

Company No: 419232-K

TA ANN HOLDINGS BERHAD
(Incorporated in Malaysia)

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

	Note	30 September 2018	31 December 2017 (Restated)	1 January 2017 (Restated)
		RM'000	RM'000	RM'000
Assets				
Property, plant and equipment		1,008,851	1,023,388	909,169
Prepaid lease payments		3,240	3,456	3,763
Plantation development expenditure		493,544	497,628	333,655
Biological assets	2.2	135,822	136,862	131,164
Investment in associate		170,357	-	-
Deferred tax assets		32,011	26,858	13,407
Timber concessions		17,585	19,398	23,293
Goodwill		88,568	89,074	10,058
Other intangible assets		5,334	5,964	5,487
Total non-current assets		1,955,312	1,802,628	1,429,996
Inventories		181,723	173,674	169,122
Biological assets	2.2	61,286	51,178	74,823
Property development costs		1,441	1,441	1,441
Trade and other receivables	14	68,515	74,205	110,663
Current tax recoverable		1,007	628	1,998
Cash and cash equivalents	22	175,593	272,859	345,941
Other investments	23	2,836	14,610	16,921
Total current assets		492,401	588,595	720,909
Total assets		2,447,713	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		11,462	18,728	23,744
Retained earnings		947,068	916,776	860,732
Total equity attributable to owners of the Company		1,402,470	1,379,444	1,328,416
Non-controlling interests		82,085	79,266	54,111
Total equity		1,484,555	1,458,710	1,382,527
Liabilities				
Deferred tax liabilities		176,216	173,725	111,338
Deferred income		33,583	37,438	40,987
Borrowings	27	251,754	261,540	251,470
Employee benefits		37,931	34,286	25,584
Total non-current liabilities		499,484	506,989	429,379
Trade and other payables		111,599	118,602	152,918
Deferred income		2,413	2,554	2,617
Borrowings	27	333,076	284,665	166,169
Employee benefits		2,703	3,557	2,550
Current tax payable		13,883	16,146	14,745
Total current liabilities		463,674	425,524	338,999
Total liabilities		963,158	932,513	768,378
Total equity and liabilities		2,447,713	2,391,223	2,150,905
Net assets per share (RM)		3.15	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 30 September 2018 - unaudited

	Note	Individual Quarter		Cumulative Quarter	
		Current Year Quarter Ended 30 September 2018 RM'000	Preceding Year Corresponding Quarter Ended 30 September 2017 (Restated) RM'000	Current Year to date 30 September 2018 RM'000	Preceding Year Corresponding Period Ended 30 September 2017 (Restated) RM'000
Revenue	9	274,854	308,171	724,568	880,103
Cost of sales		(192,832)	(219,237)	(564,702)	(612,046)
Gross profit		82,022	88,934	159,866	268,057
Finance income		1,049	2,285	3,917	6,474
Other operating income		5,665	4,069	13,973	15,598
Unrealised (loss) / gain in foreign exchange		(16)	(76)	21	(357)
Distribution costs		(17,335)	(18,451)	(46,526)	(54,571)
Administrative expenses		(14,442)	(12,063)	(32,550)	(36,594)
Other expenses		(3,812)	(8,710)	(8,986)	(15,245)
Profit from operations		53,131	55,988	89,715	183,362
Finance costs		(6,623)	(6,822)	(18,994)	(18,870)
Share of profit of equity-accounted investee, net of tax		2,807	-	3,514	-
Profit before tax	9	49,315	49,166	74,235	164,492
Tax expense	21	(11,105)	(18,885)	(17,254)	(50,770)
Profit after tax		38,210	30,281	56,981	113,722
Change in fair value of biological assets	2.2	139	(3,924)	2,778	(11,772)
Profit after change in fair value of biological assets		38,349	26,357	59,759	101,950
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		465	(2,352)	(7,266)	861
Other comprehensive income for the period, net of tax		465	(2,352)	(7,266)	861
Total comprehensive income for the period		38,814	24,005	52,493	102,811
Profit attributable to:					
Owners of the Company		32,210	20,027	52,524	86,622
Non-controlling interests		6,139	6,330	7,235	15,328
Profit after change in fair value of biological assets		38,349	26,357	59,759	101,950
Total comprehensive income attributable to:					
Owners of the Company		32,675	17,675	45,258	87,483
Non-controlling interests		6,139	6,330	7,235	15,328
Total comprehensive income for the period		38,814	24,005	52,493	102,811
Earnings per share attributable to owners of the Company :					
Basic/Diluted earnings per ordinary share (sen)	31	7.24	4.50	11.81	19.48

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.

