MHC Plantations Bhd (4060-V)
Condensed Consolidated Statement of Comprehensive Income (Unaudited)
For The First Quarter Ended 31 March 2018

	Current quarter 3 months ended		Cumalative quarter 3 months ended	
	31.3.2018 RM' 000	31.3.2017 RM'000 (Restated)	31.3.2018 RM' 000	31.3.2017 RM' 000 (Restated)
Revenue	99,740	90,447	99,740	90,447
Cost of sales	(85,880)	(75,397)	(85,880)	(75,397)
Gross profit	13,860	15,050	13,860	15,050
Other income	2,675	2,690	2,675	2,690
Administrative expenses	(2,814)	(3,116)	(2,814)	(3,116)
Other operating expenses	(1,524)	(1,063)	(1,524)	(1,063)
Operating profit	12,197	13,561	12,197	13,561
Finance costs	(1,645)	(1,874)	(1,645)	(1,874)
Profit/(Loss) before tax	10,552	11,687	10,552	11,687
Income tax expense	(2,896)	(3,493)	(2,896)	(3,493)
Profit/(Loss) after tax	7,656	8,194	7,656	8,194
Other comprehensive income				
Exchange difference on translation of foreign operations	(327)	219	(327)	219
Total comprehensive income for the period	7,329	8,413	7,329	8,413
Profit/(Loss) attributable to:				
Owners of the parent	3,003	3,677	3,003	3,677
Non-controlling interests	4,653	4,517	4,653	4,517
	7,656	8,194	7,656	8,194
Total comprehensive income attributable to:				
Owners of the parent	2,926	3,901	2,926	3,901
Non-controlling interests	4,403	4,512	4,403	4,512
	7,329	8,413	7,329	8,413
Weighted average number of shares in issue	196,544	196,544	196,544	196,544
Earnings per share in sen - Basic	1.53	1.87	1.53	1.87

The interim financial report should be read in conjunction with the audited financial statements for the year ended 31 December 2017.

MHC Plantations Bhd (4060-V)
(Incorporated in Malaysia)

Condensed Consolidated Statement of Financial Position as at 31 March 2018

	As at 31.3.2018 (Unaudited) RM'000	As at 31.12.2017 (Audited) (Restated) RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	395,395	392,878
Investment properties	49,250	49,250
Land use rights	1,931	1,939
Deferred tax assets	4,919	3,399
Investment in securities	559	559
Trade and other receivables	148,022	142,918
Goodwill on consolidation	43,867	43,867
	643,943	634,810
Current assets		
Inventories	27,676	31,386
Biological assets	3,114	3,114
Trade and other receivables	25,971	32,954
Tax recoverable	1,740	1,215
Short term investments	17,655	17,606
Fixed deposits with licensed banks	11,054	9,879
Cash and bank balances	18,599	17,632
	105,809	113,786
TOTAL ASSETS	749,752	748,596
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	196,544	196,544
Reserves	53,586	50,660
	250,130	247,204
Non-controlling interests	272,127	267,724
Total equity	522,257	514,928

Condensed Consolidated Statement of Financial Position
as at 31 March 2018 (Contd.)

	As at 31.3.2018 (Unaudited) RM'000	As at 31.12.2017 (Audited) (Restated) RM'000
EQUITY AND LIABILITIES (CONTD.)		
Non-current liabilities		
Lease rental payable	267	267
Hire purchase payables	1,442	534
Borrowings	60,871	65,479
Deferred tax liabilities	48,946	46,221
	111,526	112,501
Current liabilities		
Payables	33,272	37,034
Hire purchase payables	643	499
Borrowings	80,725	81,625
Taxation	1,329	2,010
	115,969	121,168
Total liabilities	227,495	233,669
TOTAL EQUITY AND LIABILITIES	749,752	748,596
Net Tangible Asset Per Share (RM)	1.05	1.03
Net Asset Per Share (RM)	1.27	1.26

The interim financial report should be read in conjunction with the audited financial statements for the year ended 31 December 2017.

