

Company No: 419232-K

TA ANN HOLDINGS BERHAD
(Incorporated in Malaysia)

Condensed consolidated statement of financial position
As at 30 June 2018 - unaudited

	Note	30 June 2018	31 December 2017	1 January 2017
		RM'000	(Restated) RM'000	(Restated) RM'000
Assets				
Property, plant and equipment		1,001,731	1,023,388	909,169
Prepaid lease payments		3,312	3,456	3,763
Plantation development expenditure		489,765	497,628	333,655
Biological assets	2.2	136,017	136,862	131,164
Investment in associate		167,550	-	-
Deferred tax assets		32,001	26,858	13,407
Timber concessions		18,189	19,398	23,293
Goodwill		88,737	89,074	10,058
Other intangible assets		5,379	5,964	5,487
Total non-current assets		1,942,681	1,802,628	1,429,996
Inventories		173,755	173,674	169,122
Biological assets	2.2	60,906	51,178	74,823
Property development costs		1,441	1,441	1,441
Trade and other receivables	14	66,026	74,205	110,663
Current tax recoverable		930	628	1,998
Cash and cash equivalents	22	173,105	272,859	345,941
Other investments	23	2,275	14,610	16,921
Total current assets		478,438	588,595	720,909
Total assets		2,421,119	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		10,997	18,728	23,744
Retained earnings		914,858	916,776	860,732
Total equity attributable to owners of the Company		1,369,795	1,379,444	1,328,416
Non-controlling interests		75,946	79,266	54,111
Total equity		1,445,741	1,458,710	1,382,527
Liabilities				
Deferred tax liabilities		175,856	173,725	111,338
Deferred income		34,166	37,438	40,987
Borrowings	27	260,358	261,540	251,470
Employee benefits		37,376	34,286	25,584
Total non-current liabilities		507,756	506,989	429,379
Trade and other payables		95,188	118,602	152,918
Deferred income		2,523	2,554	2,617
Borrowings	27	351,900	284,665	166,169
Employee benefits		2,412	3,557	2,550
Current tax payable		15,599	16,146	14,745
Total current liabilities		467,622	425,524	338,999
Total liabilities		975,378	932,513	768,378
Total equity and liabilities		2,421,119	2,391,223	2,150,905
Net assets per share (RM)		3.08	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
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Condensed consolidated statement of profit or loss and other comprehensive income
For the period ended 30 June 2018 - unaudited

	Note	Individual Quarter		Cumulative Quarter	
		Current Year Quarter Ended 30 June 2018 RM'000	Preceding Year Corresponding Quarter Ended 30 June 2017 (Restated) RM'000	Current Year to date 30 June 2018 RM'000	Preceding Year Corresponding Period Ended 30 June 2017 (Restated) RM'000
Revenue	9	234,854	266,366	449,714	571,932
Cost of sales		(186,460)	(176,052)	(371,870)	(392,809)
Gross profit		48,394	90,314	77,844	179,123
Finance income		1,323	1,760	2,868	4,189
Other operating income		4,571	5,250	8,308	11,529
Unrealised gain / (loss) in foreign exchange		612	75	37	(281)
Distribution costs		(14,768)	(16,286)	(29,191)	(36,120)
Administrative expenses		(8,921)	(13,109)	(18,108)	(24,531)
Other expenses		(2,247)	(3,745)	(5,174)	(6,535)
Profit from operations		28,964	64,259	36,584	127,374
Finance costs		(7,024)	(6,488)	(12,371)	(12,048)
Share of profit of equity-accounted investee, net of tax		707	-	707	-
Profit before tax	9	22,647	57,771	24,920	115,326
Tax expense	21	(6,080)	(17,306)	(6,149)	(31,885)
Profit after tax		16,567	40,465	18,771	83,441
Change in fair value of biological assets	2.2	2,531	(3,924)	2,639	(7,848)
Profit after change in fair value of biological assets		19,098	36,541	21,410	75,593
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		554	(3,657)	(7,731)	3,213
Other comprehensive income for the period, net of tax		554	(3,657)	(7,731)	3,213
Total comprehensive income for the period		19,652	32,884	13,679	78,806
Profit attributable to:					
Owners of the Company		16,082	30,171	20,314	66,595
Non-controlling interests		3,016	6,370	1,096	8,998
Profit after change in fair value of biological assets		19,098	36,541	21,410	75,593
Total comprehensive income attributable to:					
Owners of the Company		16,636	26,514	12,583	69,808
Non-controlling interests		3,016	6,370	1,096	8,998
Total comprehensive income for the period		19,652	32,884	13,679	78,806
Earnings per share attributable to owners of the Company :					
Basic/Diluted earnings per ordinary share (sen)	31	3.62	6.79	4.57	14.98