Company No: 419232-K

TA ANN HOLDINGS BERHAD
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Condensed consolidated statement of changes in equity
For the period ended 30 September 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	-	-	(7,266)	-	(7,266)	-	(7,266)
Total other comprehensive income for the period	-	-	(7,266)	-	(7,266)	-	(7,266)
Profit after change in fair value of biological assets	-	-	-	52,524	52,524	7,235	59,759
Total comprehensive income for the period	-	-	(7,266)	52,524	45,258	7,235	52,493
<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 September 2018	444,844	(904)	11,462	947,068	1,402,470	82,085	1,484,555
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	-	-	861	-	861	-	861
Total other comprehensive income for the period	-	-	861	-	861	-	861
Profit after change in fair value of biological assets	-	-	-	86,622	86,622	15,328	101,950
Total comprehensive income for the period	-	-	861	86,622	87,483	15,328	102,811
<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	-	-	-	-	-	(3,200)	(3,200)
Total transactions with owners of the Company	-	-	-	(44,464)	(44,464)	(3,200)	(47,664)
Subscription of shares by non-controlling interests	-	-	-	-	-	2,636	2,636
At 30 September 2017	444,844	(904)	24,605	902,890	1,371,435	68,875	1,440,310

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
(Incorporated in Malaysia)

Condensed consolidated statement of cash flows
For the period ended 30 September 2018 - unaudited

	1 January 2018 to 30 September 2018	1 January 2017 to 30 September 2017
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	74,235	164,492
<i>Adjustments for:</i>		
Amortisation of plantation development expenditure	17,919	17,069
Amortisation of prepaid lease payments	216	236
Amortisation of goodwill	506	360
Amortisation of other intangible assets and timber concessions	1,813	1,683
Depreciation of property, plant and equipment	50,846	54,443
Deferred income recognised as income	(1,832)	(1,988)
Finance costs	18,994	18,870
Finance income	(3,917)	(6,474)
(Gain) / Loss on disposal of property, plant and equipment	(1,292)	14
Property, plant and equipment written off	689	2,153
Unrealised foreign exchange (gain)/ loss	(21)	357
Employee benefits	3,385	2,661
Share of profit of equity-accounted investee, net of tax	(3,514)	-
Operating profit before changes in working capital	<u>158,027</u>	<u>253,876</u>
Changes in working capital:		
Inventories	(9,931)	(20,870)
Trade and other receivables, prepayments and other assets	5,470	6,627
Trade and other payables	<u>(4,153)</u>	<u>(73,798)</u>
Cash generated from operations	149,413	165,835
Interest paid	(7,133)	(3,273)
Income tax paid	(24,282)	(27,677)
Employee benefits paid	<u>(1,093)</u>	<u>(172)</u>
Net cash from operating activities	<u>116,905</u>	<u>134,713</u>
Cash flows from investing activities		
Acquisition of property, plant and equipment	(32,603)	(30,072)
Proceeds from disposal of property, plant and equipment	2,630	725
Proceeds from issuance of shares to non-controlling interests	-	2,250
Plantation development expenditure incurred	(19,865)	(20,452)
Acquisition of new associate	(166,843)	-
Acquisition of new subsidiary (net of cash acquired)	-	(185,926)
Upliftment of fixed deposits with original maturities exceeding three months	11,774	3,972
Interest received	<u>3,917</u>	<u>6,474</u>
Net cash used in investing activities	<u>(200,990)</u>	<u>(223,029)</u>
Cash flows from financing activities		
Dividends paid to owners of the Company	(22,232)	(44,464)
Dividends to non-controlling interests	(4,416)	(3,200)
Proceeds from borrowings/trade financing	35,343	100,716
Repayment of finance lease liabilities	(8,951)	(11,697)
Placement of pledged deposits	(9)	(11)
Finance lease interest paid	(656)	(866)
Term loan interest/profit paid	<u>(11,205)</u>	<u>(14,731)</u>
Net cash (used in) / from financing activities	<u>(12,126)</u>	<u>25,747</u>
Net decrease in cash and cash equivalents	(96,211)	(62,569)
Effect of exchange rate fluctuations on cash held	(1,063)	293
Cash and cash equivalents at 1 January	<u>271,938</u>	<u>345,031</u>
Cash and cash equivalents at 30 September (Note 22)	<u>174,664</u>	<u>282,755</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.