MHC Plantations Bhd (4060-V)

Condensed Consolidated Statements of Changes in Equity (Unaudited)
For The First Quarter Ended 31 March 2018

	I------------------Equity attributable to owners of the Company--------------------I									Non-controlling Interests	Total Equity
		Non-distrbutable					Distributable				
	Share Capital RM' 000	Capital Reserve RM' 000	Other Reserve RM' 000	Revaluation Reserve RM' 000	Fair value adjustment reserve RM'000	Foreign currency translation reserve RM'000	Capital Reserve RM' 000	Retained Profits RM' 000	Total RM' 000	RM' 000	RM' 000
Opening balance at 1 Jan 2017											
As previously stated	196,544	5,737	(1,943)	789	138	153	8	215,800	417,226	524,322	941,548
Effect of change in accounting policies	-	-	(27,508)	-	-	-	-	(155,195)	(182,703)	(268,836)	(451,539)
Restated	196,544	5,737	(29,451)	789	138	153	8	60,605	234,523	255,486	490,009
Total comprehensive income for the period	-	-	-	-	-	224	-	3,677	3,901	4,512	8,413
Closing balance at 31 March 2017	196,544	5,737	(29,451)	789	138	377	8	64,282	238,424	259,998	498,422
Opening balance at 1 Jan 2018											
As previously stated	196,544	5,737	(1,943)	789	173	45	8	230,390	431,743	540,706	972,449
Effect of change in accounting policies	-	-	(27,508)	-	-	-	-	(157,031)	(184,539)	(272,982)	(457,521)
Restated	196,544	5,737	(29,451)	789	173	45	8	73,359	247,204	267,724	514,928
Total comprehensive income for the period	-	-	-	-	-	(77)	-	3,003	2,926	4,403	7,329
Closing balance at 31 March 2018	196,544	5,737	(29,451)	789	173	(32)	8	76,362	250,130	272,127	522,257

The interim financial report should be read in conjunction with the audited financial statements for the year ended 31 December 2017.

MHC Plantations Bhd (4060-V)
Condensed Consolidated Statement of Cash Flows (Unaudited)
For The First Quarter Ended 31 March 2018

	3 months ended	
	31.3.2018 (Unaudited)	**31.3.2017 (Unaudited) (Restated)**
	RM' 000	**RM' 000**
Operating activities		
Profit before taxation	10,552	11,687
Adjustments for:		
Depreciation and amortisation	5,068	6,227
Interest expense	1,645	1,874
(Gain)/Loss on fair value of biological assets	-	320
Unrealised loss/(gain) on foreign exchange	-	(64)
Interest income	(2,030)	(2,072)
Dividend income	(1)	(1)
Total adjustments	4,682	6,284
Operating cash flows before changes in working capital	15,234	17,971
Changes in working capital:		
Inventories	3,184	(534)
Receivables	4,845	3,093
Payables	(3,910)	(6,371)
Total changes in working capital	4,120	(3,812)
Cash generated from operations	19,354	14,159
Interest received	181	181
Interest paid	(1,645)	(1,874)
Tax paid	(2,896)	(1,036)
Net cash flows from/(used in) operating activities	14,994	11,430
Investing activities		
Dividend received	1	1
Proceeds from disposal of property, plant and equipment	11	-
Purchase of property, plant and equipment	(1,382)	(306)
Net redemption/(investment in) of short term investments	(55)	(4,222)
Purchase of property, plant and equipment	(5,691)	(3,863)
Net cash flows (used in)/from investing activities	(7,115)	**(8,390)**
Financing activities		
Drawdown of revolving credit	2,500	5,000
Drawdown of term loan	684	-
Repayment of revolving credit	(2,750)	(3,000)
Repayment of term loan	(5,259)	(4,675)
Repayment of hire purchase obligations	(317)	(239)
Net cash flows (used in)/from financing activities	(5,142)	(2,914)
Net increase/(decrease) in cash and cash equivalents	2,737	126
Effect on exchange rate changes on cash and cash equivalents	(334)	275
Cash and cash equivalents as at 1 January	24,568	26,265
Cash and cash equivalents as at 31 March	26,971	26,666

Cash and cash equivalents :

Fixed deposits with licensed banks	11,054	12,877
Cash and bank balances	18,599	16,429
	29,653	29,306
Less : Fixed deposits pledged	(2,682)	(2,640)
	26,971	26,666

The interim financial report should be read in conjunction with the audited financial statements for the year ended 31 December 2017.

