

Company No: 419232-K

TA ANN HOLDINGS BERHAD
(Incorporated in Malaysia)

Condensed consolidated statement of financial position
As at 31 March 2018 - unaudited

	Note	31 March 2018	31 December 2017	1 January 2017
		RM'000	(Restated) RM'000	(Restated) RM'000
Assets				
Property, plant and equipment		1,021,706	1,038,792	924,446
Prepaid lease payments		3,384	3,456	3,763
Oil palm plantation development expenditure		493,954	508,612	344,170
Reforestation expenditure		108,774	96,604	94,493
Biological assets	2.2	22,206	22,401	14,021
Investment in associate		170,969	-	-
Deferred tax assets		33,952	26,858	13,407
Timber concessions		18,793	19,398	23,293
Goodwill		88,905	89,074	10,058
Other intangible assets		5,423	5,964	5,487
Total non-current assets		1,968,066	1,811,159	1,433,138
Inventories		169,808	173,674	169,122
Biological assets	2.2	42,983	42,647	71,681
Property development costs		1,441	1,441	1,441
Trade and other receivables	14	89,106	74,205	110,663
Current tax recoverable		755	628	1,998
Cash and cash equivalents	22	179,849	272,859	345,941
Other investments	23	3,904	14,610	16,921
Total current assets		487,846	580,064	717,767
Total assets		2,455,912	2,391,223	2,150,905
Financed by:				
Capital and reserves				
Share capital		444,844	444,844	444,844
Treasury shares		(904)	(904)	(904)
Foreign exchange translation reserve		10,443	18,728	23,744
Retained earnings		921,008	916,776	860,732
Total equity attributable to owners of the Company		1,375,391	1,379,444	1,328,416
Non-controlling interests		75,346	79,266	54,111
Total equity		1,450,737	1,458,710	1,382,527
Liabilities				
Deferred tax liabilities		174,711	173,725	111,338
Deferred income		34,663	37,438	40,987
Borrowings	27	275,770	261,540	251,470
Employee benefits		36,215	34,286	25,584
Total non-current liabilities		521,359	506,989	429,379
Trade and other payables		107,828	118,602	152,918
Deferred income		2,404	2,554	2,617
Borrowings	27	355,553	284,665	166,169
Employee benefits		2,354	3,557	2,550
Current tax payable		15,677	16,146	14,745
Total current liabilities		483,816	425,524	338,999
Total liabilities		1,005,175	932,513	768,378
Total equity and liabilities		2,455,912	2,391,223	2,150,905
Net assets per share (RM)		3.09	3.10	2.99

The unaudited condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2017 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 31 March 2018 - unaudited

	Note	Individual Quarter		Cumulative Quarter	
		Current Year Quarter Ended 31 March 2018 RM'000	Preceding Year Corresponding Quarter Ended 31 March 2017 (Restated) RM'000	Current Year to date 31 March 2018 RM'000	Preceding Year Corresponding Period Ended 31 March 2017 (Restated) RM'000
Revenue	9	214,860	305,566	214,860	305,566
Cost of sales		(185,410)	(216,757)	(185,410)	(216,757)
Gross profit		29,450	88,809	29,450	88,809
Finance income		1,545	2,429	1,545	2,429
Other operating income		3,737	6,279	3,737	6,279
Unrealised loss in foreign exchange		(575)	(356)	(575)	(356)
Distribution costs		(14,423)	(19,834)	(14,423)	(19,834)
Administrative expenses		(9,187)	(11,422)	(9,187)	(11,422)
Other expenses		(2,927)	(2,790)	(2,927)	(2,790)
Profit from operations		7,620	63,115	7,620	63,115
Finance costs		(5,347)	(5,560)	(5,347)	(5,560)
Profit before tax	9	2,273	57,555	2,273	57,555
Tax expense	21	(69)	(14,579)	(69)	(14,579)
Profit after tax		2,204	42,976	2,204	42,976
Change in fair value of biological assets	2.2	108	(3,924)	108	(3,924)
Profit after change in fair value of biological assets		2,312	39,052	2,312	39,052
Other comprehensive income, net of tax					
Item that is or may be reclassified subsequently to profit or loss					
Foreign exchange translation differences for foreign operations		(8,285)	6,870	(8,285)	6,870
Other comprehensive income for the period, net of tax		(8,285)	6,870	(8,285)	6,870
Total comprehensive income for the period		(5,973)	45,922	(5,973)	45,922
Profit attributable to:					
Owners of the Company		4,232	36,424	4,232	36,424
Non-controlling interests		(1,920)	2,628	(1,920)	2,628
Profit after change in fair value of biological assets		2,312	39,052	2,312	39,052
Total comprehensive income attributable to:					
Owners of the Company		(4,053)	43,294	(4,053)	43,294
Non-controlling interests		(1,920)	2,628	(1,920)	2,628
Total comprehensive income for the period		(5,973)	45,922	(5,973)	45,922
Earnings per share attributable to owners of the Company :					
Basic/Diluted earnings per ordinary share (sen)	31	0.95	8.19	0.95	8.19

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 2017 and the accompanying explanatory notes attached to the interim financial statements.

