarter was mainly due to lower sales of plywood product and export logs by 33% and 68% respectively.

- (b) For 2017, the revenue improved marginally to RM1.17 billion from RM1.15 billion in 2016. Net profit of RM141.16 million was 4% higher than RM135.11 million achieved in 2016.

The performance was better in palm oil sector with the higher average products selling prices, especially for crude palm oil ('CPO') and fresh fruit bunches ('FFB') which have increased by 14% and 5% respectively coupled with increased sales volume for CPO and FFB by 10% and 13% respectively.

17 Variation of Results as compared to the Preceding Quarter

Revenue and net profit in the quarter under review were RM292.84 million and RM27.44 million compared to RM308.17 million and RM30.28 million respectively of the preceding quarter.

Main factors contributing to the variation of performance were:

Lower revenue was due to lower sales volume achieved for export logs, FFB and CPO by 59%, 13% and 7% respectively.

18 Current Year Prospects

Tighter logs supply in timber sector from second quarter of 2017 has resulted in upward trend on timber prices and anticipated to continue in 2018. Therefore, the prospect for the timber sector is expected to perform better.

Oil palm division steady growth is anticipated to be sustainable.

Barring unforeseen circumstances, the directors are confident of a satisfactory performance for the year 2018.

19 Profit Forecast

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

Notes to the interim financial report

20 Profit for the period / year

	Individual Quarter		Cumulative Quarter	
	3 months ended 31 December		Year ended 31 December	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Profit for the period/year is arrived at after crediting/(charging):				
Finance income	2,870	3,395	9,344	10,503
Finance costs	(5,086)	(5,111)	(23,956)	(19,668)
Depreciation and amortisation	(25,353)	(24,155)	(99,144)	(93,022)
Gain on disposal of property, plant and equipment	64	202	50	330
Plantation development expenditure written off	(990)	-	(990)	-
Property, plant and equipment written off	(497)	(394)	(2,650)	(1,097)
Inventories written off	(1,005)	(353)	(1,005)	(353)
Written down of inventories to net realisable value	(2,533)	(3,088)	(2,533)	(3,088)
Foreign exchange gain/(loss)				
- realised	1,246	2,932	6,923	10,862
- unrealised	83	1,818	(274)	1,900

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/year under review are as follows:

	Individual Quarter		Cumulative Quarter	
	3 months ended 31 December		Year ended 31 December	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Current tax expense				
- Current year	11,986	15,698	49,038	40,571
- Prior year	-	58	85	58
	11,986	15,756	49,123	40,629
Deferred tax (income)/expense				
- Current year	(6,417)	(5,184)	7,216	712
- Prior years	-	(737)	-	(737)
Total tax expense	5,569	9,835	56,339	40,604

21 Tax Expenses (cont'd)

Reconciliation of tax expense

	Individual Quarter		Cumulative Quarter	
	3 months ended 31 December		Year ended 31 December	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Profit for the period/year	27,436	32,396	141,158	135,106
Total tax expense	5,569	9,835	56,339	40,604
Profit excluding tax	33,005	42,231	197,497	175,710
Tax calculated using Malaysian tax rate of 24% (2016: 24%)				
- Prima facie income tax expense	7,921	10,135	47,399	42,170
- Non-deductible expenses	(1,247)	(1,125)	5,353	7,646
- Crystallisation of deferred tax liabilities on realisation of revaluation reserve	-	(2,671)	-	(2,671)
- Double deduction for certain expenses	-	(9)	-	(9)
- Movements in unrecognised deferred tax assets	8,395	7,637	13,002	3,383
- Recognition of previously unrecognised deferred tax assets	(9,500)	(2,200)	(9,500)	(2,200)
- Utilisation of previously unrecognised deferred tax assets	-	(665)	-	(6,448)
- Others	-	(588)	-	(588)
- (Over)/Under provision in prior years	-	(679)	85	(679)
Tax expense for the period/year	5,569	9,835	56,339	40,604

Company No : 419232-K

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Notes to the interim financial report

22 Cash and Cash Equivalents

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

	As at 31 December 2017 RM'000	As at 31 December 2016 RM'000
Cash in hand	96	44
Cash at banks	175,992	213,802
Fixed deposits with original maturities not exceeding three months	96,431	131,186
	<u>272,519</u>	<u>345,032</u>
Fixed deposits pledged to banks	920	909
	<u>273,439</u>	<u>345,941</u>

Fixed deposits of subsidiaries amounting to RM920,352 (2016: RM909,309) are pledged to licensed banks for bank facilities granted thereto.