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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Condensed consolidated statement of changes in equity
For the period ended 30 June 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	-	-	(7,731)	-	(7,731)	-	(7,731)
Total other comprehensive income for the period	-	-	(7,731)	-	(7,731)	-	(7,731)
Profit after change in fair value of biological assets	-	-	-	20,314	20,314	1,096	21,410
Total comprehensive income for the period	-	-	(7,731)	20,314	12,583	1,096	13,679
<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	-	-	-	-	-	(4,416)	(4,416)
Total transactions with owners of the Company	-	-	-	(22,232)	(22,232)	(4,416)	(26,648)
At 30 June 2018	444,844	(904)	10,997	914,858	1,369,795	75,946	1,445,741
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	-	-	3,213	-	3,213	-	3,213
Total other comprehensive income for the period	-	-	3,213	-	3,213	-	3,213
Profit after change in fair value of biological assets	-	-	-	66,595	66,595	8,998	75,593
Total comprehensive income for the period	-	-	3,213	66,595	69,808	8,998	78,806
<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	905,095	1,375,992	62,695	1,438,687

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.

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TA ANN HOLDINGS BERHAD
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Condensed consolidated statement of cash flows
For the period ended 30 June 2018 - unaudited

	1 January 2018 to 30 June 2018 RM'000	1 January 2017 to 30 June 2017 RM'000
Cash flows from operating activities		
Profit before tax	24,920	115,326
<i>Adjustments for:</i>		
Amortisation of plantation development expenditure	11,867	11,153
Amortisation of prepaid lease payments	144	157
Amortisation of goodwill	337	240
Amortisation of other intangible assets and timber concessions	1,208	1,122
Depreciation of property, plant and equipment	34,677	33,441
Deferred income recognised as income	(1,227)	(1,315)
Finance costs	12,371	12,048
Finance income	(2,868)	(4,189)
Gain on disposal of property, plant and equipment	(683)	(217)
Property, plant and equipment written off	569	258
Unrealised foreign exchange (gain)/ loss	(37)	281
Employee benefits	2,225	1,831
Share of profit of equity-accounted investee, net of tax	(707)	-
Operating profit before changes in working capital	<u>82,796</u>	<u>170,136</u>
Changes in working capital:		
Inventories	(2,067)	(18,417)
Trade and other receivables, prepayments and other assets	8,029	25,569
Trade and other payables	(9,634)	(80,562)
Cash generated from operations	<u>79,124</u>	<u>96,726</u>
Interest paid	(3,977)	(2,103)
Income tax paid	(11,367)	(10,878)
Employee benefits paid	(579)	(107)
Net cash from operating activities	<u>63,201</u>	<u>83,638</u>
Cash flows from investing activities		
Acquisition of property, plant and equipment	(21,663)	(22,191)
Proceeds from disposal of property, plant and equipment	1,703	1,568
Plantation development expenditure incurred	(12,720)	(12,976)
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	12,335	(1,741)
Interest received	2,868	4,189
Net cash used in investing activities	<u>(188,446)</u>	<u>(217,077)</u>
Cash flows from financing activities		
Dividends paid to owners of the Company	(22,232)	(22,232)
Dividends to non-controlling interests	(4,416)	(800)
Proceeds from borrowings/trade financing	67,484	107,086
Repayment of finance lease liabilities	(5,932)	(8,238)
Placement of pledged deposits	(2)	(5)
Finance lease interest paid	(438)	(571)
Term loan interest/profit paid	(7,956)	(9,374)
Net cash from financing activities	<u>26,508</u>	<u>65,866</u>
Net decrease in cash and cash equivalents	(98,737)	(67,573)
Effect of exchange rate fluctuations on cash held	(1,019)	238
Cash and cash equivalents at 1 January	271,938	345,031
Cash and cash equivalents at 30 June (Note 22)	<u>172,182</u>	<u>277,696</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.

