YEE LEE CORPORATION BHD.
(Company No. 13585-A)

QUARTERLY REPORT ON CONSOLIDATION RESULTS
FOR THE SECOND QUARTER ENDED 30 JUNE 2018
(THE FIGURES HAVE NOT BEEN AUDITED)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018

	INDIVIDUAL QUARTER		Changes	CUMULATIVE		Changes
	Quarter ended	Quarter ended	(%)	Period ended	Period ended	(%)
	30/6/2018 RM'000	30/6/2017 RM'000 (Restated)		30/6/2018 RM'000	30/6/2017 RM'000 (Restated)	
Revenue	268,249	272,766	-1.7%	545,008	543,989	0.2%
Other income	1,732	1,543	12.2%	3,264	3,579	-8.8%
Operating expenses	(259,934)	(264,792)	-1.8%	(526,858)	(529,394)	-0.5%
Finance costs	(1,621)	(1,670)	-2.9%	(3,302)	(3,379)	-2.3%
Share of profits of an associated company	1,929	1,645	17.3%	3,841	3,253	18.1%
Share of loss of joint venture	(15)	-	100.0%	(25)	-	100.0%
Profit before tax	10,340	9,492	8.9%	21,928	18,048	21.5%
Tax expense	(2,285)	(2,341)	-2.4%	(5,195)	(4,769)	8.9%
Profit for the period	8,055	7,151	12.6%	16,733	13,279	26.0%
Profit attributable to:						
Owners of the Company	8,055	7,151	12.6%	16,733	13,279	26.0%
Earnings per share:						
(a) Basic (sen)	4.20	3.77	11.4%	8.73	7.00	24.7%
(b) Fully diluted (sen)	4.20	3.77	11.4%	8.73	7.00	24.7%

(The Condensed Consolidated Statement of Profit or Loss should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2017)

YEE LEE CORPORATION BHD.

(Company No. 13585-A)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018

	INDIVIDUAL QUARTER		Changes (%)	CUMULATIVE		Changes (%)
	Quarter ended 30/6/2018 RM'000	Quarter ended 30/6/2017 RM'000 (Restated)		Period ended 30/6/2018 RM'000	Period ended 30/6/2017 RM'000 (Restated)	
Profit for the period	8,055	7,151	12.6%	16,733	13,279	26.0%
Other comprehensive (loss)/income:						
Exchange differences on translating foreign entity	1,240	(1,024)	221.1%	(551)	(1,477)	62.7%
Net fair value loss on available-for-sale financial assets	(3)	(1)	-200.0%	(4)	(1)	-300.0%
Share of other comprehensive income/(loss) of an associated company	4	43	-90.7%	9	(218)	104.1%
Total other comprehensive income/(loss) for the period	1,241	(982)	226.4%	(546)	(1,696)	67.8%
Total comprehensive income attributable to owners of the Company	9,296	6,169	50.7%	16,187	11,583	39.7%

(The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2017)

YEE LEE CORPORATION BHD.
(Company No. 13585-A)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

	As at 30/06/18 RM'000	As at 31/12/17 RM'000 (Restated)	As at 01/01/17 RM'000 (Restated)
ASSETS			
Non-current assets			
Property, plant and equipment	450,467	449,918	422,508
Investment properties	6,810	6,810	6,810
Investment in an associated company	122,636	118,097	107,816
Investment in joint venture	575	600	-
Other investments	11	15	20
Goodwill on consolidation	1,612	1,612	1,612
	582,111	577,052	538,766
Current assets			
Other investments	9,419	7,251	-
Biological assets	226	273	415
Inventories	97,917	101,395	94,293
Trade and other receivables	189,874	198,072	205,598
Current tax assets	6,175	4,711	1,532
Other assets	8,221	6,574	7,898
Deposits, cash and bank balances	65,165	57,392	79,422
	376,997	375,668	389,158
TOTAL ASSETS	959,108	952,720	927,924
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital	108,400	108,400	94,332
Share premium	-	-	9,781
Investment revaluation reserve	(5)	(1)	-
Translation reserve	(20)	531	3,871
Equity settled employee benefits reserve	-	-	1,021
Capital reserve	13,283	13,274	13,538
Retained earnings	496,651	479,918	448,469
TOTAL EQUITY	618,309	602,122	571,012
Non-current liabilities			
Borrowings	19,721	18,742	9,428
Deferred tax liabilities	40,927	41,126	41,735
	60,648	59,868	51,163
Current liabilities			
Trade and other payables	117,255	128,879	144,858
Borrowings	130,877	137,237	135,306
Current tax liabilities	1,197	646	2,689
Other liabilities	30,822	23,968	22,896
	280,151	290,730	305,749
TOTAL LIABILITIES	340,799	350,598	356,912
TOTAL EQUITY AND LIABILITIES	959,108	952,720	927,924
Net assets per share (RM)	3.2270	3.1425	3.0266

