

Company No: 419232-K

**TA ANN HOLDINGS BERHAD**  
(Incorporated in Malaysia)

**Condensed consolidated statement of financial position**  
**As at 30 June 2019 - unaudited**

	Note	30 June 2019 RM'000	31 December 2018 RM'000
<b>Assets</b>			
Property, plant and equipment		1,050,335	1,044,729
Right-of-use assets		9,680	-
Prepaid lease payments		3,076	3,150
Bearer plants		510,277	509,146
Biological assets		122,621	118,940
Investment in associates		212,926	197,883
Deferred tax assets		34,603	32,162
Goodwill		79,664	79,664
Other intangible assets		22,928	24,417
<b>Total non-current assets</b>		<b>2,046,110</b>	<b>2,010,091</b>
Inventories		200,237	170,913
Right-of-use assets		734	-
Biological assets		46,309	46,571
Trade and other receivables	14	59,159	78,110
Current tax assets		164	514
Cash and cash equivalents	22	111,035	128,429
<b>Total current assets</b>		<b>417,638</b>	<b>424,537</b>
<b>Total assets</b>		<b>2,463,748</b>	<b>2,434,628</b>
<b>Financed by:</b>			
<b>Capital and reserves</b>			
Share capital		444,844	444,844
Treasury shares		(9,032)	(8,450)
Foreign exchange translation reserve		7,289	8,429
Retained earnings		965,320	952,103
<b>Total equity attributable to owners of the Company</b>		<b>1,408,421</b>	<b>1,396,926</b>
<b>Non-controlling interests</b>		<b>84,952</b>	<b>85,951</b>
<b>Total equity</b>		<b>1,493,373</b>	<b>1,482,877</b>
<b>Liabilities</b>			
Deferred tax liabilities		178,841	176,019
Deferred income		30,840	32,277
Borrowings	26	324,042	332,958
Employee benefits		40,759	38,083
Other payables		9,680	-
<b>Total non-current liabilities</b>		<b>584,162</b>	<b>579,337</b>
Trade and other payables		92,517	109,265
Deferred income		2,342	2,362
Borrowings	26	272,434	243,961
Employee benefits		2,458	3,598
Current tax liabilities		16,462	13,228
<b>Total current liabilities</b>		<b>386,213</b>	<b>372,414</b>
<b>Total liabilities</b>		<b>970,375</b>	<b>951,751</b>
<b>Total equity and liabilities</b>		<b>2,463,748</b>	<b>2,434,628</b>
<b>Net assets per share (RM)</b>		<b>3.17</b>	<b>3.14</b>

The unaudited condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements.

Condensed consolidated statement of profit or loss and other comprehensive income  
For the period ended 30 June 2019 - unaudited

	Note	Individual Quarter		Cumulative Quarter	
		Current Year Quarter Ended 30 June 2019 RM'000	Preceding Year Corresponding Quarter Ended 30 June 2018 RM'000	Current Year to date 30 June 2019 RM'000	Preceding Year Corresponding Period Ended 30 June 2018 RM'000
<b>Revenue</b>	9	216,008	235,804	394,931	451,952
Cost of sales		(175,568)	(186,074)	(316,895)	(370,994)
<b>Gross profit</b>		40,440	49,730	78,036	80,958
Finance income		318	1,323	1,298	2,868
Other operating income		2,499	3,621	5,667	6,070
Unrealised gain in foreign exchange		337	612	444	37
Distribution costs		(14,189)	(14,768)	(24,959)	(29,191)
Administrative expenses		(12,219)	(10,286)	(24,073)	(20,949)
Other expenses		(2,914)	(1,268)	(4,620)	(3,209)
<b>Profit from operations</b>		14,272	28,964	31,793	36,584
Finance costs		(4,252)	(7,024)	(10,897)	(12,371)
Share of profit of equity-accounted investee, net of tax		720	707	2,118	707
<b>Profit before tax</b>	9	10,740	22,647	23,014	24,920
Tax expense	21	(3,786)	(6,080)	(8,670)	(6,149)
<b>Profit after tax</b>		6,954	16,567	14,344	18,771
Change in fair value of biological assets		55	2,531	114	2,639
<b>Profit after change in fair value of biological assets</b>		7,009	19,098	14,458	21,410
<b>Other comprehensive income, net of tax</b>					
<b>Item that is or may be reclassified subsequently to profit or loss</b>					
Foreign exchange translation differences for foreign operations		(180)	554	(1,140)	(7,731)
<b>Other comprehensive income for the period, net of tax</b>		(180)	554	(1,140)	(7,731)
<b>Total comprehensive income for the period</b>		6,829	19,652	13,318	13,679
<b>Profit attributable to:</b>					
Owners of the Company		5,141	16,082	13,217	20,314
Non-controlling interests		1,868	3,016	1,241	1,096
<b>Profit after change in fair value of biological assets</b>		7,009	19,098	14,458	21,410
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		4,961	16,636	12,077	12,583
Non-controlling interests		1,868	3,016	1,241	1,096
<b>Total comprehensive income for the period</b>		6,829	19,652	13,318	13,679
<b>Earnings per share attributable to owners of the Company :</b>					
Basic/Diluted earnings per ordinary share (sen)	30	1.17	3.62	3.00	4.57

