



YEE LEE CORPORATION BHD.

(Company No. 13585-A)

**QUARTERLY REPORT ON CONSOLIDATION RESULTS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018**

(THE FIGURES HAVE NOT BEEN AUDITED)

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

	INDIVIDUAL QUARTER		Changes (%)	CUMULATIVE		Changes (%)
	Quarter ended	Quarter ended		Period ended	Period ended	
	30/9/2018 RM'000	30/9/2017 RM'000 (Restated)		30/9/2018 RM'000	30/9/2017 RM'000 (Restated)	
Revenue	293,952	290,672	1.1%	838,960	834,661	0.5%
Other income	1,953	2,025	-3.6%	5,217	5,604	-6.9%
Operating expenses	(283,009)	(277,669)	1.9%	(809,867)	(807,063)	0.3%
Finance costs	(1,690)	(1,794)	-5.8%	(4,992)	(5,173)	-3.5%
Share of profits of an associated company	2,180	2,575	-15.3%	6,021	5,828	3.3%
Share of loss of joint venture	(18)	-	-100.0%	(43)	-	-100.0%
Profit before tax	13,368	15,809	-15.4%	35,296	33,857	4.3%
Tax expense	(2,868)	(3,403)	-15.7%	(8,063)	(8,172)	-1.3%
Profit for the period	10,500	12,406	-15.4%	27,233	25,685	6.0%
Profit attributable to: Owners of the Company	10,500	12,406	-15.4%	27,233	25,685	6.0%
Earnings per share:						
(a) Basic (sen)	5.48	6.52	-16.0%	14.21	13.50	5.3%
(b) Fully diluted (sen)	5.48	6.52	-16.0%	14.21	13.50	5.3%

(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 SEPTEMBER 2018**

	INDIVIDUAL QUARTER		Changes (%)	CUMULATIVE		Changes (%)
	Quarter ended	Quarter ended		Period ended	Period ended	
	30/9/2018 RM'000	30/9/2017 RM'000 (Restated)		30/9/2018 RM'000	30/9/2017 RM'000 (Restated)	
Profit for the period	10,500	12,406	-15.4%	27,233	25,685	6.0%
Other comprehensive (loss)/income:						
Exchange differences on translating foreign entity	312	(526)	159.3%	(239)	(2,003)	88.1%
Net fair value loss on available-for-sale financial assets	-	(2)	100.0%	(4)	(3)	-33.3%
Share of other comprehensive income/(loss) of an associated company	7	5	40.0%	16	(213)	107.5%
Total other comprehensive income/(loss) for the period	319	(523)	161.0%	(227)	(2,219)	89.8%
Total comprehensive income attributable to owners of the Company	10,819	11,883	-9.0%	27,006	23,466	15.1%

(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 SEPTEMBER 2018**

	As at 30/09/18 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	453,240	449,918	422,508
Investment properties	6,810	6,810	6,810
Investment in an associated company	128,261	118,097	107,816
Investment in joint venture	557	600	-
Other investments	12	15	20
Goodwill on consolidation	1,612	1,612	1,612
	590,492	577,052	538,766
Current assets			
Other investments	9,542	7,251	-
Biological assets	219	273	415
Inventories	95,638	101,395	94,293
Trade and other receivables	195,373	198,072	205,598
Current tax assets	6,646	4,711	1,532
Other assets	6,920	6,574	7,898
Deposits, cash and bank balances	64,419	57,392	79,422
	378,757	375,668	389,158
TOTAL ASSETS	969,249	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	292	531	3,871
Equity settled employee benefits reserve	-	-	1,021
Capital reserve	13,290	13,274	13,538
Retained earnings	498,529	479,918	448,469
TOTAL EQUITY	620,506	602,122	571,012
Non-current liabilities			
Borrowings	19,918	18,742	9,428
Deferred tax liabilities	40,987	41,126	41,735
	60,905	59,868	51,163
Current liabilities			
Trade and other payables	108,874	128,879	144,858
Borrowings	143,937	137,237	135,306
Current tax liabilities	1,176	646	2,689
Other liabilities	33,851	23,968	22,896
	287,838	290,730	305,749
TOTAL LIABILITIES	348,743	350,598	356,912
TOTAL EQUITY AND LIABILITIES	969,249	952,720	927,924
Net assets per share (RM)	3.2385	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)



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

	Non-distributable						Distributable	Total RM'000	
	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
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)	(239)	-	16	27,233	27,006
Dividend	-	-	-	-	-	-	-	(8,622)	(8,622)
Balance at 30 September 2018	108,400	-	-	(5)	292	-	13,290	498,529	620,506
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	-	-	-	(3)	(2,003)	-	(213)	25,960	23,741
Effect of adoption of MFRS framework *	-	-	-	-	-	-	-	(275)	(275)
Restated balance	-	-	-	(3)	(2,003)	-	(213)	25,685	23,466
Exercise of ESOS	3,791	496	-	-	-	(1,021)	-	1,021	4,287
Transfer arising from "no par value" regime	10,277	(10,277)	-	-	-	-	-	-	-
Dividend	-	-	-	-	-	-	-	(8,606)	(8,606)
Balance at 30 September 2017	108,400	-	-	(3)	1,868	-	13,325	466,569	590,159