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2017)

YEE LEE CORPORATION BHD.
(Company No. 13585-A)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018

		Non-distributable						Distributable	
	Share Capital RM'000	Share Premium RM'000	Property Revaluation Reserve RM'000	Investment Revaluation Reserve RM'000	Translation Reserve RM'000	Equity Settled Employee Benefits Reserve RM'000	Capital Reserve RM'000	Retained Earnings RM'000	Total RM'000
Balance at 1 January 2018									
As previously stated	108,400	-	187,859	(1)	531	-	13,274	299,045	609,108
Effect of adoption of MFRS framework *	-	-	(187,859)	-	-	-	-	180,873	(6,986)
Restated balance	108,400	-	-	(1)	531	-	13,274	479,918	602,122
Total comprehensive (loss)/income for the period	-	-	-	(4)	(551)	-	9	16,733	16,187
Balance at 30 June 2018	108,400	-	-	(5)	(20)	-	13,283	496,651	618,309
Balance at 1 January 2017									
As previously stated	94,332	9,781	187,859	-	3,871	1,021	13,538	267,242	577,644
Effect of adoption of MFRS framework *	-	-	(187,859)	-	-	-	-	181,227	(6,632)
Restated balance	94,332	9,781	-	-	3,871	1,021	13,538	448,469	571,012
Total comprehensive (loss)/income for the period									
As previously stated	-	-	-	(1)	(1,477)	-	(218)	13,491	11,795
Effect of adoption of MFRS framework *	-	-	-	-	-	-	-	(212)	(212)
Restated balance	-	-	-	(1)	(1,477)	-	(218)	13,279	11,583
Exercise of ESOS	3,221	496	-	-	-	(858)	-	858	3,717
Transfer arising from "no par value" regime	10,277	(10,277)	-	-	-	-	-	-	-
Balance at 30 June 2017	107,830	-	-	(1)	2,394	163	13,320	462,606	586,312

* - Please refer to explanatory Note 2 - Significant Accounting Policies.

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2017)

YEE LEE CORPORATION BHD.
(Company No. 13585-A)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018

	PERIOD ENDED 30/06/18 RM'000	PERIOD ENDED 30/06/17 RM'000 (Restated)
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		
Profit before tax	21,928	18,048
Adjustments for:		
Non-cash and non-operating items	7,827	7,285
Operating profit before working capital changes	29,755	25,333
Movements in working capital		
Decrease/(Increase) in current assets	8,641	(23,594)
Decrease in current liabilities	(4,727)	(522)
Cash generated from operations	33,669	1,217
Tax paid	(6,310)	(6,491)
Tax refunded	-	595
Net cash from/(used in) operating activities	27,359	(4,679)
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		
Dividend received from an associated company	3,335	2,049
Interest received	388	633
Rental from investment properties received	112	116
Proceeds from disposal of property, plant and equipment	65	84
Purchase of additional shares in associated company	(4,024)	(451)
Placement of other investments	(2,000)	-
Purchase of property, plant and equipment	(8,226)	(12,179)
Net cash used in investing activities	(10,350)	(9,748)
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		
Proceeds from issuance of shares arising from exercise of ESOS	-	3,717
(Repayment of)/Proceeds from borrowings	(4,944)	8,786
Finance cost paid	(3,302)	(3,379)
Net cash (used in)/from financing activities	(8,246)	9,124
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	8,763	(5,303)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	53,356	76,267
Effect of exchange rate changes on the balance of cash held in foreign currencies	69	(57)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	62,188	70,907
Cash and cash equivalents comprise the following:		
Deposits	13,317	11,630
Cash and bank balances	51,848	61,078
Bank overdrafts	(2,967)	(1,791)
	62,198	70,917
Less: Fixed deposits pledged to a bank	(10)	(10)
	62,188	70,907

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2017)

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

1. BASIS OF PREPARATION

This interim financial statements of the Group have been prepared in accordance with Malaysian Financial Reporting Standard (MFRS) 134: Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2017.