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 2018 and the accompanying explanatory notes attached to the interim financial statements.

Company No: 419232-K

**TA ANN HOLDINGS BERHAD**  
(Incorporated in Malaysia)

**Condensed consolidated statement of changes in equity**  
**For the period ended 30 June 2019- unaudited**

	← Attributable to owners of the Company →							
	← Non-distributable →			Foreign exchange translation reserve		Distributable Retained earnings	Total	Non-controlling interests
	Share capital RM'000	Treasury shares RM'000	Foreign exchange translation reserve RM'000	Distributable Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000	
<b>At 1 January 2019</b>	444,844	(8,450)	8,429	952,103	1,396,926	85,951	1,482,877	
Foreign exchange translation differences	-	-	(1,140)	-	(1,140)	-	(1,140)	
Total other comprehensive income for the period	-	-	(1,140)	-	(1,140)	-	(1,140)	
Profit after change in fair value of biological assets	-	-	-	13,217	13,217	1,241	14,458	
<b>Total comprehensive income for the period</b>	-	-	(1,140)	13,217	12,077	1,241	13,318	
<i>Contributions by and distributions to owners of the Company</i>								
- Dividends to non-controlling interests	-	-	-	-	-	(2,240)	(2,240)	
<b>Total transactions with owners of the Company</b>	-	-	-	-	-	(2,240)	(2,240)	
<b>Treasury shares purchased</b>	-	(582)	-	-	(582)	-	(582)	
<b>At 30 June 2019</b>	444,844	(9,032)	7,289	965,320	1,408,421	84,952	1,493,373	
<b>At 1 January 2018</b>	444,844	(905)	18,728	920,758	1,383,425	77,963	1,461,388	
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	
<b>Total comprehensive income for the period</b>	-	-	(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)	
<b>Total transactions with owners of the Company</b>	-	-	-	(22,232)	(22,232)	(4,416)	(26,648)	
<b>At 30 June 2018</b>	444,844	(905)	10,997	918,840	1,373,776	74,643	1,448,419	

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 2018 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 2019 - unaudited**

	<b>1 January 2019 to 30 June 2019 RM'000</b>	<b>1 January 2018 to 30 June 2018 RM'000</b>
<b>Cash flows from operating activities</b>		
Profit before tax	23,014	24,920
<i>Adjustments for:</i>		
Amortisation of bearer plants	13,189	10,719
Depletion of biological asset	403	1,148
Amortisation of prepaid lease payments	140	144
Amortisation of other intangible assets	1,208	1,545
Depreciation of property, plant and equipment	33,524	34,677
Deferred income recognised as income	(1,175)	(1,227)
Finance costs	10,897	12,371
Finance income	(1,298)	(2,868)
Gain on disposal of property, plant and equipment	(171)	(683)
Property, plant and equipment written off	86	569
Unrealised foreign exchange gain	(444)	(37)
Employee benefits	2,090	2,225
Share of profit of equity-accounted investee, net of tax	(2,118)	(707)
Operating profit before changes in working capital	<u>79,345</u>	<u>82,796</u>
Changes in working capital:		
Inventories	(29,683)	(2,067)
Trade and other receivables, prepayments and other assets	18,921	8,029
Trade and other payables	<u>(14,784)</u>	<u>(9,634)</u>
Cash generated from operations	53,799	79,124
Interest paid	(6,136)	(3,977)
Income tax paid	(5,214)	(11,367)
Employee benefits paid	<u>(561)</u>	<u>(579)</u>
Net cash from operating activities	<u>41,888</u>	<u>63,201</u>
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(37,616)	(21,663)
Proceeds from disposal of property, plant and equipment	311	1,703
Addition to biological assets	(2,065)	(2,228)
Addition to bearer plants	(12,467)	(10,492)
Purchase of treasury shares	(582)	-
Acquisition of new associate	(12,925)	(170,969)
Upliftment of fixed deposits with original maturities exceeding three months	-	12,335
Interest received	<u>1,298</u>	<u>2,868</u>
Net cash used in investing activities	<u>(64,046)</u>	<u>(188,446)</u>
<b>Cash flows from financing activities</b>		
Dividends paid to owners of the Company	-	(22,232)
Dividends to non-controlling interests	(2,240)	(4,416)
Proceeds from borrowings/trade financing	21,829	67,484
Repayment of finance lease liabilities	(6,635)	(5,932)
Upliftment/ (Placement) of pledged deposits	542	(2)
Finance lease interest paid	(870)	(438)
Term loan interest/profit paid	<u>(7,249)</u>	<u>(7,956)</u>
Net cash from financing activities	<u>5,377</u>	<u>26,508</u>
<b>Net decrease in cash and cash equivalents</b>	(16,781)	(98,737)
<b>Effect of exchange rate fluctuations on cash held</b>	(69)	(1,019)
<b>Cash and cash equivalents at 1 January</b>	<u>127,496</u>	<u>271,938</u>
<b>Cash and cash equivalents at 30 June (Note 22)</b>	<u>110,645</u>	<u>172,182</u>