* - 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)



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

	PERIOD ENDED 30/09/18 RM'000	PERIOD ENDED 30/09/17 RM'000 (Restated)
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		
Profit before tax	35,296	33,857
Adjustments for:		
Non-cash and non-operating items	11,759	10,569
Operating profit before working capital changes	47,055	44,426
Movements in working capital		
Decrease/(Increase) in current assets	6,369	(23,872)
(Decrease)/Increase in current liabilities	(10,101)	630
Cash generated from operations	43,323	21,184
Tax paid	(9,613)	(10,310)
Tax refunded	-	927
Net cash from operating activities	33,710	11,801
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		
Dividend received from an associated company	3,335	2,049
Interest received	578	750
Dividend received	-	1
Rental from investment properties received	162	184
Income from other investments	1	144
Proceeds from disposal of property, plant and equipment	114	97
Withdrawal of fixed deposits	10	-
Purchase of additional shares in associated company	(7,462)	(451)
Placement of other investments	(2,000)	(7,163)
Purchase of property, plant and equipment	(14,629)	(29,393)
Net cash used in investing activities	(19,891)	(33,782)
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		
Proceeds from issuance of shares arising from exercise of ESOS	-	4,287
Proceeds from borrowings	9,334	20,714
Dividend paid	(8,622)	(8,606)
Finance cost paid	(4,992)	(5,173)
Net cash (used in)/from financing activities	(4,280)	11,222
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	9,539	(10,759)
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	54	(81)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	62,949	65,427
Cash and cash equivalents comprise the following:		
Deposits	24,665	4,001
Cash and bank balances	39,754	64,285
Bank overdrafts	(1,470)	(2,849)
	62,949	65,437
Less: Fixed deposits pledged to a bank	-	(10)
	62,949	65,427

(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 30 September 2018 are the first set of 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.

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(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 September 2017			Cumulative period ended 30 September 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	287,546	3,126	290,672	824,494	10,167	834,661
Operating expenses	(274,480)	(3,189)	(277,669)	(796,621)	(10,442)	(807,063)
Profit before tax	15,872	(63)	15,809	34,132	(275)	33,857
Profit for the period	12,469	(63)	12,406	25,960	(275)	25,685

Condensed Consolidated Statement of Cash Flows

	Cumulative period ended 30 September 2017		
	Previously reported under FRS RM'000	Effect of adoption of MFRS RM'000	Reported under MFRS RM'000
Profit before tax	34,132	(275)	33,857
Non-cash and non-operating items	10,301	268	10,569
Increase in current assets	(23,879)	7	(23,872)



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

The first and final dividend of 4.5 sen per share under the single tier system for the financial year ended 31 December 2017 amounted to RM8,622,193 has been paid on 17 July 2018.

9. SEGMENTAL REPORTING

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

Period ended	Manufacturing	Trading	Plantation	Others	Elimination	Consolidated
30 September 2018	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	184,919	650,617	57	3,367	-	838,960
Inter-segment revenue	148,547	5,848	5,963	5,369	(165,727)	-
	<u>333,466</u>	<u>656,465</u>	<u>6,020</u>	<u>8,736</u>	<u>(165,727)</u>	<u>838,960</u>
Segment results	<u>13,299</u>	<u>16,669</u>	<u>(2,195)</u>	<u>514</u>	<u>-</u>	<u>28,287</u>
Investment revenue						1,031
Share of profit of an associated company						6,021
Share of loss of joint venture						(43)
Profit before tax						<u><u>35,296</u></u>
<u>Assets</u>						
Segments assets	416,978	354,462	161,608	592,763	(691,481)	834,330
Investment in an associated company						128,261
Unallocated corporate assets						6,658
Consolidated total assets						<u><u>969,249</u></u>
<u>Liabilities</u>						
Segment liabilities	53,512	146,745	20,923	47,947	(126,402)	142,725
Unallocated corporate liabilities						206,018
Consolidated total liabilities						<u><u>348,743</u></u>

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Period ended 30 September 2017 (Restated)	Manufacturing RM'000	Trading RM'000	Plantation RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
External revenue	217,504	613,863	81	3,213	-	834,661
Inter-segment revenue	202,842	25,254	5,600	4,083	(237,779)	-
	420,346	639,117	5,681	7,296	(237,779)	834,661
Segment results	15,710	11,601	(964)	603	-	26,950
Investment revenue						1,079
Share of profit of an associated company						5,828
Profit before tax						33,857
<u>Assets (Restated)</u>						
Segments assets	436,368	378,907	159,240	586,787	(702,874)	858,428
Investment in an associated company						111,833
Unallocated corporate assets						1,998
Consolidated total assets						972,259
<u>Liabilities</u>						
Segment liabilities	55,922	174,530	19,769	36,435	(118,411)	168,245
Unallocated corporate liabilities						213,855
Consolidated total liabilities						382,100

10. MATERIAL SUBSEQUENT EVENT

There were no material events subsequent to the end of the financial period ended 30 September 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 1,470,200 ordinary shares of Spritzer Bhd ("SB") thereby increasing its shareholding in SB from 28.88% to 29.58%.