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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
Property, plant and equipment	1,038,792	1,023,388	924,446	909,169
Plantation development expenditure	605,217	497,628	438,663	333,655
Biological assets - non-current	-	136,862	-	131,164
Biological assets - current	-	51,178	-	74,823
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 30 June 2017 Adjustment from adoption of MFRS 141 RM'000		Restated RM'000
Change in fair value of biological assets	-	(7,848)		(7,848)
Profit after change in fair value of biological assets	83,441	(7,848)		75,593
	=====	=====		=====

(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.

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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 30 June 2018, 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 2018, amounting to RM22,232,225 was paid on 29 June 2018 to depositors registered in the Record of Depositors at the close of business on 8 June 2018.

No dividend has been proposed by the Directors for the financial quarter under review (corresponding period in Year 2017: 5 sen).

9 Segmental Reporting

	Revenue from external customers		Profit before tax	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
	6 months ended 30 June			
Timber products	173,906	220,117	(4,189)	16,455
Oil palm	275,615	351,552	29,429	98,919
Reforestation	193	263	(277)	31
Property development	-	-	(43)	(79)
	<u>449,714</u>	<u>571,932</u>	<u>24,920</u>	<u>115,326</u>

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.

13 Contingent Liabilities or Assets

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

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Notes to the interim financial report

14 Trade and Other Receivables

	As At 30 June 2018 RM'000	As At 31 December 2017 RM'000
Current assets		
Trade receivables	42,722	50,616
Interest receivable	99	228
Other receivables	1,673	3,495
Deposits	10,284	10,429
Prepayments		
-Plant and machinery	1,454	549
-Others	9,247	8,598
Other advances	547	290
	<u>66,026</u>	<u>74,205</u>

15 Capital Commitments

	As At 30 June 2018 RM'000
Property, plant and equipment	
- Contracted but not provided for	81,523
Leasehold land held for subsidiaries' use	
- Contracted but not provided for	41,969
	<u>123,492</u>

16 Review of Performance

- (a) For the quarter under review, the Group reported a revenue of RM234.85 million compared to RM266.37 million of the corresponding quarter in year 2017. Profit before tax and net profit for the quarter were RM22.65 million and RM19.10 million respectively compared to profit before tax and net profit of RM57.77 million and RM36.54 million respectively of the corresponding quarter in year 2017.

The main contributing factors to the variation of performance were:

- (i) Lower sales volume for the plywood products, export logs and FFB by 12%, 47% and 10% respectively; and
- (ii) Decrease in average selling price for CPO and FFB by 17% and 15% respectively in the quarter under review.

The Group had recognised a profit arising from the changes in the fair value of the biological assets amounting to RM2.53 million during the current quarter under review as compared to a loss of RM3.92 million realised in the corresponding preceding quarter (restated).

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Notes to the interim financial report

16 Review of Performance (cont'd)

- (b) For the first half year of 2018, the revenue and net profit were RM449.71 million and RM21.41 million, compared to RM571.93 million and RM75.59 million respectively of the corresponding period in 2017.

