



SARAWAK PLANTATION BERHAD
(Incorporated in Malaysia - 451377- P)

INTERIM REPORT FOR 1ST QUARTER ENDED 31 MARCH 2019



SARAWAK PLANTATION BERHAD
(Incorporated in Malaysia - 451377- P)

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INTERIM REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2019
(The figures have not been audited)

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**Condensed Consolidated Statement of Financial Position**
(The figures have not been audited)

	Notes	As At End Of Current Financial Period 31/3/2019 (Unaudited) RM'000	As At End Of Preceding Financial Year 31/12/2018 Audited RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		390,563	393,286
Right-of-use assets		2,266	-
Bearer plants		295,316	290,373
Investment properties		4,247	4,289
Total non-current assets		692,392	687,948
Current assets			
Inventories		11,944	12,238
Biological Assets		24,048	22,042
Trade and other receivables		6,741	14,802
Prepayments and other assets		5,651	4,732
Current tax recoverable		5,147	5,826
Other investments	B6	5,967	5,067
Cash and cash equivalents		79,983	101,912
		139,481	166,619
Total current assets		139,481	166,619
TOTAL ASSETS		831,873	854,567



Condensed Consolidated Statement of Financial Position(continued)
(The figures have not been audited)

	Notes	As At End Of Current Financial Year 31/3/2019 (Unaudited) RM'000	As At End Of Preceding Financial Year 31/12/2018 (Audited) RM'000
EQUITY AND LIABILITIES			
Equity			
Share capital	A5	340,969	340,969
Reserves		209,561	204,980
Equity attributable to Owners of the Company		550,530	545,949
Non-controlling interests		(10,471)	(10,415)
Total equity		540,059	535,534
Non-current liabilities			
Deferred tax liabilities		115,255	113,955
Loans and borrowings	B7	89,037	95,599
Other payables		2,061	-
Total non-current liabilities		206,353	209,554
Current liabilities			
Trade and other payables		45,821	51,681
Loans and borrowings	B7	39,640	57,797
Current tax payable		-	1
Total current liabilities		85,461	109,479
Total liabilities		291,814	319,033
TOTAL EQUITY AND LIABILITIES		831,873	854,567
Net assets per share attributable to Owners of the Company (RM)		1.97	1.96

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to this report)



Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
(The figures have not been audited)

	Notes	Individual Quarter (Q1)		Cumulative Quarter (3 Months)	
		Current Year Quarter 31/3/2019 (Unaudited) RM'000	Preceding Year Corresponding Quarter 31/3/2018 (Unaudited) RM'000	Current Year - Period To Date 31/3/2019 (Unaudited) RM'000	Preceding Year - Period To Date 31/3/2018 (Unaudited) RM'000
Revenue		69,402	70,936	69,402	70,936
Cost of sales		(55,774)	(66,625)	(55,774)	(66,625)
Gross profit		13,628	4,311	13,628	4,311
Other income		380	538	380	538
Distribution expenses		(4,184)	(3,798)	(4,184)	(3,798)
Administrative expenses		(4,018)	(4,149)	(4,018)	(4,149)
Results from operating activities		5,806	(3,098)	5,806	(3,098)
Finance income		752	860	752	860
Finance costs		(1,117)	(1,634)	(1,117)	(1,634)
Net finance costs		(365)	(774)	(365)	(774)
Operating profit/(loss) before tax		5,441	(3,872)	5,441	(3,872)
Change in fair value of biological assets		2,043	2,223	2,043	2,223
Profit/(Loss) before tax	A16	7,484	(1,649)	7,484	(1,649)
Taxation	B5	(2,884)	(146)	(2,884)	(146)
Profit/(Loss) after tax		4,600	(1,795)	4,600	(1,795)
Other comprehensive income, net of tax		-	-	-	-
Profit/(Loss) and total comprehensive income/(loss) for the period		4,600	(1,795)	4,600	(1,795)

**SARAWAK PLANTATION BERHAD**

(Incorporated in Malaysia - 451377- P)

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income (continued)

(The figures have not been audited)

	Notes	Individual Quarter (Q1)		Cumulative Quarter (3 Months)	
		Current Year Quarter 31/3/2019 (Unaudited) RM'000	Preceding Year Corresponding Quarter 31/3/2018 (Unaudited) RM'000	Current Year - Period To Date 31/3/2019 (Unaudited) RM'000	Preceding Year - Period To Date 31/3/2018 (Unaudited) RM'000
Profit/(Loss) attributable to:					
Owners of the Company		4,656	(1,736)	4,656	(1,736)
Non-controlling interests		(56)	(59)	(56)	(59)
Profit/(Loss) for the period		4,600	(1,795)	4,600	(1,795)
Profit/(Loss) and total comprehensive income/(loss) attributable to:					
Owners of the Company		4,656	(1,736)	4,656	(1,736)
Non-controlling interests		(56)	(59)	(56)	(59)
Profit/(Loss) and total comprehensive income/(loss) for the period		4,600	(1,795)	4,600	(1,795)
Basic earnings/(loss) per ordinary share attributable to Owners of the Company (sen):					
Basic	B12	1.67	(0.62)	1.67	(0.62)
Diluted	B12	N/A	N/A	N/A	N/A