Notes to the condensed consolidated interim financial statements

1. Basis of preparation

   The condensed consolidated interim financial statements for the financial period ended 31 March 2018 have been prepared in compliance with Malaysian Financial Reporting Standards ("MFRS") 134 *Interim Financial Reporting* and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The Report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2017.

   The accounting policies used in the preparation of condensed consolidated interim financial statements are consistent with those previously adopted in the audited financial statements of the Group for the year ended 31 December 2017 except as disclosed in the changes in accounting policies below. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2017.

2. Changes in accounting policies

   The financial statements of the Group for the financial period ended 31 March 2018 are the first set of financial statements prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS") Framework. The date of transition to the MFRS Framework was on 1 January 2017.

   The Group has consistently applied the same accounting policies in its opening MFRS statement of financial position as at 1 January 2017 and throughout all comparable interim periods presented, as if these policies had always been in effect. Comparative information in these interim financial statements have been restated to give effect to these changes and the financial impact on transition from Financial Reporting Standards in Malaysia to MFRS as disclosed as follows:

   a) MFRS 16: Property, Plant and Equipment and MFRS 141: Agriculture

   Upon adoption of MFRS 141, biological assets/bearer plants are within the scope of MFRS 16: Property, Plant and Equipment and the Group will measure the bearer plants using the cost model. Whereas the unripe fresh fruit bunch ("FFB") on bearer plant is within the scope of MFRS 141: Agriculture. The unripe FFB will be measure at fair value less cost to sell with the changes in fair value recognised in profit or loss and will be classified as current assets as the unripe FFB will be harvested within a year from the reporting date.

   Prior to adoption of MFRS 141, bearer plants were measured using the capital maintenance method and are not amortised. Replanting expenditure are recognised in profit or loss in the year of which the expenditure are incurred. Under MFRS 141, replanting expenditure will be capitalised. On maturity, these expenditures are amortised over the useful life of the bearer plants.

2. Changes in accounting policies (Contd.)

b) Business combinations

The Group has elected to apply MFRS 3 Business Combination retrospective from the Group's first business combination, which would require restatement of all business combination.

During the financial year 2001, the Group undertook a restructuring exercise involving S & P Food Industries (M) Bhd ("SPF"), Cepatwawasan Group Berhad ("CGB"), Cepatwawasan Sdn. Bhd. ("Cepat") and others. The Group identified CGB as the acquirer and accounted for the restructuring using the acquisition method resulting in the recognition of goodwill of approximately RM92 million and the corresponding deferred tax liabilities.

Under MFRS 3 Business Combination, Cepat was assessed to be the accounting acquirer in the above restructuring instead of CGB as CGB was a non-trading shell company. When Cepat was identified as the acquirer, the consolidated financial statements of CGB will reflect the assets and liabilities of Cepat Group at their respective book values. As a result, there will be no goodwill arising from the 'acquisition' of Cepat Group and neither will there be a corresponding deferred tax arising.

On 1 January 2013, the directors considered that the Group has control of CGB even though it has less than 50% of the voting rights. The Group is the majority shareholder of CGB with a 38.46% equity interest. All other shareholders individually own less than 3% of the equity shares of CGB. Historically, the other shareholders did not form a group to exercise their votes collectively. The directors assessed that the Group has had control over CGB since July 2006.

The Group has accounted for investments in CGB as investment in subsidiary company in accordance with the relevant transitional provisions as set out in FRS 10 as if the acquisition of CGB has been accounted for in accordance with FRS 3 as at 1 January 2013.

On 1 January 2013, the Company had engaged an independent valuer to measure all the assets and liabilities of CGB at their fair values and the valuation surplus on Property, plant and Equipment and Bearer Plants were reflected in the consolidated financial statements. Under the application of MFRS Framework on 1 January 2018, the application of MFRS 10 is applied retrospectively from the day when the Group has control of CGB. Therefore, CGB has become a subsidiary company of the Company since 31 July 2006. Accordingly, the Group engaged an independent valuer to measure all the assets and liabilities of CGB at their fair value as at 31 July 2006. This valuation is lower as compared to the valuation performed in 2013 and the reduction of fair value on Property, plant and Equipment and Bearer Plants were reflected in consolidated financial statement accordingly.