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TA ANN HOLDINGS BERHAD
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Condensed consolidated statement of changes in equity
For the period ended 31 March 2018 - 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			
Balance at 1 January 2018, as previously reported	444,844	(904)	18,728	875,188	1,337,856	71,418	1,409,274
Adjustment from adoption of MFRS 141 (net of tax)	-	-	-	41,588	41,588	7,848	49,436
Restated balance at 1 January 2018	444,844	(904)	18,728	916,776	1,379,444	79,266	1,458,710
Foreign exchange translation differences	-	-	(8,285)	-	(8,285)	-	(8,285)
Total other comprehensive income for the period	-	-	(8,285)	-	(8,285)	-	(8,285)
Profit after change in fair value of biological assets	-	-	-	4,232	4,232	(1,920)	2,312
Total comprehensive income for the period	-	-	(8,285)	4,232	(4,053)	(1,920)	(5,973)
<i>Contributions by and distributions to owners of the Company</i>							
- Dividends to non-controlling interests	-	-	-	-	-	(2,000)	(2,000)
Total transactions with owners of the Company	-	-	-	-	-	(2,000)	(2,000)
At 31 March 2018	444,844	(904)	10,443	921,008	1,375,391	75,346	1,450,737
Balance at 1 January 2017, as previously reported	444,844	(904)	23,744	806,888	1,274,572	42,821	1,317,393
Adjustment from adoption of MFRS 141 (net of tax)	-	-	-	53,844	53,844	11,290	65,134
Restated balance at 1 January 2017	444,844	(904)	23,744	860,732	1,328,416	54,111	1,382,527
Foreign exchange translation differences	-	-	6,870	-	6,870	-	6,870
Total other comprehensive income for the period	-	-	6,870	-	6,870	-	6,870
Profit after change in fair value of biological assets	-	-	-	36,424	36,424	2,628	39,052
Total comprehensive income for the period	-	-	6,870	36,424	43,294	2,628	45,922
<i>Contributions by and distributions to owners of the Company</i>							
- Dividends to non-controlling interests	-	-	-	-	-	(800)	(800)
Total transactions with owners of the Company	-	-	-	-	-	(800)	(800)
Subscription of shares by non-controlling interests	-	-	-	-	-	386	386
At 31 March 2017	444,844	(904)	30,614	897,156	1,371,710	56,325	1,428,035

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 2017 and the accompanying explanatory notes attached to the interim financial statements.

Company No: 419232-K

TA ANN HOLDINGS BERHAD
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Condensed consolidated statement of cash flows
For the period ended 31 March 2018 - unaudited

	1 January 2018 to 31 March 2018 RM'000	1 January 2017 to 31 March 2017 RM'000
Cash flows from operating activities		
Profit before tax	2,273	57,555
<i>Adjustments for:</i>		
Amortisation of plantation development expenditure	5,870	5,262
Amortisation of prepaid lease payments	70	79
Amortisation of goodwill	120	120
Amortisation of other intangible assets and timber concessions	561	561
Depreciation of property, plant and equipment	17,400	15,510
Deferred income recognised as income	(612)	(681)
Finance costs	5,347	5,560
Finance income	(1,545)	(2,429)
Gain on disposal of property, plant and equipment	(56)	(287)
Plantation development expenditure written off	-	107
Property, plant and equipment written off	406	-
Unrealised foreign exchange loss	575	356
Employee benefits	1,107	1,003
Operating profit before changes in working capital	<u>31,516</u>	<u>82,716</u>
Changes in working capital:		
Inventories	5,278	(3,493)
Trade and other receivables, prepayments and other assets	(15,133)	28,847
Trade and other payables	(9,635)	(48,059)
Cash generated from operations	<u>12,026</u>	<u>60,011</u>
Interest paid	(907)	(916)
Income tax paid	(6,588)	(5,753)
Employee benefits paid	(366)	(107)
Net cash from operating activities	<u>4,165</u>	<u>53,235</u>
Cash flows from investing activities		
Acquisition of property, plant and equipment	(7,210)	(12,601)
Proceeds from disposal of property, plant and equipment	252	506
Plantation development expenditure incurred	(6,374)	(4,961)
Acquisition of new associate	(170,969)	-
Acquisition of new subsidiary (net of cash acquired)	-	(185,926)
Upliftment of fixed deposits with original maturities exceeding three months	10,706	1,359
Interest received	1,545	2,429
Net cash used in investing activities	<u>(172,050)</u>	<u>(199,194)</u>
Cash flows from financing activities		
Dividends to non-controlling interests	(2,000)	(800)
Proceeds from borrowings/trade financing	85,383	102,307
Repayment of finance lease liabilities	(2,937)	(4,238)
Placement of pledged deposits	(3)	(2)
Finance lease interest paid	(298)	(289)
Term loan interest/profit paid	(4,142)	(4,355)
Net cash from financing activities	<u>76,003</u>	<u>92,623</u>
Net decrease in cash and cash equivalents	(91,882)	(53,336)
Effect of exchange rate fluctuations on cash held	(1,131)	418
Cash and cash equivalents at 1 January	271,939	345,031
Cash and cash equivalents at 31 March (Note 22)	<u>178,926</u>	<u>292,113</u>