23 Other Investments

	As at 31 December 2017 RM'000	As at 31 December 2016 RM'000
Fixed deposits with original maturities exceeding three months	14,031	16,921

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

Saved as disclosed in Note 11, 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 31 December 2017 were as follows: -

		As at 31 December 2017
		RM'000
<u>Current</u>		
<i>Denominated in Ringgit Malaysia</i>		
Unsecured -	Bankers' acceptances/ Export Credit Refinancing	21,927
	Revolving Credits	107,000
	Term loans	
	- Conventional	38,000
	- Islamic	99,000
Secured -	Finance lease liabilities	9,746
	Term loans	10,491
		<hr/>
		286,164
<u>Non-current</u>		
<i>Denominated in Ringgit Malaysia</i>		
Unsecured -	Term loans	
	- Conventional	52,600
	- Islamic	143,000
Secured -	Finance lease liabilities	7,847
	Term loans	56,786
		<hr/>
		260,233
		<hr/>
Total		546,397

28 Material Litigation

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

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 Sibiu 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.

Sibu High Court dismissed the claim on 13 February 2018.

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Notes to the interim financial report

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:

	Year ended 31 December	
	2017	2016
	RM'000	RM'000
Transactions with an associate		
Sales of logs and timber products	(2,392)	(4,086)
Transactions with companies connected to certain Directors of the Company and its subsidiaries		
Contract fees and fuel surcharge	25,059	50,769
Food ration expenses	243	541
Handling fees, transportation & freight charges	14,443	18,292
Hiring of equipment	-	4
Insurance premium	4,197	4,385
Purchase of fresh fruit bunches	4,481	1,414
Purchase of property, plant and equipment	1,264	285
Rental of premises paid	69	77
Purchase of spare parts, fertilizer & consumables	11,456	14,116
Purchase of logs and timber products	5,166	6,439
Security charges	84	84
Repair and maintenance	217	1
Advisory fee	16	48
Computer hardware & software development fees	1,397	732
Purchase of diesel and lubricants	18,330	14,870
Compensation paid	55	-
Road toll received	-	(133)
Sales of logs and timber products	(8,030)	(11,922)
Sales of fresh fruit bunches	(75,263)	(62,312)
Sales of spare parts, fertilizer & consumables	(28)	(2)
Sales of property, plant and equipment	(70)	(70)
Contract income	-	(300)
Empty bunch subsidised	(3)	(3)
Hiring income	(20)	(6)
Income from rental of premises	(142)	(136)
Handling fee received	(4,798)	(4,524)
Transport subsidised	(817)	(664)
	=====	=====

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Notes to the interim financial report

30 Key Management Personnel Compensation

Compensations to key management personnel are as follows:

	Year ended 31 December	
	2017 RM'000	2016 RM'000
Directors		
- Fees	1,835	1,342
- Remunerations	15,320	12,000
	<u>17,155</u>	<u>13,342</u>
Other key management personnel		
- Fees	37	-
- Remunerations	7,016	6,220
	<u>7,053</u>	<u>6,220</u>
Total	<u>24,208</u>	<u>19,562</u>

31 Earnings Per Share

	3 months ended 31 December 2017	Year ended 31 December 2017
(a) Basic		
Net profit attributable to ordinary owners of the Company ('000)	<u>RM23,441</u>	<u>RM119,252</u>
Weighted average number of ordinary shares in issue ('000)	<u>444,844</u>	<u>444,844</u>
Basic earnings per ordinary share (sen)	<u>5.27</u>	<u>26.82</u>
(b) Diluted	<u>5.27</u>	<u>26.82</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 31 December 2017.

33 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 28 February 2018.