(The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to this report)

**Condensed Consolidated Statement of Changes in Equity**
(The figures have not been audited)

Notes	Attributable to Owners of the Company				Total RM'000	Non- controlling interests RM'000	Total equity RM'000
	Non-distributable		Distributable				
	Share capital RM'000	Equity reserve RM'000	Treasury shares RM'000	Retained earnings RM'000			
At 1 January 2019	340,969	493	(1,223)	205,709	545,948	(10,415)	535,533
Profit and total comprehensive income for the period	-	-	-	4,656	4,656	(56)	4,600
Share buy-back for the period	-	-	(74)	-	(74)	-	(74)
At 31 March 2019	340,969	493	(1,297)	210,365	550,530	(10,471)	540,059

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to this report)



Condensed Consolidated Statement of Changes in Equity (continued)
(The figures have not been audited)

Notes	Attributable to Owners of the Company				Total RM'000	Non- controlling interests RM'000	Total equity RM'000
	Non-distributable		Distributable				
	Share capital RM'000	Equity reserve RM'000	Treasury shares RM'000	Retained earnings RM'000			
At 1 January 2018	340,969	493	(1,223)	208,719	548,958	(10,102)	538,856
Loss and total comprehensive loss for the period	-	-	-	(1,736)	(1,736)	(59)	(1,795)
At 31 March 2018	340,969	493	(1,223)	206,983	547,222	(10,161)	537,061

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to this report)



Condensed Consolidated Statement of Cash Flows
(The figures have not been audited)

	Cumulative Quarter (3 Months)	
	Current Year - Period To Date 31/3/2019 (Unaudited) RM'000	Preceding Year - Period To Date 31/3/2018 (Unaudited) RM'000
Cash flows from operating activities		
Profit/(loss)before tax	7,484	(1,649)
<i>Adjustments for:</i>		
Change in fair value of other investments	-	111
Change in fair value of biological assets	(2,043)	(2,223)
Depreciation of property, plant and equipment	3,699	6,028
Depreciation of bearer plants	2,719	3,695
Depreciation of investment properties	42	42
Dividend income from other investments	-	(41)
Loss/(gain) on disposal of:		
- other investments	-	(9)
- Inventories written off	-	70
Finance income	(752)	(860)
Finance costs	1,117	1,634
Operating profit before changes in working capital	12,266	6,798
Change in inventories	331	855
Change in trade and other receivables, deposits and prepayments	6,675	11,882
Change in trade and other payables	(6,857)	(11,575)
Cash generated from operations	12,415	7,960
Tax paid	(906)	(4,882)
Interest/Profit paid	(1,705)	(1,608)
Finance lease profit paid	(171)	(27)
Interest received	1,220	986
Net cash from operating activities	10,853	2,429
Cash flows from investing activities		
Acquisition of property, plant and equipment	(588)	(2,026)
Dividend received	-	35
Net movement of deposits with original maturities exceeding three months	(900)	(41)
Bearer plants (net of depreciation)	(5,489)	(3,123)
Net cash used in investing activities	(6,977)	(5,155)



Condensed Consolidated Statement of Cash Flows
(The figures have not been audited)

	Cumulative Quarter (3 Months)	
	Current Year - Period To Date 31/3/2019 (Unaudited) RM'000	Preceding Year - Period To Date 31/3/2018 (Unaudited) RM'000
Cash flows from financing activities		
Payment for share buyback	(74)	-
Net proceeds from term loans and revolving credits	11,725	4,010
Repayment of term loans and revolving credits	(36,000)	-
Repayment of finance lease liabilities	(1,456)	(496)
Net cash (used in)/from financing activities	(25,805)	3,514
Net (decrease)/increase in cash and cash equivalents	(21,929)	788
Cash and cash equivalents as at 1 January	101,912	104,400
Cash and cash equivalents as at 31 March	79,983	105,188
Represented by:		
Deposits with original maturities not exceeding three months	55,473	84,005
Cash and bank balances	24,510	21,183
Cash and cash equivalents	79,983	105,188

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018 and the accompanying notes attached to this report)



Part A – Explanatory Notes Pursuant to Malaysian Financial Reporting Standards (“MFRS”) 134

A1. Basis of preparation

1. Statement of compliance

The condensed consolidated interim financial statements of the Group are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standard (“MFRS”) 134, *Interim Financial Reporting*, the International Accounting Standards (“IAS”) 34 *Interim Financial Reporting* and Chapter 9, Part K of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The condensed consolidated financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2018.