The unaudited condensed statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2018 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 2018. 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 2018. 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 2018 are available from the Company's registered office.

**2 Significant Accounting Policies**

The significant accounting policies adopted in the preparation of this interim financial report are consistent with those in the audited financial statements for the year ended 31 December 2018, except for the adoption of the following standards, amendments and interpretations:

- MFRS 16, *Leases*
- IC Interpretation 23, *Uncertainty over Income Tax Treatments*
- Amendments to MFRS 3, *Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 9, *Financial Instruments – Prepayments Features with Negative Compensation*
- Amendments to MFRS 112, *Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 119, *Employees Benefit - Plan Amendments, Curtailment or Settlement*
- Amendments to MFRS 123, *Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures - Long-term Interests in Associates and Joint Ventures*

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 except for changes arising from the adoption of MFRS 16, *Leases* as described below:

MFRS 16, *Leases* supersedes MFRS 117, *Leases* and its related interpretations. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model. A lessee recognises its lease liability for its lease payments while recognising its lease asset representing the right to use of the underlying asset during the lease term. The Group elected to use the recognition exemptions for short-term leases and the leases of low-value assets. The lessor's accounting remains similar to the current standard which continues to be classified as finance or operating lease.

On the date of initial application, the Group applied the modified retrospective transition approach and did not restate comparative information for the period prior to first adoption.

As at 1 January 2019, the Group has recognised right-of-use assets and corresponding lease liabilities of RM10.50 million respectively.

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**Notes to the interim financial report**

**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 2018 in their report dated 1 April 2019.

**4 Seasonality or Cyclicity of Operations**

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

**5 Unusual Items**

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

**6 Changes in Estimates**

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

**7 Debt and Equity Securities, Share Buy-back**

There were no issuances or repayment of debt or equity securities during the financial quarter under review except for the share buy-back disclosed below:

In the current quarter, the Company repurchased 244,700 shares from the open market at an average cost RM2.38 per share. The total consideration paid for the repurchase, including the transaction cost was RM581,989, which was financed by internally generated funds. All the repurchased shares are retained as treasury shares.

As at 30 June 2019, the number of ordinary shares repurchased and retained as treasury shares are as follows:

	No of shares
As at 1 January 2019	3,524,400
Shares repurchased up to June 2019	<u>244,700</u>
As at 30 June 2019	<u>3,769,100</u>

**8 Dividend**

No dividend has been proposed by the Directors for the financial quarter under review (corresponding period in Year 2018: nil).

**9 Segmental Reporting**

	Revenue from external customers		Profit before tax	
	6 months ended 30 June			
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Timber products	148,354	173,906	13,224	(4,189)
Oil palm	246,387	277,761	10,101	29,429
Reforestation	91	193	(257)	(277)
Property development	99	92	(54)	(43)
	<u>394,931</u>	<u>451,952</u>	<u>23,014</u>	<u>24,920</u>

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**Notes to the interim financial report**

**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.

**14 Trade and Other Receivables**

	<b>As At 30 June 2019 RM'000</b>	<b>As At 31 December 2018 RM'000</b>
<b>Current assets</b>		
Trade receivables	43,436	54,619
Interest receivable	5	163
Other receivables	1,984	2,582
Deposits	4,469	10,021
Prepayments		
-Plant and machinery	1,093	771
-Others	7,881	9,561
Other advances	291	393
	<hr/> <b>59,159</b>	<hr/> <b>78,110</b>

**15 Capital Commitments**

	<b>As At 30 June 2019 RM'000</b>
<b>Property, plant and equipment</b>	
- Contracted but not provided for	<hr/> <b>18,305</b>

**16 Review of Performance**

- (a) For the quarter under review, a revenue of RM216.01 million was achieved compared to RM235.80 million achieved in the corresponding quarter in year 2018. Group's profit before tax and net profit were RM10.74 million and RM7.01 million respectively for the quarter under review compared to RM22.65 million and RM19.10 million of the corresponding quarter in year 2018.