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the audited financial statements of the Group for the financial year ended 31 December 2017, except for the adoption of the MFRS framework and the following amendments and annual improvements to MFRSs and IC Interpretation for annual financial periods beginning on or after 1 January 2018.

Amendments to MFRS 1:	Annual Improvements to MFRS Standards 2014 - 2016 Cycle
Amendments to MFRS 2:	Classification and Measurement of Share-based Payment Transactions
MFRS 9:	Financial Instruments
MFRS 15:	Revenue from Contracts with Customers, Clarifications to MFRS 15
Amendments to MFRS 128:	Annual Improvements to MFRS Standards 2014 - 2016 Cycle
Amendments to MFRS 140:	Transfer to Investment Properties
IC Interpretation 22:	Foreign Currency Transactions and Advance Consideration

The financial statements of the Group for the financial period ended 31 March 2018 are the first set of interim financial statements prepared in accordance with the 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 ("FRS") to MFRS as disclosed as follows:

(a) Property, plant and equipment - deemed cost exemption

Under the FRS framework, the Group measured its freehold and leasehold land and buildings at fair value. The last valuation for these properties was carried out in 2015. Upon transition to the MFRS framework, the Group has elected to apply the optional exemption to use that previous revaluation as deemed cost under the MFRS framework. The revaluation reserve of RM187,859,059 as of 31 December 2016 and 2017 will be reclassified to retained earnings.

(b) Biological assets

Under the FRS framework, the cost of biological assets of the Group which consist of tea leaves and oil palm fresh fruit bunches are not segregated from the cost of the plantation development expenditure and the cost of the freehold land on which the tea tree and oil palm crops are planted respectively. Upon transition to the MFRS framework, the Group will segregate the costs of tea leaves and oil palm fresh fruit bunches from their bearer plants, and measure the bearer plants at cost less accumulated depreciation and accumulated impairment losses, while the tea leaves and oil palm fresh fruit bunches at their respective fair values less costs to sell.

(c) MFRS 15 Revenue from Contracts with Customers

Upon adoption of MFRS 15, the Group recognises the revenue from contracts with customers when or as the Group transfers goods or services to a customer, measured at the amount to which the Group expects to be entitled, according to the term and condition stipulated in the contracts with customers. Depending on whether certain criteria are met, revenue is recognised over time, in a manner that depicts the Group's performance; or at a point in time, when control of the goods or services is transferred to the customers.

The Group currently recognises prompt payment discounts as a reduction in sales, on an incurred basis. On application of MFRS 15, the Group estimates the expected amount of prompt payment discounts as a variable consideration in determining the transaction price of sales, irrespective of whether the discounts have been given.

The Group is entitled to reimbursements from their suppliers for certain discounts given to customers. Such reimbursements are currently recognised as a reduction in cost of goods sold as on when such claims are made. On application of MFRS 15, such claims are recognised in revenue.

The effects of the changes in accounting policy on the comparatives as a result of transition to MFRS framework and the adoption of MFRS 15 are as follows:

Condensed Consolidated Statement of Financial Position

	As at 31 December 2017			As at 1 January 2017		
	Previously reported under FRS RM'000	Effect of adoption of MFRS RM'000	Reported under MFRS RM'000	Previously reported under FRS RM'000	Effect of adoption of MFRS RM'000	Reported under MFRS RM'000
Non-current assets						
Property, plant and equipment	457,005	(7,087)	449,918	429,364	(6,856)	422,508
Current assets						
Biological assets	-	273	273	-	415	415
Trade and other receivables	198,244	(172)	198,072	205,789	(191)	205,598
Equity						
Property revaluation reserve	187,859	(187,859)	-	187,859	(187,859)	-
Retained earnings	299,045	180,873	479,918	267,242	181,227	448,469

Condensed Consolidated Statement of Profit or Loss

	Quarter ended 30 June 2017			Cumulative period ended 30 June 2017		
	Previously reported under FRS RM'000	Effect of adoption of MFRS RM'000	Reported under MFRS RM'000	Previously reported under FRS RM'000	Effect of adoption of MFRS RM'000	Reported under MFRS RM'000
Revenue	269,069	3,697	272,766	536,948	7,041	543,989
Operating expenses	(260,950)	(3,842)	(264,792)	(522,141)	(7,253)	(529,394)
Profit before tax	9,637	(145)	9,492	18,260	(212)	18,048
Profit for the period	7,296	(145)	7,151	13,491	(212)	13,279