2. Significant accounting policies

2.1 Adoption of new/revised Standards, Amendments and Interpretations

The Group’s financial statements for annual period beginning on 1 January 2019 is prepared in accordance with the Malaysian Financial Reporting Standards (“MFRSs”) issued by the MASB.

The Group adopted the following accounting standards, amendments and interpretations where applicable for the annual period beginning 1 January 2019:

Standards / Amendments / 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 – Prepayment Features with Negative Compensation*
- Amendments to MFRS 11 *Joint Arrangements (Annual Improvements to MFRS Standards 2015 - 2017)*
- Amendments to MFRS 112 *Income Taxes (Annual Improvements to MFRS Standards 2015 - 2017 Cycle)*
- Amendments to MFRS 119 *Employee Benefits – Plan Amendment, 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*

Part A – Explanatory Notes Pursuant to MFRS 134

2. Significant accounting policies (continued)

2.1 Adoption of new/revised Standards, Amendments and Interpretations (continued)

The initial application of the accounting standards, interpretations or amendments that are effective from annual period beginning 1 January 2019 do not have any material financial impacts to the current period and prior period financial statements of the Group and the Company except as mentioned below:

(a) MFRS 16, *Leases*

MFRS 16 replaces the guidance in MFRS 117, *Leases*, IC Interpretation 4, *Determining whether an Arrangement contains a Lease*, IC Interpretation 115, *Operating Leases – Incentives* and IC Interpretation 127, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

MFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard which continues to be classified as finance or operating lease.

As permitted by the transition provision of MFRS 16, the Group adopted the modified approach. As such, no restatement of comparatives is required.

As at 1 January 2019, the Group has recognised right-of-use assets of RM2.3 million and a corresponding lease liability of RM2.3 million.

(b) Amendments to MFRS 123, *Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)*

The amendments to MFRS 123 Borrowing Costs clarify that when a qualifying asset is ready for its intended use or sale, an entity treats any outstanding borrowing made specifically to obtain that qualifying asset as part of general borrowings.

2.2 Standards issued but not yet effective

Standards / Amendments / Interpretations	Effective date
<ul style="list-style-type: none"> Amendments to MFRS 3, <i>Business Combinations – Definition of a Business</i> 	1 January 2020
<ul style="list-style-type: none"> Amendments to MFRS 101, <i>Presentation of Financial Statements and MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material</i> 	1 January 2020
<ul style="list-style-type: none"> MFRS 17, <i>Insurance Contracts</i> 	1 January 2021
<ul style="list-style-type: none"> Amendments to MFRS 10, <i>Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> 	Yet to be determined

The Group will adopt the above, where applicable when they become effective in the respective financial periods.



Part A – Explanatory Notes Pursuant to MFRS 134

A2. Seasonality or Cyclicity of Interim Operations

The Group's performance is affected by the cropping pattern of fresh fruit bunches ("FFB") which normally reaches its peak in the second half of the year, that will be reflected accordingly in the crude palm oil ("CPO") and palm kernel ("PK") production of the Group. The performance is also affected by the prices of CPO and PK which are determined by global supply and demand situation for edible oils and fats.

A3. Unusual Items Affecting Assets, Liabilities, Equity, Net income or Cash Flows

There were no items affecting assets, liabilities, equity, net income, or cash flows, which were unusual in nature, size or incidence during the current financial period.

A4. Material Changes in Estimates

There were no changes in the estimates of amounts reported in prior financial years and preceding interim periods, which have a material effect in the current interim financial period.

A5. Issuances, Cancellations, Repurchases, Resale and Repayments of Debt and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity in the current interim financial period, except for the share buy back as shown below :

The Company purchased 49,000 of its own shares from the open market at an average cost RM1.53 per share during the current interim financial period. The total consideration paid for the share buyback, including transaction cost was RM75,201, which was financed through internally generated funds. All the shares bought back are retained as treasury shares.

The number of ordinary shares retained as treasury shares are as follows:

	No of shares
Treasury shares as at 1 January 2019	436,100
Shares purchased in current interim financial period	49,000
Treasury shares as at 31 March 2019	<u>485,100</u>

A6. Dividends Paid

There was no dividend paid during the current interim financial period.