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 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 MRFS 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

	Period ended 30 September 2017		
	As previously reported RM'000	Adjustment from adoption of MFRS 141 RM'000	Restated RM'000
Change in fair value of biological assets	-	(11,772)	(11,772)
Profit after change in fair value of biological assets	113,722	(11,772)	101,950
	=====	=====	=====

(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 September 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 a second interim single-tier ordinary dividend for the financial year ending 31 December 2018 of 5 sen per ordinary share (corresponding period in Year 2017: nil) to be paid on 24 December 2018 to depositors whose names appear in the Record of Depositors on 10 December 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 10 December 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	
	9 months ended 30 September			
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Timber products	275,955	321,751	5,396	11,182
Oil palm	448,183	558,024	69,126	153,399
Reforestation	430	328	(203)	31
Property development	-	-	(84)	(120)
	724,568	880,103	74,235	164,492

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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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 30 September 2018 RM'000	As At 31 December 2017 RM'000
Current assets		
Trade receivables	46,781	50,616
Interest receivable	95	228
Other receivables	2,254	3,495
Deposits	9,377	10,429
Prepayments		
-Plant and machinery	1,350	549
-Others	8,173	8,598
Other advances	485	290
	<u>68,515</u>	<u>74,205</u>

15 Capital Commitments

	As At 30 September 2018 RM'000
Property, plant and equipment	
- Contracted but not provided for	78,640
Leasehold land held for subsidiaries' use	
- Contracted but not provided for	41,969
	<u>120,609</u>

16 Review of Performance

- (a) For the quarter under review, the Group reported a revenue of RM274.85 million compared to RM308.17 million of the corresponding quarter in year 2017. Profit before tax and net profit for the quarter were RM49.32 million and RM38.35 million respectively compared to profit before tax and net profit of RM49.17 million and RM26.36 million respectively of the corresponding quarter in year 2017.

The main contributing factors to the variation of performance were:

- (i) Higher average selling price for plywood products and export logs by 18% and 5% respectively despite lower average selling price for crude palm oil ('CPO') and fresh fruit bunches ('FFB') by 21% and 22% respectively; and
- (ii) Increased CPO and FFB sales volume by 8% 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 RM0.14 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 nine months of 2018, the revenue and net profit were RM724.57 million and RM59.76 million, compared to RM880.10 million and RM101.95 million respectively of the corresponding period in 2017.

The drop in sales volume for plywood products, export logs and FFB by 19%, 51% and 3% respectively, and the lower CPO and FFB average selling price by 19% and 21% respectively had resulted in the drop in revenue and profit.

The Group has recognised a profit arising from the changes in the fair value of the biological assets of RM2.78 million during the current period under review compared to a loss of RM11.77 million realised in the corresponding preceding period (restated).

17 Variation of Results as compared to the Preceding Quarter

Revenue and net profit were reported at RM274.85 million and RM38.35 million respectively in the quarter under review compared to RM234.85 million and RM19.10 million respectively of the preceding quarter.

Higher export logs, CPO and FFB sales volumes which increased noticeably by 57%, 27% and 42% respectively, and the better plywood product average selling price by 5% contributed positively to the revenue and profit bottom-line.

18 Current Year Prospects

The Group's FFB production for the second half of year 2018 is higher than the first half year, and thus, would enhance the utilization level of the mills' processing capacity. However, CPO prices had softened during the period. Therefore, the level of increase in production volume to alleviate the negative impact of the lower-than-expected CPO prices would remain a challenge.

The first phase of our on-going timber certification programme over 149,756 hectares had been completed and was announced on 6 July 2018. The production activity in the certified area has been resumed to its normal production level. Given higher export logs prices coupled with a higher export logs quota on the certified area, it is anticipated that the financial result of this sector would be better than 1st half of financial year.

In addition to that, two more FMU certification programmes over a total forest lands of 196,187 hectares are anticipated to be completed by year 2019. This will further boost the export logs volume and generate potentially higher profit against a backdrop of firm and upward demand for logs and timber products versus a limited supply base.

Barring unforeseen circumstances and notwithstanding a rather challenging year for the oil palm industry plagued with many uncertainties in the regional economy at a macro level, 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.

20 Profit after change in fair value of biological assets

	Individual Quarter		Cumulative Quarter	
	3 months ended 30 September		9 months ended 30 September	
	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	1,049	2,285	3,917	6,474
Finance costs	(6,623)	(6,822)	(18,994)	(18,870)
Depreciation and amortisation	(23,067)	(27,678)	(71,300)	(73,791)
Gain/ (Loss) on disposal of property, plant and equipment	609	231	1,292	(14)
Property, plant and equipment written off	(120)	(1,895)	(689)	(2,153)
Foreign exchange gain/(loss)				
- realised	1,560	1,548	4,478	5,677
- unrealised	(16)	(76)	21	(357)

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 September		9 months ended 30 September	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Current tax expense/ (income)				
- Current year	11,954	12,920	22,473	37,051
- Prior year	(833)	85	(833)	85
	11,121	13,005	21,640	37,136
Deferred tax (income)/ expense				
- Current year	(16)	5,880	(4,386)	13,634
Total tax expense	11,105	18,885	17,254	50,770