Condensed Consolidated Statement of Cash Flows

	Cumulative period ended 30 June 2017		
	Previously reported under FRS RM'000	Effect of adoption of MFRS RM'000	Reported under MFRS RM'000
Profit before tax	18,260	(212)	18,048
Non-cash and non-operating items	7,041	244	7,285
Increase in current assets	(23,562)	(32)	(23,594)

3. AUDIT QUALIFICATION

The preceding year's annual audited financial statements of the Group were not subject to any qualification.

4. SEASONAL OR CYCLICAL FACTORS

Apart from the traditional variations in the level of business activities, the operations of the Group were not materially affected by any seasonal nor cyclical factors.

5. UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE OR INCIDENCE

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current financial period to date.

6. MATERIAL CHANGES IN ESTIMATES

There were no changes in the estimates that have had any material effect on the current financial period to date.

7. DEBT AND EQUITY SECURITIES

There were no issuance and repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares during the current financial period to date.

8. DIVIDEND PAID

No dividend was paid during the current quarter.

9. SEGMENTAL REPORTING

The analysis of the Group business segments for the current financial period are as follows:-

Period ended 30 June 2018	**Manufacturing RM'000**	**Trading RM'000**	**Plantation RM'000**	**Others RM'000**	**Elimination RM'000**	**Consolidated RM'000**
External revenue	126,173	416,879	25	1,931	-	545,008
Inter-segment revenue	105,615	2,796	3,457	3,371	(115,239)	-
	231,788	419,675	3,482	5,302	(115,239)	545,008
Segment results	8,529	10,237	(1,442)	121	-	17,445
Investment revenue						667
Share of profit of an associated company						3,841
Share of loss of joint venture						(25)
Profit before tax						21,928
Assets						
Segments assets	414,432	361,021	160,663	715,246	(821,086)	830,276
Investment in an associated company						122,636
Unallocated corporate assets						6,196
Consolidated total assets						959,108
Liabilities						
Segment liabilities	45,555	158,566	20,366	36,535	(112,945)	148,077
Unallocated corporate liabilities						192,722
Consolidated total liabilities						340,799

Period ended 30 June 2017 (Restated)	Manufacturing RM'000	Trading RM'000	Plantation RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
External revenue	141,514	400,418	63	1,994	-	543,989
Inter-segment revenue	135,795	24,429	3,556	2,086	(165,866)	-
	277,309	424,847	3,619	4,080	(165,866)	543,989
Segment results	8,104	6,390	(867)	419	-	14,046
Investment revenue						749
Share of profit of an associated company						3,253
Profit before tax						18,048
Assets (Restated)						
Segments assets	418,469	373,476	157,413	585,382	(696,054)	838,686
Investment in an associated company						109,253
Unallocated corporate assets						1,945
Consolidated total assets						949,884
Liabilities						
Segment liabilities	50,254	180,542	19,396	29,406	(112,468)	167,130
Unallocated corporate liabilities						196,442
Consolidated total liabilities						363,572

10. MATERIAL SUBSEQUENT EVENT

There were no material events subsequent to the end of the financial period ended 30 June 2018 up to the date of issuance of this report which have not been reflected in the financial statements for the said period.

11. CHANGES IN THE COMPOSITION OF THE GROUP

During the current quarter, the Company had acquired additional 1,444,800 ordinary shares of Spritzer Bhd ("SB") thereby increasing its shareholding in SB from 28.19% to 28.88%.

Other than the changes mentioned above and those announced earlier in the first quarter of this year, there were no other changes in the composition of the Group during the current financial period to date.

12. CONTINGENT ASSETS AND LIABILITIES

There were no contingent assets and liabilities as at 23 August 2018.

13. CAPITAL COMMITMENTS

Capital commitments not provided for in the financial statements as at 30 June 2018 are as follows:

	RM'000
Property, plant and equipment:	
Approved and contracted for	10,367
Approved but not contracted for	1,053
	11,420

PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

14. REVIEW OF PERFORMANCE

Current quarter vs. preceding year corresponding quarter

Despite revenue dropped by 1.7% to RM268.25 million in this quarter, the Group managed to register a higher profit before tax of RM10.34 million as compared to RM9.49 million a year ago. The better performance was mainly contributed by its trading division. The profit contribution from associated company, SB had also increased by 17.3% to RM1.93 million.