The drop in CPO and FFB average selling price by 18% and 21% respectively as well as the lower sales volume for Plywood products, export logs and FFB by 24%, 61% and 10% respectively resulted in the lower revenue and profit.

The Group has recognised a profit arising from the changes in the fair value of the biological assets of RM2.64 million during the current period under review compared to a loss of RM7.85 million realised in the corresponding preceding period(restated).

As a result of the decrease in operating profit and the changes in fair value of the biological assets, the Group reported a net profit of RM21.41 million for the current financial period compared to a net profit of RM75.59 million for the preceding corresponding period(restated).

17 Variation of Results as compared to the Preceding Quarter

Higher revenue and net profit were reported at RM234.85 million and RM19.10 million respectively in the quarter under review compared to RM214.86 million and RM2.31 million respectively of the preceding quarter.

The higher revenue and margin registered in the current quarter under review as compared to the preceding quarter were due to the export logs, CPO and FFB achieved higher sales volume by 34%, 24% and 20% respectively as well as the better achievement in plywood product and export logs average selling price by 8% and 4% respectively contributed directly to the positive revenue and profit bottom lines.

18 Current Year Prospects

The Group is positive on its FFB production coming into the peak crop season. The boost in demand from the oil palm segment especially when Indonesia raised its biodiesel mandate will further enhance our group revenue and profit.

The Group is optimistic about its future prospect of the logging division as its subsidiary, Tanjong Manis Holdings Sdn Bhd, has been awarded with certification under the Malaysian Timber Certification Scheme (MTCS) that is endorsed by the PEFC. The certificate was awarded by SIRIM QAS International Sdn Bhd on 11 June 2018 covering an area of 149,756 hectares.

This certification will ensure sustainability of timber logs production from the certified area to make available resources for the production of certified plywood products that meet the market demand. With the certification, it adds value to our plywood products whereby higher premium can be achieved on our product pricing therefore generating tremendous impact in the plywood profitability for timber division.

Barring unforeseen circumstances, the Board of Directors expects the Group to achieve a satisfactory performance for the year under review.

19 Profit Forecast

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

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Notes to the interim financial report

20 Profit after change in fair value of biological assets

	Individual Quarter		Cumulative Quarter	
	3 months ended 30 June		6 months ended 30 June	
	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	1,323	1,760	2,868	4,189
Finance costs	(7,024)	(6,488)	(12,371)	(12,048)
Depreciation and amortisation	(24,212)	(24,581)	(48,233)	(46,113)
Gain/ (loss) on disposal of property, plant and equipment	627	(70)	683	217
Property, plant and equipment written off	(163)	(151)	(569)	(258)
Foreign exchange gain/(loss)				
- realised	2,499	1,290	2,918	4,183
- unrealised	612	75	37	(281)

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	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Current tax expense				
- Current year	4,527	12,167	10,519	24,131
Deferred tax expense/ (income)				
- Current year	1,553	5,139	(4,370)	7,754
Total tax expense	6,080	17,306	6,149	31,885

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Notes to the interim financial report

21 Tax Expense (cont'd)

Reconciliation of tax expense

	Individual Quarter		Cumulative Quarter	
	3 months ended 30 June		6 months ended 30 June	
	2018 RM'000	2017 (Restated) RM'000	2018 RM'000	2017 (Restated) RM'000
Profit after change in fair value of biological assets	19,098	36,541	21,410	75,593
Change in fair value of biological assets	(2,531)	3,924	(2,639)	7,848
Total tax expense	6,080	17,306	6,149	31,885
Profit excluding tax	22,647	57,771	24,920	115,326
Tax calculated using Malaysian tax rate of 24% (2017: 24%)				
- Prima facie income tax expense	5,435	13,865	5,981	27,678
- Non-deductible expenses	645	1,602	2,128	3,051
- Movements in unrecognised deferred tax assets	-	1,839	2,540	2,666
- Recognition of previously unrecognised deferred tax assets	-	-	(4,500)	-
- Utilisation of previously unrecognised deferred tax assets	-	-	-	(1,510)
Tax expense for the period	6,080	17,306	6,149	31,885