Part A – Explanatory Notes Pursuant to MFRS 134

A7. Disaggregation of revenue

	Oil palm operation		Management services		Total	
	Current Year Quarter 31/3/2019 RM'000	Preceding Year Corresponding Quarter 31/3/2018 RM'000	Current Year Quarter 31/3/2019 RM'000	Preceding Year Corresponding Quarter 31/3/2018 RM'000	Current Year Quarter 31/3/2019 RM'000	Year Corresponding Quarter 31/3/2018 RM'000
Major products and service lines						
Sales of oil palm products	69,202	70,730	--		69,202	70,730
Management/Agronomic services income	-	-	200	206	200	206
	69,202	70,730	200	206	69,402	70,936
Geographical markets						
Malaysia	69,202	70,730	200	206	69,402	70,936
Timing and recognition						
At a point in time	69,202	70,730	72	72	69,274	70,802
Over time	-	-	128	134	128	134
	69,202	70,730	200	206	69,402	70,936



Part A – Explanatory Notes Pursuant to MFRS 134

A8. Segment Information

The Group's business segments mainly comprise the following three major business segments:-

- (i) **Investment holding**
Investment holding company
- (ii) **Oil palm operations**
 - Estate operations (Cultivation of oil palm)
 - Mill operations (processing of fresh fruit bunches)
- (iii) **Management services and rental**
Provision of management service and rental of investment properties



Part A – Explanatory Notes Pursuant to MFRS 134

A8. Segment Information

Individual Quarter (Q1)/Cumulative Quarter (3 Months)

	Investment holding	Management services and rental	Oil palm operations		Consolidated	
	RM'000	RM'000	Estate operations RM'000	Mill operations RM'000	Total RM'000	RM'000
31/3/2019						
Revenue						
Segment revenue	-	564	20,802	66,230	87,032	87,596
Inter-segment	-	(364)	-	-	(17,830)	(18,194)
External revenue	-	200	20,802	66,230	69,202	69,402
Cost of sales						
Segment cost of sales	-	(493)	(16,311)	(56,845)	(73,156)	(73,649)
Inter-segment	-	45	-	-	17,830	17,875
External cost of sales	-	(448)	(16,311)	(56,845)	(55,326)	(55,774)
Gross (loss)/profit	-	(248)	4,491	9,385	13,876	13,628
Distribution expenses	-	-	-	(4,184)	(4,184)	(4,184)
Segment (loss)/profit	-	(248)	4,491	5,201	9,692	9,444
Other income including finance income	911	42			930	1,883
Inter-segment	(512)	(5)			(234)	(751)
External other income	399	37			696	1,132
Other expenses including finance costs	(368)	(250)			(5,472)	(6,090)
Inter-segment	51	190			714	955
External other expenses	(317)	(60)			(4,758)	(5,135)
Operating profit/(loss) before tax	82	(271)			5,630	5,441
Other non - operating income	-	-			-	-
Change in fair value of biological assets	-	-			2,043	2,043
Profit/(Loss) before tax	82	(271)			7,673	7,484



Part A – Explanatory Notes Pursuant to MFRS 134

A8. Segment Information (continued)

Individual Quarter (Q1)/Cumulative Quarter (3 Months)

	Investment holding	Management services and rental	Oil palm operations		Consolidated	
			Estate operations	Mill operations	Total	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
31/3/2018						
Revenue						
Segment revenue	-	973	21,585	68,442	90,027	91,000
Inter-segment	-	(767)	-	-	(19,297)	(20,064)
External revenue	-	206	21,585	68,442	70,730	70,936
Cost of sales						
Segment cost of sales	-	(489)	(22,921)	(62,578)	(85,499)	(85,988)
Inter-segment	-	45	-	-	19,318	19,363
External cost of sales	-	(444)	(22,921)	(62,578)	(66,181)	(66,625)
Gross (loss)/profit	-	(238)	(1,336)	5,864	4,549	4,311
Distribution expenses	-	-	-	(3,798)	(3,798)	(3,798)
Segment (loss)/profit	-	(238)	(1,336)	2,066	751	513
Other income including finance income	683	223			725	1,631
Inter-segment	(63)	(3)			(167)	(233)
External other income	620	220			558	1,398
Other expenses including finance costs	(675)	(500)			(5,428)	(6,603)
Inter-segment	96	150			574	820
External other expenses	(579)	(350)			(4,854)	(5,783)
Operating profit/(loss) before tax	41	(368)			(3,545)	(3,872)
Change in fair value of biological assets	-	-			2,223	2,223
Profit/(Loss) before tax	41	(368)			(1,322)	(1,649)



Part A – Explanatory Notes Pursuant to MFRS 134

A8. Segment Information (continued)

Segment assets and liabilities

	As At End Of Current Financial Period 31/3/2019 RM'000
Segment assets:	
Investment holding	408,203
Oil palm operations	758,834
Management services/Rental	31,471
Others	44
	<hr/> 1,198,552
Elimination	(366,679)
Total assets	<hr/> 831,873 <hr/>
Segment liabilities:	
Investment holding	9,284
Oil palm operations	358,375
Management services/Rental	13,822
Others	189
	<hr/> 381,670
Elimination	(89,856)
Total liabilities	<hr/> 291,814 <hr/>

A9. Impairment of Assets

There was neither impairment loss nor reversal of such impairment loss recognised during the current financial period.