21 Tax Expenses (cont'd)

Reconciliation of tax expense

	Individual Quarter		Cumulative Quarter	
	3 months ended 30 September		9 months ended 30 September	
	2018 RM'000	2017 (Restated) RM'000	2018 RM'000	2017 (Restated) RM'000
Profit after change in fair value of biological assets	38,349	26,357	59,759	101,950
Change in fair value of biological assets	(139)	3,924	(2,778)	11,772
Total tax expense	11,105	18,885	17,254	50,770
Profit excluding tax	49,315	49,166	74,235	164,492

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

- Prima facie income tax expense	11,836	11,800	17,817	39,478
- Non-deductible expenses	3,309	3,634	5,437	6,685
- Movements in unrecognised deferred tax assets	(2,540)	1,941	-	4,607
- Recognition of previously unrecognised deferred tax assets	(1,500)	-	(6,000)	-
- Utilisation of previously unrecognised deferred tax assets	-	1,510	-	-
Tax expense for the period	11,105	18,885	17,254	50,770

22 Cash and Cash Equivalents

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

	As at 30 September 2018 RM'000	As at 30 September 2017 RM'000
Cash in hand	75	218
Cash at banks	139,959	176,141
Fixed deposits with original maturities not exceeding three months	34,630	106,396
	174,664	282,755
Fixed deposits pledged to banks	929	918
	175,593	283,673

Fixed deposits of subsidiaries amounting to RM929,309 (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 September 2018 RM'000	As at 31 December 2017 RM'000
Fixed deposits with original maturities exceeding three months	2,836	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 September 2018 were as follows: -

	As at 30 September 2018 RM'000
<u>Current</u>	
<i>Denominated in Ringgit Malaysia</i>	
Unsecured -	
Bankers' acceptances/ Export Credit	16,267
Refinancing	
Revolving Credits	88,000
Term loans	
- Conventional	32,032
- Islamic	30,750
Secured -	
Finance lease liabilities	10,452
Revolving Credits	130,000
Term loans	25,575
	333,076
<u>Non-current</u>	
<i>Denominated in Ringgit Malaysia</i>	
Unsecured -	
Term loans	
- Conventional	30,069
- Islamic	118,250
Secured -	
Finance lease liabilities	10,330
Term loans	93,105
	251,754
Total	584,830

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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:

	9 months ended 30 September	
	2018	2017
	RM'000	RM'000
Transactions with associates		
Purchase of fresh fruit bunches	4,099	-
Hiring of equipment	29	-
Sales of logs and timber products	(1,032)	(1,869)
Contract fees	(653)	-
Sales of property, plant and equipment	(200)	-
Transactions with companies connected to certain Directors of the Company and its subsidiaries		
Contract fees and fuel surcharge	16,740	20,735
Food ration expenses	169	181
Handling fees, transportation & freight charges	10,236	10,854
Repair and maintenance	263	134
Hiring of equipment	8	2
Insurance premium	3,135	3,286
Purchase of fresh fruit bunches	64,800	3,059
Purchase of property, plant and equipment	151	1,208
Rental of premises paid	40	56
Purchase of spare parts, fertiliser & consumables	11,996	7,747
Purchase of logs and timber products	2,815	3,678
Security charges	63	63
Advisory fee	-	16
Compensation paid	19	-
Computer hardware & software development fees	240	460
Purchase of diesel and lubricants	16,588	13,361
Sales of logs and timber products	(6,076)	(6,052)
Sales of fresh fruit bunches	(42,011)	(56,025)
Sales of palm kernel shell	(1,133)	-
Sales of spare parts, fertiliser & consumables	(7)	(28)
Empty bunch subsidised	(1)	(3)
Hiring income	(89)	(20)
Income from rental of premises	(115)	(106)
Handling fee received	(2,548)	(3,482)
Transport subsidised	(1,301)	(603)
	=====	=====

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Notes to the interim financial report

30 Key Management Personnel Compensation

Compensations to key management personnel are as follows:

	9 months ended 30 September	
	2018	2017
	RM'000	RM'000
Directors		
- Fees	738	705
- Remunerations	3,304	4,341
	<u>4,042</u>	<u>5,046</u>
Other key management personnel		
- Fees	40	51
- Remunerations	4,099	4,261
	<u>4,139</u>	<u>4,312</u>
Total	<u>8,181</u>	<u>9,358</u>

31 Earnings Per Share

	3 months ended	9 months ended
	30 September 2018	30 September 2018
(a) Basic		
Net profit attributable to ordinary owners of the Company ('000)	<u>RM32,210</u>	<u>RM52,524</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>7.24</u>	<u>11.81</u>
(b) Diluted	<u>7.24</u>	<u>11.81</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 September 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 23 November 2018.