The performance was affected as a result of the lower average selling price for the export logs, crude palm oil ('CPO') and fresh fruit bunches ('FFB') by 29%, 20% and 19% respectively despite the higher sales volume achieved for export logs and CPO by 155% and 15% respectively.

The Group has recognised a gain from the changes in the fair value of the biological assets amounting to RM0.06 million during the current quarter under review as compared to a gain of RM2.53 million in the corresponding quarter.

- (b) For the first half year of 2019, the Group's revenue and net profit were RM394.93 million and RM14.46 million, compared to RM451.95 million and RM21.41 million of the corresponding period in year 2018.

Weaker average CPO and FFB selling pricing by 21% and 23% respectively and the drop in sales volume for plywood products by 34% accounted for the lower revenue and profit.

The Group has recognised a gain from the changes in the fair value of the biological assets amounting to RM0.11 million during the current period under review as compared to a gain of RM2.64 million in the preceding corresponding period.

**17 Variation of Results as compared to the Preceding Quarter**

Revenue and net profit were RM216.01 million and RM7.01 million respectively in the quarter under review compared to RM178.92 million and RM7.45 million respectively of the preceding quarter.

The higher revenue was contributed by overall better achievement in plywood products, export logs, CPO and FFB sales volume by 32%, 28%, 29% and 18% respectively. However, the performance was impaired by lower average selling price for plywood products, export logs and CPO by 5%, 2% and 4% respectively.

**18 Current Year Prospects**

The recent upward revision by Sarawak Forestry Department on the timber licensee's export logs quota from 20% to 40% for the period from July 2019 to December 2019, would contribute significantly towards the logging division's performance in the second half of the year.

CPO Futures market is seen on an upward trend at the level of RM 2000/mt - RM 2200/mt on the back of lowest palm oil inventory in a year. With the Group's continual proactive cost saving measures and efforts in raising operation productivity to enhance profit margin, the Group expects a better profit in 2H19.

Barring unforeseen circumstances, the Board of Directors expects to achieve a satisfactory performance for the year 2019.

**19 Profit Forecast**

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



## 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	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>Profit after change in fair value of biological assets is arrived at after crediting/(charging):</b>				
Finance income	318	1,323	1,298	2,868
Finance costs	(4,252)	(7,024)	(10,897)	(12,371)
Depreciation and amortisation	(25,828)	(24,212)	(48,464)	(48,233)
Gain on disposal of property, plant and equipment	91	627	171	683
Property, plant and equipment written off	(64)	(163)	(86)	(569)
Foreign exchange gain				
- realised	819	2,499	1,653	2,918
- unrealised	337	612	444	37

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	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Current tax expense				
- Current year	3,500	4,527	8,783	10,519
- Prior year	-	-	15	-
	<u>3,500</u>	<u>4,527</u>	<u>8,798</u>	<u>10,519</u>
Deferred tax expense/ ( income)				
- Current year	286	1,553	(128)	(4,370)
<b>Total tax expense</b>	<u>3,786</u>	<u>6,080</u>	<u>8,670</u>	<u>6,149</u>

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## Notes to the interim financial report

## 21 Tax Expenses (cont'd)

## Reconciliation of tax expense

	Individual Quarter		Cumulative Quarter	
	3 months ended 30 June		6 months ended 30 June	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Profit after change in fair value of biological assets	7,009	19,098	14,458	21,410
Change in fair value of biological assets	(55)	(2,531)	(114)	(2,639)
Total tax expense	3,786	6,080	8,670	6,149
Profit excluding tax	10,740	22,647	23,014	24,920
Tax calculated using Malaysian tax rate of 24% (2018: 24%)				
- Prima facie income tax expense	2,578	5,435	5,524	5,981
- Non-deductible expenses	521	645	2,459	2,128
- Movements in unrecognised deferred tax assets	687	-	687	2,540
- Recognition of previously unrecognised deferred tax assets	-	-	-	(4,500)
Tax expense for the period	3,786	6,080	8,670	6,149

## 22 Cash and Cash Equivalents

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

	As at 30 June 2019 RM'000	As at 30 June 2018 RM'000
Cash in hand	68	78
Cash at banks	110,487	139,462
Fixed deposits with original maturities not exceeding three months	90	32,642
	110,645	172,182
Fixed deposits pledged to banks	390	923
	111,035	173,105

Fixed deposits of subsidiaries amounting to RM390,000 (2018: RM923,184) are pledged to licensed banks for bank facilities granted thereto.