2. Changes in accounting policies (Contd.)

The effects of the change in accounting policy on the comparatives are as follows:

Condensed Consolidated Statement of Financial Position

	As at 1 January 2017 Under FRS RM'000	Adjustments RM'000	As at 1 January 2017 Under MFRS RM'000
Non-current assets			
Property, plant and equipment	441,655	(39,390)	402,265
Biological assets	464,222	(464,222)	-
Land use rights	13,184	(11,217)	1,967
Goodwill on consolidation	109,017	(65,150)	43,867
Current assets			
Biological assets	-	4,925	4,925
Equity and liabilities			
Equity attributable to owners of the Company			
Reserves	220,682	(182,703)	37,979
Non-controlling interest	524,322	(268,836)	255,486
Non-current liabilities			
Deferred tax liabilities	167,971	(123,516)	44,455

	31 December 2017 Under FRS RM'000	Adjustments RM'000	31 December 2017 Under MFRS RM'000
Non-current assets			
Property, plant and equipment	436,472	(43,595)	392,877
Biological assets	465,459	(465,459)	-
Land use rights	13,005	(11,066)	1,939
Goodwill on consolidation	109,017	(65,150)	43,867
Current assets			
Biological assets	-	3,114	3,114
Equity and liabilities			
Equity attributable to owners of the Company			
Reserves	235,199	(184,539)	50,660
Non-controlling interest	540,706	(272,982)	267,724
Non-current liabilities			
Deferred tax liabilities	170,855	(124,634)	46,221

2. Changes in accounting policies (Contd.)

Condensed Consolidated Statement of Comprehensive Income

	As at 31 March 2017 Under FRS RM'000	Adjustments RM'000	As at 31 March 2017 Under MFRS RM'000
Cost of sales	(74,064)	(1,333)	(75,397)
Administrative expenses	(2,686)	(430)	(3,116)
Profit before tax	13,450	(1,763)	11,687
Income tax expense	(3,890)	397	(3,493)
Profit after tax	9,560	(1,366)	8,194
Profit attributable to :-			
Owners of the Parent	4,673	(996)	3,677
Non-Controlling interest	4,887	(370)	4,517
	9,560	(1,366)	8,194

At the date of authorisation of these interim financial statements, the following MFRS, IC Interpretations and Amendments to IC Interpretations were issued but not yet effective and have not been applied by the Group:

FRS, IC Interpretation and Amendments to IC Interpretations	Effective for annual periods beginning on or after
MFRS 16 Leases	1 Jan 2019
MFRS 128: Long term Interest in Associates and Joint Ventures (Amendments to MFRS 128)	1 Jan 2019
MFRS 17: Insurance Contracts	1 Jan 2021
Amendments to FRS 10 and FRS 128 Sale and Contribution of Assets between an Investor and its Associates or Joint Venture	Deferred

The adoption of the above new/revised FRSs and Amendments do not have any significant financial impact on the Group.

3. Auditors' report

The auditor's report on the preceding annual financial statements was not qualified.

4. Seasonal and cyclical factors

The business of the Group is cyclical in nature and the third quarter is normally the peak production season.

5. Unusual items

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the financial period ended 31 March 2018.

6. Changes in estimates

There were no changes in estimates that have had a material effect in the current quarter results.

7. Equity and debt securities

There were no issuance, cancellation, resale, repurchase and repayment of equity or debt securities during the financial period ended 31 March 2018.

8. Dividend paid

No dividend has been paid during the current quarter ended 31 March 2018.