Manufacturing division
Manufacturing division recorded a lower revenue of RM60.49 million in this quarter as compared to RM67.32 million a year ago. The drop in revenue was attributable to lower sales volume and selling price of palm based products offsetting the higher sales of aerosol cans. Correspondingly, the division's profit before tax dropped by 11.5% from RM3.91 million a year ago to RM3.46 million. The aerosol can business profit margin was affected by higher cost of tinplate and difficulty in passing on the full cost increase to its customers on the back of stiff competition. Despite achieving lower revenue, both the palm oil refinery and mill performed better in this quarter. The palm oil refinery managed to recover its profit margin while the palm oil mill reduced its losses through better oil extraction rate ("OER") and palm kernel recovery rate ("KER") as a result of tightening of quality inspection on fresh fruit bunches ("FFB") supplies in the expense of reduction in the quantity of FFB processed.

Trading division
Trading division recorded marginally increase in revenue of RM206.79 million in this quarter as compared to RM204.41 million a year ago. The current sales growth was driven by higher sales of energy drinks, bottled water, Campbells' and Munchy's products offsetting the lower sales of cooking oils, Ribena and Lucozade products. The sales of our newly launched instant noodles "Red Chef" was also encouraging. With the improvement in the sales especially the main beverage products and prudent spending on advertisement and promotion expenses in this quarter, the division managed to increase its profit before tax by 40.3% to RM5.36 million as compared to RM3.82 million a year ago.

Plantation division
The plantation division incurred a higher loss before tax of RM0.79 million in this quarter as compared to RM0.49 million a year ago. Both the tea and oil palm plantations still have not turnaround in this quarter. The higher losses was mainly due to higher expenses incurred for the new oil palm plantation in Sabah coupled with lower selling price and production of FFB achieved by our Perak oil palm estates.

Current year to-date vs. preceding year to-date

The Group recorded a higher revenue of RM545.01 million for the period ended 30 June 2018 as compared to RM543.99 million a year ago. Correspondingly, the Group's profit before tax increased from RM18.05 million a year ago to RM21.93 million. Both the manufacturing and trading divisions' performance were better than the preceding year. However, the plantation division still unable to turnaround with higher losses incurred in this year. Profit contribution from SB had also increased by 18.1% from RM3.25 million to RM3.84 million.

Manufacturing division
The manufacturing division's revenue for the current period dropped by 10.8% from RM141.51 million a year ago to RM126.17 million. The lower revenue was mainly due to decrease in selling price of palm based products as a result of substantial drop in crude palm oil price. The sales volume of palm based products was also lower than last year offsetting the higher sales of aerosol cans. Despite the drop in revenue, the division recorded an increase in profit before tax by 5.3% to RM8.53 million as compared to RM8.10 million a year ago. The palm oil refinery performed much better this year with improvement in its profit margin since the removal of the Government controlled ceiling price on bottled cooking oils while the palm oil mill managed to reduce its losses through improvement in its OER and KER. However, the aerosol can business's profitability was lower than last year mainly due to profit margin compression arising from the increase in the cost of its main raw material, tinplate.

Trading division
Trading division registered a sales growth of 4.1% in the current period thereby increasing its revenue from RM400.42 million a year ago to RM416.88 million. Correspondingly, the division's profit before tax increased from RM6.39 million to RM10.24 million. The better performance was contributed by higher sales of bottled water, energy drinks, Campbells' and Munchy's products offsetting the lower sales of cooking oils.

Plantation division
The plantation division recorded a higher loss before tax of RM1.44 million in the current period as compared to RM0.87 million a year ago as both the oil palm and tea plantations were still unable to turnaround. The tea plantation sales volume is still insufficient to cover its plantation cost while the oil palm plantation was affected by lower selling price and production of FFB. The higher cost incurred by its new oil palm plantation in Sabah also impacted on its bottom line.