A10. Material Events Subsequent to the End of the Interim Period

There were no material events subsequent to the end of the current interim financial period that have not been reflected in the financial statements for the current interim financial period.



Part A – Explanatory Notes Pursuant to MFRS 134

A11. Changes in the Composition of the Group

As at 31 March 2019, there were no changes in the composition of the Group arising from business combinations, acquisition or disposal of subsidiary companies and long-term investments, restructurings and discontinued operations.

A12. Changes in Contingent Liabilities and Contingent Assets

As at 31 March 2019, there were no material contingent liabilities or contingent assets, which upon being enforced might have a material impact on the financial position or business of the Group, except as disclosed below:

	At 31/3/2019
	RM'000
As at that date, the Company has contingent liabilities as follows:	
Corporate guarantees for banking facilities granted to a subsidiary	230,000

A13. Capital Expenditure Commitments

As at 31 March 2019, there were no material capital commitments for capital expenditure, contracted for or known to be contracted for by the Group which might have a material impact on the financial position or business of the Group, except as disclosed below:

	At 31/3/2019
	RM'000
Contracted but not provided for	
Property, plant and equipment	1,575
Bearer plants	345
	<u>1,920</u>

A14. Unfulfilled Contract Obligation

As at 31 March 2019, unfulfilled contract obligation of the Group is as disclosed below:

	At 31/3/2019
	RM'000
Sale Contracts	<u>-</u>

**Part A – Explanatory Notes Pursuant to MFRS 134****A15. Significant Related Party Transactions**

The significant related party transactions during the financial period as set out below represent significant transactions with companies having common directorship or in which certain Directors or person connected to a Director have interests.

	Cumulative Quarter (3 Months)	
	Current Year - Period To Date 31/3/2019 RM'000	Preceding Year - Period To Date 31/3/2018 RM'000
a. KUB Sepadu Sdn. Bhd.		
- Purchase of fresh fruit bunches	1,740	-
b. Danawa Resources Sdn. Bhd.		
- Rental and annual support for satellite broadband services	54	49
c. Intuitive Systems Sdn. Bhd.		
- Software support, customisation, maintenance and implementation costs	274	15
- Purchase of software	50	-
d. Stonehead Sdn. Bhd.		
- Purchase of material	172	68
e. Ironhead Sdn. Bhd.		
- Purchase of assets	288	203
f. Manis Oil Sdn. Bhd.		
- Sale of fresh fruit bunches	(1,418)	(1,107)
g. Butrasemari Sdn. Bhd.		
- Purchase of fresh fruit bunches	2,478	-
h. Ta Ann Plywood Sdn. Bhd.		
- Field maintenance work and rental of machineries	22	52
i. Ta Ann Pelita Assan Sdn. Bhd.		
- Purchase of seedlings	1	-
j. Ta Ann Pelita Igan Plantation Sdn. Bhd.		
- Transport services	-	16
k. Lik Shen Sawmill Sdn. Bhd.		
- Purchase of material	96	-

The Directors are of the opinion that all the transactions above have been entered into in the normal course of business and they are effected on terms not materially different from those obtainable in transactions with unrelated parties.



Part A – Explanatory Notes Pursuant to MFRS 134

A16. Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income Disclosures

	Individual Quarter (Q1)		Cumulative Quarter(3 Months)	
	Current Year Quarter 31/3/2019 RM'000	Preceding Year Corresponding Quarter 31/3/2018 RM'000	Current Year - Period To Date 31/3/2019 RM'000	Preceding Year - Period To Date 31/3/2018 RM'000
Profit/(Loss) before tax is arrived at after charging:				
Depreciation of property, plant and equipment	3,699	6,028	3,699	6,028
Depreciation of bearer plants	2,719	3,695	2,719	3,695
Depreciation of investment properties	42	42	42	42
Change in fair value of other investments	-	111	-	111
Inventories written off	-	70	-	70
Finance costs	1,117	1,634	1,117	1,634
Profit/(Loss) before tax is arrived at after crediting:				
Dividend income from other investments	-	41	-	41
Change in fair value of biological assets	2,043	2,223	2,043	2,223
Gain on disposal of other investments	-	9	-	9
Other income	380	538	380	538
Finance income	752	860	752	860

Other items not applicable to the Group are foreign exchange gain or loss and gain or loss on derivatives.