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Notes to the interim financial report

**23 Unquoted Investment and Properties**

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

**24 Quoted Investments**

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

**25 Status of Corporate Proposal**

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

**26 Group Borrowings and Debt Securities**

Total Group borrowings as at 30 June 2019 were as follows: -

		<b>As at 30 June 2019</b>
		<b>RM'000</b>
<b><u>Current</u></b>		
<i>Denominated in Ringgit Malaysia</i>		
<b>Unsecured -</b>	Bankers' acceptances/ Export Credit	40,538
	Refinancing	
	Revolving Credits	115,000
	Term loans	
	- Conventional	31,347
	- Islamic	36,660
<b>Secured -</b>	Finance lease liabilities	10,115
	Revolving Credits	26,000
	Term loans	12,774
		272,434
<b><u>Non-current</u></b>		
<i>Denominated in Ringgit Malaysia</i>		
<b>Unsecured -</b>	Term loans	
	- Conventional	36,709
	- Islamic	87,090
<b>Secured -</b>	Finance lease liabilities	9,218
	Revolving credit	91,000
	Term loans	100,025
		324,042
<b>Total</b>		596,476

**27 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. On 30 May 2018, the plaintiffs have served a record of appeal. The matter is now pending the Court of Appeal to fix the hearing date.

TA ANN HOLDINGS BERHAD

Notes to the interim financial report

28 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 29), during the current financial period:

	6 months ended 30 June	
	2019 RM'000	2018 RM'000
<b>Transactions with associates</b>		
Purchase of fresh fruit bunches	2,764	1,270
Transportation charges	9	-
Rental of premises paid	8	-
Sales of fresh fruit bunches	(838)	-
Sales of logs and timber products	(409)	(388)
Contract income	(408)	-
Hiring income	(184)	-
Sales of consumables	(10)	-
Visiting fee	(3)	-
<b>Transactions with companies connected to certain Directors of the Company and its subsidiaries</b>		
Contract fees and fuel surcharge	8,981	10,015
Food ration expenses	104	104
Handling fees, transportation & freight charges	5,912	5,669
Repair and maintenance	217	156
Insurance premium	1,574	1,876
Hiring of equipment	-	5
Purchase of fresh fruit bunches	47,941	42,103
Purchase of property, plant and equipment	106	107
Rental of premises paid	22	26
Purchase of spare parts, fertiliser & consumables	4,217	7,880
Purchase of logs and timber products	1,350	1,591
Security charges	42	42
Computer hardware & software development fees	289	119
Purchase of diesel and lubricants	10,555	9,796
Compensation paid	-	19
Sales of logs and timber products	(2,606)	(3,863)
Sales of fresh fruit bunches	(18,252)	(25,152)
Sales of spare parts, fertiliser & consumables	(3)	(3)
Sales of seeds & seedlings	(6)	-
Empty bunch subsidised	(3)	(1)
Hiring income	(94)	-
Income from rental of premises	(57)	(71)
Handling fee received	(1,273)	(1,598)
Transport subsidised	(825)	(826)
	=====	=====

**TA ANN HOLDINGS BERHAD**

**Notes to the interim financial report**

**29 Key Management Personnel Compensation**

Compensations to key management personnel are as follows:

	<b>6 months ended 30 June</b>	
	<b>2019</b>	<b>2018</b>
	<b>RM'000</b>	<b>RM'000</b>
Directors		
- Fees	781	661
- Remunerations	2,207	2,218
	<u>2,988</u>	<u>2,879</u>
Other key management personnel		
- Fees	54	48
- Remunerations	2,481	2,361
	<u>2,535</u>	<u>2,409</u>
Total	<u>5,523</u>	<u>5,288</u>

**30 Earnings Per Share**

	<b>3 months ended 30 June 2019</b>	<b>6 months ended 30 June 2019</b>
(a) <b>Basic</b>		
Net profit attributable to ordinary owners of the Company ('000)	<u>RM5,141</u>	<u>RM13,217</u>
Weighted average number of ordinary shares in issue ('000)	<u>441,263</u>	<u>441,291</u>
Basic earnings per ordinary share (sen)	<u>1.17</u>	<u>3.00</u>
(b) <b>Diluted</b>	<u>1.17</u>	<u>3.00</u>

**31 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 2019.

**32 Authorisation for Issue**

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 28 August 2019.