9. Segment information

The Group has three reportable segments, as described below, which are the Group's strategies business units. The strategic business units offer different products and are managed separately because they require different technology and marketing strategies. The following summary describes the operations in each of the Group's reportable segments:

a. Plantation - Cultivation of oil palm
b. Oil Mill - Milling and sales of oil palm products
c. Power Plant – Power Generation and sales of biomass by-products

Information about reportable segments

	Results for 3 months ended 31 March							
	Plantation		Oil Mill		Power Plant		Total	
	2018 RM'000	2017 RM'000 (Restated)	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000 (Restated)
External revenue	5,111	6,338	87,184	77,380	7,141	6,354	99,436	90,072
Inter-segment revenue	14,332	17,608	-	-	-	-	14,332	17,608
Segment profit	7,308	9,475	2,181	1,251	2,261	1,777	11,750	12,503

9. Segment information (Contd.)

Segment profit is reconciled to consolidated profit before tax as follows:	**3 months ended 31.3.2018 (Unaudited) RM'000**	**3 months ended 3.3.2017 (Unaudited) (Restated) RM'000**
Segment profit	11,750	12,503
Other non-reportable segments	(123)	(53)
Amortisation of group land cost	(613)	(613)
Elimination of inter-segment profits	(7)	(57)
Unallocated corporate (expenses)/income	(455)	(93)
Consolidated profit/(loss) before tax	10,552	11,687

10. Changes in the composition of the Group

There were no changes in the composition of the Group during the current quarter ended 31 March 2018.

11. Contingent Assets and Liabilities

There were no contingent assets and contingent liabilities at the end of this quarter and as at the date of this report.

12. Capital commitments

	RM'000
Capital expenditure	
Approved and contracted for	6,879
Approved but not contracted for	18,549
	25,428

13. Subsequent event

There were no material subsequent events to the end of the current quarter.

Information required by BMSB Listing Requirements

1. Review of performance

Financial review for current quarter and financial year to date

		Individual Period (First Quarter)		
		Current year Quarter 31.3.2018 (Unaudited) RM'000	**Preceding Year Corresponding Quarter 31.3.2017 (Unaudited) (Restated) RM'000**	**Changes (%)**
Revenue		99,740	90,447	10%
Operating profit		12,197	13,561	-10%
Profit before tax		10,552	11,687	-10%
Profit after tax		7,656	8,194	-7%
Profit attributable to ordinary equity holders of the Parent		3,003	3,677	-18%
Operational Statistics				
Production:				
FFB	(mt)	40,632	36,446	11%
CPO	(mt)	28,500	19,366	47%
PK	(mt)	7,437	5,142	45%
Average selling price:				
FFB	(RM/mt)	446	625	-29%
CPO	(RM/mt)	2,437	3,151	-23%
PK	(RM/mt)	2,126	3,225	-34%
Quantity sold:				
CPO	(mt)	29,149	19,272	51%
PK	(mt)	7,602	5,163	47%
Oil Extraction Rate (%)		19.35	19.07	1%
Electricity Export(MWh)		19,924	17,036	17%

1. Review of performance (Cont'd)

Current Quarter vs. Previous Year Corresponding Quarter

The Group recorded a revenue of RM99.74 million for the current quarter ended 31 March 2018 as compare to a revenue of RM90.45 million in the preceding year quarter ended 31 March 2017. The increase in revenue is mainly due:

a) an increase in sales volume of CPO and PK by 51% and 47% respectively; and
b) an increase in electricity export by 17%.

The Group reported a lower profit before tax by RM1.14 million from RM11.69 million in the preceding year corresponding quarter to RM10.55 million in the current quarter mainly due to lower palm oil prices.

Performance of the respective operating business segments for this quarter under review as compared to the previous corresponding quarter is analysed as follows:

(i) Plantation – The decrease in profit before tax by RM2.17 million (23%) from RM9.48 million to RM7.31 million was mainly due to lower FFB price by 27% despite a higher FFB production by 11%.

(ii) Oil Mill – The increase in profit before tax by RM 0.93 million (74%) from RM1.25 million to RM2.18 million was mainly due to increase in milling productivity by 45% in the current quarter under review.

(iii) Power Plant – The increase in profit before tax by RM0.48 million (27%) from RM1.78 million to RM2.26 million was mainly due to increase in electricity export by 17% and increase in EFB Oil sales by 68% despite a decrease in average EFB Oil selling price by 27%. The Group's 12MW Biomass Power Plant exported 15,395 MWh (2017:14,371MWh) to Sabah Electricity Sdn Bhd whereas the 3.8MW Biogas Power Plant exported 4,529MWh (2017: 2,665MWh) for the current quarter under review.