Part A – Explanatory Notes Pursuant to MFRS 134

Part B – Explanatory Notes Pursuant to Part A of Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad

B1. Review of Performance

Quarter 1, 2019 vs Quarter 1, 2018

Three Months ended 31 March 2019 vs Three Months ended 31 March 2018

The Group recorded revenue of RM69.4 million in the current financial period ended 31 March 2019 compared with RM70.9 million reported in the corresponding period of the preceding year.

The Group's operating profit before tax was RM5.4 million for the current financial period compared to operating loss before tax of RM3.9 million for the corresponding period of the preceding year. The increase in operating results was principally due to the effect of higher sales volume of CPO and PK and lower cost of sales, partially offset by lower realised average selling price of CPO and PK during the current financial period.

The Group recorded a profit before tax of RM7.5 million for the current financial period, as compared to a loss before tax of RM1.6 million in the corresponding period of the preceding year in line with the increase in operating profit.

The performance of the respective major business segments of the Group are as follows:

Oil palm operations

The oil palm operations comprise estate and mill operations. During the current financial period, estate operations recorded a revenue and segment profit of RM20.8 million and RM4.5 million respectively, whereas mill operations recorded a revenue and segment profit of RM66.2 million and RM5.2 million respectively.

For the current financial period, the oil palm operations segment contributed 99.7% of the Group revenue of RM69.4million.

Revenue of the oil palm operations decreased by RM1.5 million to RM69.2 million in the current financial period compared with RM70.7million reported in the corresponding period of the preceding year. The decrease was principally attributed to the effect of lower realised average selling prices of CPO and PK despite higher sales volumes of CPO and PK during the current financial period.

Average selling prices of CPO and PK had decreased approximately by 17.6% and 44% whereas sales volumes of CPO and PK had increased by approximately 24.4% and 17% respectively for the current financial period.

The operating profit before tax for the oil palm operations (after deducting administrative and finance cost) was RM5.6 million for the current quarter as compared to operating loss before tax of RM3.5 million for the corresponding period of the preceding year, was principally due to lower cost for the current financial period.

Other segments

Other segments' results for the current financial period are insignificant to the Group.

Part B – Explanatory Notes Pursuant to Part A of Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad

B2. Material Changes in Profit Before Tax for the Current Quarter as compared with the Immediate Preceding Quarter

For the quarter under review, the Group recorded an operating profit before tax of RM5.4million compared to an operating profit before tax of RM1.5 million in the preceding quarter, mainly due to the effect of lower cost of sales, despite lower revenue during the current quarter. The decrease in revenue was principally resulted by decrease in sales volume of CPO and PK and lower realised average selling price of PK.

The sales volume of CPO and PK had decreased approximately by 26.3% and 25% respectively. The average realised selling price of PK decreased by 15.3%, whereas the average realised selling price of CPO increased by 8.5% during the current quarter.

The Group recorded a profit before tax of RM7.5 million for the current quarter, as compared to loss before tax of RM0.5 million in Quarter 4, 2018 mainly due to a gain from changes in fair value of biological assets, of RM2 million recognised in Quarter 1, 2019 compared to a loss of RM5.1 million recognised in Quarter 4, 2018.

B3. Prospects for the Current Financial Year

The Group performance is largely dependent on the palm oil prices, sales volumes and operating costs.

The Group anticipates further improvements in production volume in the current financial year. In addition, the Group continues to focus on increasing productivity at all level of operation, ultimately to reduce unit cost of production.

Barring any unforeseen and uncontrollable circumstances, the Board is confident that the Group will achieve a more promising result in the current financial year.

B4. Profit Forecast or Profit Guarantee

Not applicable

B5. Taxation

	Individual Quarter (Q1)		Cumulative Quarter (3 Months)	
	Current Year Quarter 31/3/2019 RM'000	Preceding Year Corresponding Quarter 31/3/2018 RM'000	Current Year - Period To Date 31/3/2019 RM'000	Preceding Year - Period To Date 31/3/2018 RM'000
	Current tax expense	1,584	702	1,584
Deferred tax expenses/(income)	1,300	(556)	1,300	(556)
	<u>2,884</u>	<u>146</u>	<u>2,884</u>	<u>146</u>

The Group's effective tax rate for the financial period ended 31 March 2019 is higher than the statutory tax rate principally due to higher deferred tax.

**Part B – Explanatory Notes Pursuant to Part A of Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad****B6. Other Investments**

There was no material purchase or disposal of quoted securities for the current financial period.