The unaudited condensed statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2017 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 MFRS 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 MFRS 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 2017. 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 2017. 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 Malaysian Financial Reporting Standards (MFRS).

The statutory financial statements for the year ended 31 December 2017 are available from the Company's registered office.

The Group has adopted MFRS framework with effect from 1 January 2018. The financial effects of convergence to the MFRS framework as a result of the convergence are discussed in note 2.

2 Significant Accounting Policies

2.1 Change in accounting policies

This interim financial report are for part of the period covered by the Group's first annual financial statements prepared under the MFRS framework. Accordingly, the Group have applied MFRS 1: *First-time Adoption of Malaysian Financial Reporting Standards* in their transition to the MFRS framework on 1 January 2018.

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 2017, except for the adoption of the following standards, amendments and interpretations:

- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 141, *Agriculture: Bearer Plants*
- MFRS 9, *Financial Instruments (2014)*
- MFRS 15, *Revenue from Contracts with Customers*
- Clarifications to MFRS 15, *Revenue from Contracts with Customers*
- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
- Amendments to MFRS 140, *Investment Property - Transfers*
- IC Interpretation 22, *Foreign Currency Transactions and Advance Consideration*

Except for the application of Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 141, *Agriculture: Bearer Plants*, the adoption of the new and revised MFRSs, 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.

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Notes to the interim financial report

2.2 Amendments to MFRS 116, Property, Plant and Equipment and MFRS 141, Agriculture: Bearer Plants

The Amendments to MFRS 116 and MFRS 141 require a bearer plant, defined as a living plant, to be accounted for as property, plant and equipment in accordance with MFRS 116, *Property, Plant and Equipment*, whereas biological assets within the scope of MFRS 141 are measured at fair value less costs to sell.

The impacts of adopting Amendments to MFRS 116 and MFRS 141 on the Group's interim financial report are as follows:

(i) Statement of financial position

	As at 31 December 2017		As at 1 January 2017	
	As previously reported RM'000	Restated RM'000	As previously reported RM'000	Restated RM'000
Biological assets - non-current	-	22,401	-	14,021
Biological assets - current	-	42,647	-	71,681
Reserves	893,011	934,600	829,728	883,572
Non-controlling interests	71,418	79,266	42,821	54,111
Deferred tax liabilities	158,115	173,725	90,770	111,338
	=====	=====	=====	=====

(ii) Statement of profit or loss and other comprehensive income

	As previously reported RM'000	Period ended 31 March 2017	
		Adjustment from adoption of MFRS 141 RM'000	Restated RM'000
Change in fair value of biological assets	-	(3,924)	(3,924)
Profit after change in fair value of biological assets	42,976	(3,924)	39,052
	=====	=====	=====

(iii) There are no material impact on the Group's interim statement of cash flows.

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 2017 in their report dated 2 April 2018.

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.

TA ANN HOLDINGS BERHAD

Notes to 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 March 2018, the number of ordinary shares repurchased in an earlier period and retained as treasury shares is 199,400 shares.

8 Dividend

The Board of Directors has declared an interim single-tier ordinary dividend for the financial year ending 31 December 2018 of 5 sen per ordinary share (corresponding period in Year 2017: 5 sen) to be paid on 29 June 2018 to depositors whose names appear in the Record of Depositors on 8 June 2018.