22 Cash and Cash Equivalents

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

	As at 30 June 2018 RM'000	As at 30 June 2017 RM'000
Cash in hand	78	190
Cash at banks	139,462	159,448
Fixed deposits with original maturities not exceeding three months	32,642	118,058
	172,182	277,696
Fixed deposits pledged to banks	923	915
	173,105	278,611

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

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Notes to the interim financial report

23 Other Investments

	As at 30 June 2018 RM'000	As at 31 December 2017 RM'000
Fixed deposits with original maturities exceeding three months	2,275	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

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 2018 were as follows: -

		As at 30 June 2018 RM'000
<u>Current</u>		
<i>Denominated in Ringgit Malaysia</i>		
Unsecured -	Bankers' acceptances/ Export Credit	20,539
	Refinancing	
	Revolving Credits	105,000
	Term loans	
	- Conventional	34,532
	- Islamic	28,500
Secured -	Finance lease liabilities	8,226
	Revolving Credits	130,000
	Term loans	25,103
		351,900
<u>Non-current</u>		
<i>Denominated in Ringgit Malaysia</i>		
Unsecured -	Term loans	
	- Conventional	37,068
	- Islamic	126,500
Secured -	Finance lease liabilities	7,844
	Term loans	88,946
		260,358
Total		612,258

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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 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.

Sibu High Court dismissed the claim on 13 February 2018.

The plaintiffs have filed a notice of appeal against the Sibu 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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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	
	2018	2017
	RM'000	RM'000
Transactions with associates		
Sales of logs and timber products	(388)	(1,689)
Purchase of fresh fruit bunches	1,270	-
Transactions with companies connected to certain Directors of the Company and its subsidiaries		
Contract fees and fuel surcharge	10,015	13,520
Food ration expenses	104	119
Handling fees, transportation & freight charges	5,669	7,089
Repair and maintenance	156	140
Hiring of equipment	5	-
Insurance premium	1,876	1,953
Purchase of fresh fruit bunches	42,103	1,648
Purchase of property, plant and equipment	107	1,170
Rental of premises paid	26	42
Purchase of spare parts, fertilizer & consumables	7,880	4,716
Purchase of logs and timber products	1,591	1,998
Security charges	42	42
Advisory fee	-	16
Compensation paid	19	-
Computer hardware & software development fees	119	292
Purchase of diesel and lubricants	9,796	9,671
Sales of logs and timber products	(3,863)	(4,148)
Sales of fresh fruit bunches	(25,152)	(35,652)
Sales of spare parts, fertilizer & consumables	(3)	(23)
Empty bunch subsidised	(1)	(3)
Hiring income	-	(20)
Income from rental of premises	(71)	(71)
Handling fee received	(1,598)	(2,123)
Transport subsidised	(826)	(356)
	=====	=====

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Notes to the interim financial report

30 Key Management Personnel Compensation

Compensations to key management personnel are as follows:

	6 months ended 30 June	
	2018 RM'000	2017 RM'000
Directors		
- Fees	661	683
- Remunerations	2,218	3,220
	<u>2,879</u>	<u>3,903</u>
Other key management personnel		
- Fees	48	51
- Remunerations	2,361	3,050
	<u>2,409</u>	<u>3,101</u>
Total	<u>5,288</u>	<u>7,004</u>

31 Earnings Per Share

	3 months ended 30 June 2018	6 months ended 30 June 2018
(a) Basic		
Net profit attributable to ordinary owners of the Company ('000)	<u>RM16,082</u>	<u>RM20,314</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>3.62</u>	<u>4.57</u>
(b) Diluted	<u>3.62</u>	<u>4.57</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 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 29 August 2018.