The investments as at 31 March 2019 are as follows:

	At 31/3/2019
	RM'000
<u>Current</u>	
Deposits with original maturities exceeding three months	5,967

B7. Loans and Borrowings

		At 31/3/2019
		RM'000
<u>Non-current</u>		
Term Loan (Term Financing -i)	- secured	83,490
Finance lease liabilities (Hire purchase -i)		5,547
		<u>89,037</u>
<u>Current</u>		
Revolving credit	- secured	10,000
Term Loan (Term Financing -i)	- secured	26,000
Revolving credit - i	- secured	-
Finance lease liabilities (Hire purchase -i)		3,640
		<u>39,640</u>
		<u>128,677</u>

Revolving Credit

This revolving credit facility of RM50 million is secured by way of the Company's corporate guarantee and legal charge over certain land and buildings of a subsidiary.

The effective interest rate of revolving credit is 5.23% per annum.

Revolving Credit (Revolving Credits –i)

The revolving credit facility of RM30 million is an Islamic facility under Bai' Inah contract, is secured by way of legal charge over certain land and buildings of a subsidiary and a corporate guarantee from the Company.

The Revolving Credit –i bears profit rate of 12% per annum, which is equivalent to effective profit rate of 0.60% per annum above the Bank's i-cost of funds.

Term Loan (Term Financing – i)

The term loan facility of RM150 million is an Islamic facility under Bai' Inah contract, is secured by way of legal charge over certain land and buildings of a subsidiary and a corporate guarantee from the Company. The loan is for a tenure of 8 years from the date of first drawdown in November 2014 and is repayable by 16 quarterly installments commencing 51th month after date of first drawdown of TF-i.



Part B – Explanatory Notes Pursuant to Part A of Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad

B7. Loans and Borrowings (continued)

The Term Financing – *i*, bears profit rate of 12% per annum, which is equivalent to effective profit rate of 0.75% per annum above the Bank's *i*-cost of funds.

Finance lease liabilities (Hire purchase - *i*)

This finance lease liabilities are secured on property, plant and equipment under the finance lease.

Finance lease liabilities (Islamic) carry profit rates ranged between 5.11% - 5.13% per annum.

The above borrowings are denominated in Ringgit Malaysia.

B8. Corporate Proposals

Status of Corporate Proposals Announced

There was no corporate proposal being announced during the current interim financial period.

B9. Gains/Losses from Fair Value Changes of Financial Liabilities

There were no gains/losses arising from fair value changes of financial liabilities during the current interim financial period.

B10. Changes in Material Litigation

As at 11 May 2019 (*being the latest practicable date which is not earlier than 7 days from the date of the issue of this quarterly report*), there were no changes to the status of material litigation or arbitration in which the Company and/or any of its subsidiaries were involved either as plaintiff or defendant which has a material effect on the Group's financial position except as disclosed below:

- (a) A subsidiary of the Group, SPB Pelita Suai Sdn. Bhd. ("SP Suai") sued 6 individuals ("Defendants"), seeking injunctive and declaratory relief against the Defendants for various acts of trespass over 2 parcels of Native Communal Reserve Land which the Defendants had given consent for development into an oil palm estate. SP Suai also seeks to claim damages from the Defendants.

On 18 September 2013, the learned Judge decided as follows:

- (i) There is no concluded contract between the Defendants and SP Suai;
- (ii) It has not been shown by the parties that the Defendants were members of the Penan community for which the land was gazetted for their exclusive use;
- (iii) That the gazette to allow SP Suai to deal with native land has no retrospective effect;
- (iv) Generally, parties have not proven their case against each other.

SP Suai filed a Notice of Appeal against the whole of the learned Judge's decision on 14 October 2013. The Defendants also filed a Notice of Appeal against the whole of the learned Judge's decision on the same date. SP Suai had filed and served the Record of Appeal on 2 December 2013. The Court of Appeal heard the appeal on 10 December 2015, and ordered that the case be remitted back to the High Court (before a different Judge) for a retrial. They were of the view that there was a mistrial in respect of the High Court's finding. There was no order as to costs.

The retrial of the case proceeded on 26 July 2016.

At the conclusion of the proceedings, the Court directed as follows:

- (1) The parties are to file and exchange Written Submissions;
- (2) Thereafter, the parties are to file Written Reply; and
- (3) Counsels for the parties are to appear before the Court to go through their Submissions on 25 August 2016



Part B – Explanatory Notes Pursuant to Part A of Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad

B10. Changes in Material Litigation (continued)

The Court allowed the Counsel for the Defendants' application for an extension of 2 weeks from 27 October 2016 to file the Written Submission and the same has to be filed on or before 10 November 2016. Thereafter, the parties may file Reply (if any) by 17 November 2016. Hearing of the Submissions is fixed on 28 November 2016.