2. Financial review for current quarter compared with immediate preceding quarter

		Current quarter 31.3.2018 (Unaudited) RM'000	Immediate Preceding Quarter 31.12.2017 (Unaudited) (Restated) RM'000	Changes (%)
Revenue		99,740	106,873	-6.7%
Operating profit		12,197	6,708	82%
Profit before tax		10,552	6,910	53%
Profit after tax		7,656	5,509	39%
Profit attributable to ordinary equity holders of the Parent		3,003	2,441	23%
Operational Statistics				
Production:				
FFB	(mt)	40,632	46,573	-13%
CPO	(mt)	28,500	29,507	-3%
PK	(mt)	7,437	7,602	-2%
Average selling price:				
FFB	(RM/mt)	446	504	-11.5%
CPO	(RM/mt)	2,437	2,617	-7%
PK	(RM/mt)	2,126	2,548	-17%
Quantity sold:				
CPO	(mt)	29,149	28,210	3%
PK	(mt)	7,602	7,533	1%
Oil Extraction Rate (%)		19.35	19.84	-2%
Electricity Export(MWh)		19,924	21,448	-7%

The Group recorded a profit before tax of RM10.55 million in the quarter under review as compared to a profit before tax of RM6.91 million in the immediate preceding quarter. The increase in profit before tax was mainly due to a once-off downward adjustment of RM2.51 million caused by a change in the estimate used for Power sales recognition under IC Interpretation 12 Service Concession Agreements for the Biomass Plant in the immediate preceding quarter and lower administrative expenses incurred in the current quarter under review.

3. Commentary on prospects

The Group expects FFB production to increase in 2018 due to the recovery in yield after the end of the El-Nino dry spell which started two years ago and with more replanted areas reaching maturity. However, palm oil prices would be weakened by stiff market competition posed by other oil seeds, and increasing anti-palm oil campaigns in the Western Countries.

The Group also expects a better contribution from its power plant division following the completion of the upgrading of its Biogas Power Plant in Sandakan in the previous year.

On the whole, your Board is confident that, barring any unforeseen circumstances, the Group will continue to perform satisfactorily in 2018.

4. Profit forecast

Not applicable as there was no profit forecast published.

5. Profit/(Loss) before taxation

This is arrived at after crediting/ (charging):

	Current quarter 3 months ended		Cumulative quarter 3 months ended	
	31.3.2018 (Unaudited)	31.3.2017 (Unaudited) (Restated)	31.3.2018 (Unaudited)	31.3.2017 (Unaudited) (Restated)
	RM'000	RM'000	RM'000	RM'000
Fair value gain/(loss) on biological assets	-	(320)	-	(320)
Interest income	2,030	2,072	2,030	2,072
Interest expense	(1,645)	(1,874)	(1,645)	(1,874)
Depreciation and amortisation	(5,068)	(6,227)	(5,068)	(6,227)
Dividend	1	1	1	1
Realised gain/(loss) on foreign exchange	-	77	-	77
Unrealised (loss)/gain on foreign exchange	-	64	-	64

Save as disclosed above, the other items as required under Appendix 9B, Part A (16) of the Bursa Listing Requirements are not applicable.

6. Income tax expense

Taxation is provided at the prevailing statutory rate based on the operating profit for the quarter as follows.

	Current quarter 3 months ended		Cumulative quarter 3 months ended	
	31.3.2018 (Unaudited)	31.3.2017 (Unaudited) (Restated)	31.3.2018 (Unaudited)	31.3.2017 (Unaudited) (Restated)
	RM'000	RM'000	RM'000	RM'000
Current tax:				
-Malaysian income tax	2,065	4,171	2,065	4,171
Deferred tax				
- relating to origination and reversal of temporary differences	821	(678)	821	(678)
- under/(over) provision of tax	10	-	10	-
	831	(678)	831	(678)
Total income tax expense	2,896	3,493	2,896	3,493

The Group's effective tax rate for the current quarter was higher than the statutory tax rate of 24% principally due to certain expenses was disallowed for tax purposes.

7. Corporate proposal

There was no corporate proposal for the current quarter under review.