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 June 2018 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	
	Period ended 31 March			
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Timber products	87,400	128,252	(7,167)	13,454
Oil palm	127,345	177,134	9,585	44,221
Reforestation	115	180	(76)	(72)
Property development	-	-	(69)	(48)
	214,860	305,566	2,273	57,555

10 Valuation of Property, Plant and Equipment

There were no valuation of property, plant and equipment of the Group during the financial quarter under review.

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.

12 Changes in Composition of the Group

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

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TA ANN HOLDINGS BERHAD

Notes to the interim financial report

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 March 2018 RM'000	As At 31 December 2017 RM'000
Current assets		
Trade receivables	49,462	50,616
Interest receivable	167	228
Other receivables	2,475	3,495
Deposits	27,244	10,429
Prepayments		
-Plant and machinery	955	549
-Others	8,240	8,598
Other advances	563	290
	<u>89,106</u>	<u>74,205</u>

15 Capital Commitments

	As At 31 March 2018 RM'000
Property, plant and equipment	
- Contracted but not provided for	86,756
Leasehold land held for subsidiaries' use	
- Contracted but not provided for	41,969
	<u>128,725</u>

16 Review of Performance

For the quarter under review, the Group reported a revenue of RM214.86 million compared to RM305.57 million of the corresponding quarter in year 2017. Profit before tax and net profit for the quarter were RM2.27 million and RM2.31 million respectively, compared to profit before tax and net profit of RM57.56 million and RM39.05 million respectively of the corresponding quarter in year 2017.

The performance was mainly affected by the followings:

- (i) Drop in plywood product, export logs, FFB and CPO sales volume by 33%, 71%, 11% and 11% respectively; and
- (ii) Lower average selling price for CPO and FFB by 19% and 26% respectively in the quarter under review.

In accordance with MFRS 141, the Group recognised biological assets of RM65.19 million as at 31 March 2018 compared to RM65.05 million as at 31 December 2017 (restated), and this resulted in a net gain arising from changes in fair value of biological assets of RM0.11 million in the current financial period.

TA ANN HOLDINGS BERHAD

Notes to the interim financial report

17 Variation of Results as compared to the Preceding Quarter

Revenue and net profit in the quarter under review were RM214.86 million and RM2.31 million respectively compared to RM290.74 million and RM24.63 million respectively of the preceding quarter.

These were mainly attributed to the lower CPO and FFB sales volume by 26% and 28% respectively.

The Group has nevertheless reported a net gain arising from changes in fair value of the biological assets of RM0.11 million in the current quarter under review compared to a net loss of RM3.92 million arising from the changes in fair value of the biological assets in the preceding quarter of RM65.05 million.

18 Current Year Prospects

The production for the first quarter 2018 has suffered badly from the effect of the adverse weather condition; the board expects a better performance in both the timber and oil palm sectors in the coming months of 2018 through dry weather and cyclical effect of the production trend in achieving better production yield.

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

19 Profit Forecast

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

20 Profit after change in fair value of biological assets

	Individual Quarter		Cumulative Quarter	
	3 months ended 31 March		Period ended 31 March	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Profit after change in fair value of biological assets is arrived at after crediting/(charging):				
Finance income	1,545	2,429	1,545	2,429
Finance costs	(5,347)	(5,560)	(5,347)	(5,560)
Depreciation and amortisation	(24,021)	(21,532)	(24,021)	(21,532)
Gain on disposal of property, plant and equipment	56	287	56	287
Property, plant and equipment written off	(406)	-	(406)	-
Plantation development expenditure written off	-	(107)	-	(107)
Foreign exchange gain/(loss)				
- realised	419	2,893	419	2,893
- unrealised	(575)	(356)	(575)	(356)

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.

TA ANN HOLDINGS BERHAD

Notes to the interim financial report

21 Tax Expense

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

	Individual Quarter		Cumulative Quarter	
	3 months ended 31 March		Period ended 31 March	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Current tax expense				
- Current year	5,992	11,965	5,992	11,965
Deferred tax (income)/ expense				
- Current year	(5,923)	2,614	(5,923)	2,614
Total tax expense	69	14,579	69	14,579

Reconciliation of tax expense

	Individual Quarter		Cumulative Quarter	
	3 months ended 31 March		Period ended 31 March	
	2018 RM'000	2017 (Restated) RM'000	2018 RM'000	2017 (Restated) RM'000
Profit after change in fair value of biological assets	2,312	39,052	2,312	39,052
Change in fair value of biological assets	(108)	3,924	(108)	3,924
Total tax expense	69	14,579	69	14,579
Profit excluding tax	2,273	57,555	2,273	57,555

Tax calculated using
Malaysian tax rate of 24%
(2017: 24%)