The Court delivered its Judgement on 23 February 2017 as follows:

- (i) Dismissed SP Suai's claim;
- (ii) Allowed part of the Defendants' claim, namely SP Suai is prohibited from entering the 2 parcels of NCR Land and SP Suai has to vacate and remove its machineries, equipments and structures existing on the Defendants' 2 parcels of NCR land.

SP Suai filed a Notice of Appeal against the whole of the learned Judge's decision on 9 March 2017 and an application for a stay of execution on 11 April 2017. The Court heard and allowed the application for a stay of execution on 9 June 2017. The Appeal came up for Case Management on 6 September 2017. The Court of Appeal fixed the hearing of the Appeal on 27 June 2018.

At the hearing of the Appeal on 27 June 2018, the Court adjourned the same for Case Management to 10 July 2018. On 10 July 2018, the Court directed the 1st Respondent's Advocates to file an application to substitute the deceased 1st Respondent within one month. The Court will then fix a date for hearing of the application. As of now, no date of hearing has been fixed by the Court of Appeal.

- (b) On 13 July 2016, the Company and SPAD were served with legal proceedings. Amongst other things, the Plaintiffs sought a declaration to the effect that they have acquired native customary rights and/or are the customary owners over land situated at/around all of the Kampung Melugu Sri Aman.

The Company and SPAD had on 20 July 2016 entered appearance. On 10 August 2016, an application to strike out the Plaintiffs' Writ and Statement of Claim was filed and served the Plaintiffs. On 17 October 2016, the Court dismissed SPAD's application to strike out the Plaintiff's Statement of Claim. SPAD filed its appeal against the Court's said decision on 9 November 2016.

On 14 July 2017, the Court Appeal dismissed the Company and SPAD's appeal with costs in the cause.

On 18 July 2017, the parties informed the Court of the verdict of the appeal hearing. The Company and SPAD also informed the Court of their intention to amend the 'Defence of the 1st and 2nd Defendants'.

The Court fixed 18 August 2017 as the next mention date to monitor the progress of the application for amendment of the Defence of the 1st and 2nd Defendants.

On 28 August 2017, the Court had allowed the 1st and 2nd Defendants' application for amendment of the Defence. The Court on 20 September 2017 had given directions for the parties to file the bundle of documents and documents pertinent to the trial. The Court fixed the case for trial from 21st May 2018 to 25th May 2018.

The Court gave its decision on 16 July 2018 as follows:-

1. The Plaintiffs' action against the 1st, 2nd, 3rd and 4th Defendants is dismissed.
2. Costs of RM40,000.00 is awarded to the 1st & 2nd Defendants and RM40,000.00 to the 3rd and 4th Defendants, all subject to payment of Allocatur fees.

**Part B – Explanatory Notes Pursuant to Part A of Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad****B10. Changes in Material Litigation (continued)**

- (b) On 3 August 2018, the Plaintiffs filed their appeal against the whole of the Court's decision delivered on 16 July 2018. The said Notice of Appeal is now registered with the Court of Appeal Registry. As of now, no date of hearing has been fixed by the Court of Appeal.

The Directors, in consultation with the Company's and SPAD's advocates, are of the opinion that the Company and SPAD have strong merits in the case.

B11. Dividend Declared

The Board of Directors declared a first interim, single tier dividend of 5 sen per share, totalling approximately RM14 million, in respect of the financial year ending 31 December 2019, payable to shareholders on 8 August 2019. The dividend entitlement date shall be on 12 July 2019.

B12. Earnings per Share

	Individual Quarter (Q1)		Cumulative Quarter (3 Months)	
	Current Year Quarter 31/3/2019 RM'000	Preceding Year Corresponding Quarter 31/3/2018 RM'000	Current Year - Period To Date 31/3/2019 RM'000	Preceding Year - Period To Date 31/3/2018 RM'000
Profit / (Loss) attributable to Owners of the Company (RM)	4,656	(1,736)	4,656	(1,736)
Weighted average number of ordinary shares in issue (unit)	279,515	279,564	279,515	279,564
Basic earnings per share (sen)	1.67	(0.62)	1.67	(0.62)
Diluted earnings per share (sen)	N/A	N/A	N/A	N/A

Basic earnings per share

The calculation of basic earnings per share for the interim quarter and financial period is based on the profit attributable to owners of the Company and on the weighted average number of ordinary shares in issue less the weighted average number of treasury shares held by the Company.

Diluted earnings per share

The diluted earnings per share for the interim quarter and financial period were not computed as the Company does not have any potentially dilutive ordinary shares as at 31 March 2019.

B13. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the financial year ended 31 December 2018 was unqualified.



Part B – Explanatory Notes Pursuant to Part A of Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad

B14. Authorised for Issue

The condensed consolidated interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Board on 17 March 2019.

By Order of the Board

Company Secretary
Kuching
17 March 2019