8. Borrowings

The total borrowings incurred by the Group and outstanding as at end of the current quarter are as follows:

	Current quarter 3 months ended	
	31.3.2018 (Unaudited)	31.3.2017 (Unaudited)
	RM'000	RM'000
Short term borrowings		
Secured:		
Term loans	21,075	20,675
Short term revolving credits	58,550	67,500
Unsecured:		
Short term revolving credits	1,100	1,100
	80,725	89,275
Long term borrowings		
Secured:		
Term loans	60,871	81,685
Total borrowings		
Secured:		
Term loans	81,946	102,360
Short term revolving credits	58,550	67,500
Unsecured:		
Short term revolving credits	1,100	1,100
	141,596	170,960

9. Trade and Other Receivables

	As at	
	31.3.2018 (Unaudited) RM'000	31.12.2017 (Audited) RM'000
Current		
Trade receivables:		
- Non-related parties	14,207	18,647
-Amount due from customer on service concession	5,667	8,046
	19,874	26,693
Less:Allowance for doubtful debts	(343)	(343)
	19,531	26,350
Other receivables, net	6,440	6,604
	25,971	32,954
Non-current		
Trade receivables:		
-Amount due from customer on service concession	148,022	142,918

The credit period of trade receivables is generally for a period of one month.

The ageing analysis of trade receivables is as follows:

	As at	
	31.3.2018 (Unaudited) RM'000	31.12.2017 (Audited) RM'000
Neither past due nor impaired	167,313	169,214
1 - 30 days past due not impaired	-	-
31 - 60 days past due not impaired	15	53
61- 90 days past due not impaired	60	-
More than 90 days past due not impaired	508	-
	167,896	169,267
Impaired	343	343
	168,239	169,610

10. Disclosure of derivatives

The Group did not enter into any derivative contact and accordingly there were no outstanding derivatives (including financial instruments designated as hedging instruments) as at 31 March 2018.

11. Changes in material litigation

a) Suara Baru Sdn Bhd. ("SESB") vs. Borhill Estates Sdn Bhd ("BESB") (Suit No. SDK-22NCvC-39/11-2014)

The Company's subsidiary, SESB had commenced legal proceedings against BESB in the Sessions Court at Sandakan vide Suit No. SDK-A 52-63/7-2013 ("Suit") on 19 July 2013 to claim for the sum of RM115,169.66, being the amount due and owing by BESB to SBSB in respect of block stones and crusher run A stones ("Stones") supplied by SBSB to BESB. In defending the Suit, BESB contends, among others, that the Stones supplied by SBSB did not fit the description of stones ordered by BESB, were not of merchantable quality, and were not fit for the purpose they were ordered for. BESB has also filed a counterclaim against SBSB, among others, a sum of RM5,612,850 in respect of BESB's purported loss of profit allegedly caused by SBSB's alleged breach. The Suit was subsequently transferred to the High Court of Sabah and Sarawak at Sandakan on 13 October 2014 and registered as Sui No. SDK-22NCvC-39/11-2014. Both parties were unable to resolve the dispute through mediation on 19 October 2015. The trial commenced from 1 August 2016 to 5 August 2016 and was adjourned to 7 November 2016 to 8 November 2016.

The Trial was concluded on 8 December 2016 and closing submission has been made on 3 February 2017 followed by a submission in reply on 20 February 2017. The Suit was fixed for ruling on 24 April 2017.

On 2 May 2017, the High Court in Sabah and Sarawak at Sandakan had allowed SBSB's claim against BESB and dismissed BESB's counterclaim against SBSB with costs of RM100,000.00 to SBSB subject to allocatur fee of 4% of the costs. BESB had on 26 May 2017 filed an appeal to the Court of Appeal against the said decision. The hearing has been fixed on 18 July 2018.

The Board of Directors of the Company is of the view that the Suit will have no immediate material financial and operational impact on the Company and Group as the Company expects that pursuant to the facts of the case, having been successful in the High Court, will be able to advance a cogent rebuttal defence to BESB's appeal.