- Prima facie income tax expense	546	13,813	546	13,813
- Non-deductible expenses	1,483	1,449	1,483	1,449
- Movements in unrecognised deferred tax assets	2,540	827	2,540	827
- Recognition of previously unrecognised deferred tax assets	(4,500)	-	(4,500)	-
- Utilisation of previously unrecognised deferred tax assets	-	(1,510)	-	(1,510)
Tax expense for the period	69	14,579	69	14,579

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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 March 2018 RM'000	As at 31 March 2017 RM'000
Cash in hand	96	83
Cash at banks	134,214	173,223
Fixed deposits with original maturities not exceeding three months	44,616	118,807
	<u>178,926</u>	<u>292,113</u>
Fixed deposits pledged to banks	923	912
	<u>179,849</u>	<u>293,025</u>

Fixed deposits of subsidiaries amounting to RM923,184 (2017: RM920,352) are pledged to licensed banks for bank facilities granted thereto.

23 Other Investments

	As at 31 March 2018 RM'000	As at 31 December 2017 RM'000
Fixed deposits with original maturities exceeding three months	3,904	14,610

24 Unquoted Investment and Properties

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

25 Quoted Investments

On 11 January 2018, the Company 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. The acquisition was completed on 28 March 2018.

26 Status of Corporate Proposal

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

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Notes to the interim financial report

27 Group Borrowings and Debt Securities

Total Group borrowings as at 31 March 2018 were as follows: -

		As at 31 March 2018
		RM'000
<u>Current</u>		
<i>Denominated in Ringgit Malaysia</i>		
Unsecured -	Bankers' acceptances/ Export Credit	25,600
	Refinancing	
	Revolving Credits	105,000
	Term loans	
	- Conventional	35,000
	- Islamic	26,250
Secured -	Finance lease liabilities	9,687
	Revolving Credits	130,000
	Term loans	24,016
		<hr/>
		355,553
		<hr/>
<u>Non-current</u>		
<i>Denominated in Ringgit Malaysia</i>		
Unsecured -	Term loans	
	- Conventional	46,100
	- Islamic	134,750
Secured -	Finance lease liabilities	7,548
	Term loans	87,372
		<hr/>
		275,770
		<hr/>
Total		<hr/> 631,323 <hr/>

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 Sibü 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.

The plaintiffs have filed a notice of appeal against the Sibü High Court's decision on 9 March 2018. The matter is now pending the service of the memorandum of appeal and record of appeal by the plaintiff.

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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:

	Period ended 31 March	
	2018	2017
	RM'000	RM'000
Transactions with an associate		
Sales of logs and timber products	(387)	(1,154)
Transactions with companies connected to certain Directors of the Company and its subsidiaries		
Contract fees and fuel surcharge	5,048	8,908
Food ration expenses	53	70
Handling fees, transportation & freight charges	2,854	4,063
Repair and maintenance	68	109
Insurance premium	986	1,305
Purchase of fresh fruit bunches	17,415	737
Purchase of property, plant and equipment	75	1,021
Rental of premises paid	13	29
Purchase of spare parts, fertilizer & consumables	3,253	2,312
Purchase of logs and timber products	613	890
Security charges	21	21
Advisory fee	-	12
Computer hardware & software development fees	100	184
Purchase of diesel and lubricants	4,223	5,220
Compensation paid	19	-
Sales of logs and timber products	(2,005)	(1,750)
Sales of fresh fruit bunches	(11,427)	(16,965)
Sales of spare parts, fertilizer & consumables	-	(11)
Empty bunch subsidised	-	(2)
Hiring income	-	(4)
Income from rental of premises	(36)	(29)
Handling fee received	(824)	(989)
Transport subsidised	(331)	(176)
	=====	=====

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Notes to the interim financial report

30 Key Management Personnel Compensation

Compensations to key management personnel are as follows:

	Period ended 31 March	
	2018	2017
	RM'000	RM'000
Directors		
- Fees	169	169
- Remunerations	1,183	1,119
	<u>1,352</u>	<u>1,288</u>
Other key management personnel		
- Fees	27	27
- Remunerations	1,074	1,168
	<u>1,101</u>	<u>1,195</u>
Total	<u>2,453</u>	<u>2,483</u>

31 Earnings Per Share

	3 months ended	Period ended
	31 March 2018	31 March 2018
(a) Basic		
Net profit attributable to ordinary owners of the Company ('000)	<u>RM4,232</u>	<u>RM4,232</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>0.95</u>	<u>0.95</u>
(b) Diluted	<u>0.95</u>	<u>0.95</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 March 2018.

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 24 May 2018.