15. MATERIAL CHANGES IN THE QUARTERLY RESULTS COMPARED TO THE RESULTS OF THE PRECEDING QUARTER

The Group recorded a lower revenue of RM268.25 million in this quarter as compared to RM276.76 million in the preceding quarter. Correspondingly, the Group's profit before tax decreased by 10.8% to RM10.34 million. The decrease in revenue was mainly due to lower sales of aerosol cans and palm based products offsetting the higher sales of energy drinks. The Group had also recognised the donation of RM1 million to Tabung Harapan Malaysia in this quarter which were jointly contributed by the Company and its associated company, SB.

16. CURRENT YEAR PROSPECTS

The current tax holiday (in the absence of the Goods and Services Tax) in Malaysia had improved the consumer sentiment tremendously. However, the sustainability of such sentiment could be affected by the implementation of the Sales and Service Tax effective 1 September 2018. Amid the challenges ahead, our trading division will continue to focus on expanding its existing brands market share leveraging on its strong distribution networks and innovative marketing campaigns. The current hot weather in Malaysia is expected to boost the demand of bottled water. This will provide an opportunity for us to leverage on our leading bottled water brands to boost sales and further enhance our market positions in the bottled water market segment.

Although the sales volume and selling price of aerosol cans had increased, but the increase was still unable to cover the full cost increase of its main raw material, tinplate resulted in erosion of its profit margin. So far the selling price of tinplate from its main supplier has normalised in year 2018 and this allowed the aerosol can business to continue review its pricing structure and competitiveness in order to progressively passing on the full cost increase to its customers.

With the tightening of quality inspection of FFB supplies, our palm oil mill managed to improve its OER and hence reduce its losses. The mill is also sourcing for better FFB supplies to increase its production. Going forward, the Board expects the performance of the mill to improve.

Barring any unforeseen and adverse circumstances, the Board believes that the Group will continue to remain profitable for the remaining quarters.

17. NOTES TO THE CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Quarter ended		Period ended	
	30/06/18 RM'000	30/06/17 RM'000 (Restated)	30/06/18 RM'000	30/06/17 RM'000 (Restated)
Interest income	(198)	(322)	(388)	(633)
Interest expense	1,499	1,537	3,028	3,115
Depreciation of property, plant and equipment	3,884	3,427	7,779	6,713
Provision for and write off of receivables	189	224	380	376
Provision for and write off of inventories	348	344	715	701
Loss/(Gain) on disposal of property, plant and equipment	1	(2)	8	(9)
Property, plant and equipment written off	75	9	79	14
Changes in fair value of biological assets	21	93	47	128
(Gain)/Loss on foreign exchange	228	254	477	(73)
(Gain)/Loss on derivatives	-	-	-	-
Exceptional items	-	-	-	-

18. VARIANCE BETWEEN FORECAST AND ACTUAL PROFIT

No profit forecast or guarantee was issued by the Group.

19. TAX EXPENSE

	Current Quarter RM'000	Current Year To-Date RM'000
Current tax expense	(2,511)	(5,393)
Deferred tax	226	198
	(2,285)	(5,195)

The effective tax rate for the current quarter and financial period to date is lower than the statutory income tax rate mainly due to reinvestment allowances and lower statutory tax rate in a foreign subsidiary company.

20. STATUS OF CORPORATE PROPOSALS

There were no outstanding corporate proposals as at 23 August 2018.

21. STATUS OF UTILISATION OF PROCEEDS RAISED FROM ANY CORPORATE PROPOSAL

Not applicable.

22. GROUP BORROWINGS

The Group borrowings (denominated in local currency) as at 30 June 2018 are as follows:

	Non-current RM'000	Current RM'000	Total RM'000
Unsecured			
Term loans	18,635	2,061	20,696
Revolving credits	-	11,000	11,000
Bankers' acceptances	-	113,670	113,670
Bank overdrafts	-	2,967	2,967
Secured			
Hire-purchase payables	1,086	1,179	2,265
	19,721	130,877	150,598

23. MATERIAL LITIGATION

There were no material litigation involving the Group as at 23 August 2018.

24. PROPOSED DIVIDEND

No interim dividend has been declared for the current financial period under review.

25. EARNINGS PER SHARE (EPS)

The basic and diluted earnings per share are calculated as follows:

	Current Quarter	Current Period To-Date
Basic/Fully Diluted EPS		
Profit attributable to owners of the Company (RM'000)	8,055	16,733
Number of shares ('000)		
Number of ordinary shares in issue	191,604	191,604
Basic/Fully Diluted EPS	4.20	8.73

26. 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 2018.