11. Changes in material litigation (Cont'd)

b) Yuh @ Abdul Salleh Bin Pompulu ("AYU") Vs Suwaya Bte Buang ("SUWAYA"),Suara Baru Sdn Bhd ("SBSB")and Cepatwawasan Group Berhad ("CGB")

The Company's subsidiary, CGB and its wholly owned subsidiary, SBSB have been served with a Writ of Summons issued in the High Court in Sabah and Sarawak at Sandakan vide Suit No. SDK-22NCvC-12/6-2016 (HC) on 14.06.2016. SBSB is the sub-lessee of 33 lots of land ("the land") totalling approximately 337.949 acres situated in Sungai Sekong in the District of Sandakan, Sabah. The lands had been leased from SUWAYA to SBSB for a term of 99 years. The lease commenced in the year 1997 and expires in the year 2096.The lands had been transferred to SUWAYA by their previous 33 owners, including AYU. AYU, on his behalf and the other 32 previous owners, allege that the transfer of the land to SUWAYA was through forged documents and therefore the said transfer is null and void. AYU further alleges that as the transfer to SUWAYA is null and void, therefore the sublease by the 1st SUWAYA to SBSB is likewise null and void. AYU therefore seeks an order of the High Court to set aside the said transfer to the SUWAYA and also the sub-lease to SBSB.

SBSB and CGB had filed their Defence ("Defence") in the High Court in Sabah and Sarawak at Sandakan on 11 July 2016 and followed by an application in the High Court in Sabah and Sarawak at Sandakan on 26th August 2016 to strike out the Suit on the ground that the Suit is frivolous or vexatious or is otherwise an abuse of the process of the Court.

The striking out application came up for hearing on 26th September 2016 where the Court directed the parties to file their respective written submissions and the Court will give its decision on the said application on 24th November 2016. On 1 December 2016, the application to strike out was dismissed by the High Court in Sabah and Sarawak at Sandakan ("Sandakan High Court") with costs, on the ground that it was not a proper case to be disposed of by way of affidavit evidence and the Suit is fixed for trial on 17 April 2017 to 21 April 2017 before the Sandakan High Court.

On 28 December 2016, SB filed an appeal to the Court of Appeal against the decision of the High Court. The said appeal was heard and dismissed by the Court of Appeal with no order as to costs on 17th November 2017.

SB and the Company have on12 December 2017 filed a motion for leave to appeal to the Federal Court against the decision of the Court of Appeal. The application for leave to appeal to the Federal Court was heard and allowed by the Federal Court on 13th April 2018.

In the light of the leave granted by the Federal Court, SB and the Company are now allowed to proceed with the striking out of the Suit on the ground that it was filed out of the limitation period. SB and the Company will now proceed with the substantive appeal on the striking out in the Federal Court to be heard at a date to be fixed.

11. Changes in material litigation (Cont'd)

b) Yuh @ Abdul Salleh Bin Pompulu ("AYU") Vs Suwaya Bte Buang ("SUWAYA"),Suara Baru Sdn Bhd ("SBSB")and Cepatwawasan Group Berhad ("CGB")

The Federal Court had also ordered a stay of the trial of the Suit in the High Court pending the hearing and disposal of the appeal to the Federal Court.

The Board of Directors of the Company is of the view that the Suit will have no immediate material financial and operational impact on the Company and Group as the Company expects that pursuant to the facts of the case, the documents presently available and the advice of its solicitors, the Company has a good defence against the Plaintiff's claim.

12. Dividend payable

No interim ordinary dividend has been declared for the current quarter ended 31 March 2018 (31 March 2017: Nil).

13. Earnings per share

a) Basic

Basic earnings per share amounts are calculated by dividing profit for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares of 196,543,970 (2013 – 196,543,970) in issue during the financial period.

	Current quarter 3 months ended		**Cumulative quarter 3 months ended**	
	31.3.2018 (Unaudited) RM'000	**31.3.2017 (Unaudited) RM'000**	**31.3.2018 (Unaudited) RM'000**	**31.3.2017 (Audited) RM'000**
Profit/(Loss) attributable to the owners of the Company	3,003	3,677	3,003	3,677
Weighted average number of ordinary shares in issue	196,544	196,544	196,544	196,544
Basic earnings per share (sen)	1.53	1.87	1.53	1.87

b) Diluted

The Group has no potential ordinary shares in issue as at balance sheet date and therefore, diluted earnings per share have not been presented.

14. Authorisation for issue

The interim financial statements were authorized for issue by the Board of Directors in accordance with a resolution of the directors on 10 May 2018.