Other than the changes mentioned above and those announced earlier in 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 19 November 2018.

13. CAPITAL COMMITMENTS

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

	RM'000
Property, plant and equipment:	
Approved and contracted for	12,340
Approved but not contracted for	465
	<u>12,805</u>



**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 achieving marginally increase in revenue by 1.1% in this quarter, the Group recorded a lower profit before tax of RM13.37 million as compared to RM15.81 million a year ago. All divisions except trading division achieved lower profit before tax than the preceding year. Profit contribution from associated company, SB was also lower by 15.3% to RM2.18 million.

Manufacturing division

Manufacturing division registered a lower revenue of RM58.75 million in this quarter as compared to RM75.99 million a year ago. The drop in revenue was attributable to lower sales of cooking oils, bulk oils, palm kernel and aerosol cans. The selling price of palm based products was also lower as a result of substantial drop in crude palm oil price. Correspondingly, the division's profit before tax dropped by 37.3% from RM7.61 million a year ago to RM4.77 million.

Trading division

Trading division continued to perform better with profit before tax increased by 23.4% from RM5.21 million a year ago to RM6.43 million on the back of 9.5% increase in revenue. The better performance was contributed by higher sales of energy drinks, bottled water, Campbells', Ribena, Sunplus and Kizz products offsetting the drop in sales of cooking oils. The sales of our newly launched instant noodles "Red Chef" was also encouraging in this quarter.

Plantation division

The plantation division incurred a higher loss before tax of RM0.75 million in this quarter as compared to RM0.10 million a year ago. Both the tea and oil palm plantations still incurred losses in this quarter as the tea plantation sales volume is still insufficient to cover its plantation cost while our Perak State oil palm plantations were affected by lower selling price and production of fresh fruit bunches ("FFB"). Higher expenses incurred for the new oil palm plantation in Sabah also impacted on its bottom line.

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

The Group registered a marginally increase in revenue of RM838.96 million for the period ended 30 September 2018 as compared to RM834.66 million a year ago. Correspondingly, the Group's profit before tax increased by 4.3% to RM35.30 million. The better performance was mainly contributed by trading division. Profit contribution from SB was also marginally higher by 3.3% from RM5.83 million to RM6.02 million.

Manufacturing division

The manufacturing division's revenue for the current period dropped by 15.0% from RM217.50 million a year ago to RM184.92 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. Although the palm oil refinery performed much better this year with improvement in its profit margin and the palm oil mill managed to narrow down its losses through improvement in its oil extraction rate ("OER") and palm kernel recovery rate, the division's profit before tax was lower than the preceding year by 15.3% from RM15.71 million to RM13.30 million mainly due to profit margin compression faced by the aerosol can business arising from difficulty in passing on the full cost of increase to its customers.

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Trading division

The trading division achieved a sales growth of 6.0% in the current period through higher sales of energy drinks, bottled water, Campbells', Munchy's, Sunplus and Kizz products offsetting the drop in sales of cooking oils. Correspondingly, the division's profit before tax increased by 43.7% from RM11.60 million to RM16.67 million.

Plantation division

The plantation division recorded a higher loss before tax of RM2.19 million in the current period as compared to RM0.96 million a year ago. Both the oil palm and tea plantations were still unable to turnaround. 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 State oil palm plantations. The tea plantation current sales volume is still insufficient to cover its plantation cost.

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

The Group registered a higher revenue of RM293.95 million in this quarter as compared to RM268.25 million in the preceding quarter. The increase in revenue was driven by higher sales of beverages, cooking oils, Campbells', Sunplus and Kizz products. Correspondingly, the Group's profit before tax increased by 29.3% from RM10.34 million to RM13.37 million. With the improvement in its OER, the palm oil mill also managed to contribute to the Group's profitability in this quarter.

16. CURRENT YEAR PROSPECTS

The Board foresees that the domestic market conditions to remain challenging as consumers turned cautious and selective on their spending after the end of the Goods and Services Tax holiday and the implementation of the Sales and Service Tax effective 1 September 2018. Amid the tough market conditions coupled with intensifying competition, our trading division will continue to focus on expanding its existing brands market share leveraging on its strong distribution networks and innovative consumer trade campaigns to drive growth. Our joint venture entity, YLTC Sdn Bhd has been successfully appointed by Shell Malaysia Trading Sdn Bhd as their contractor for provision of supply chain services for Shell convenience retail outlets in Peninsular Malaysia effective 1 October 2018. This will provide us the opportunity to tap on other business segments to enhance our sales growth.

With the tightening of quality inspection on FFB supplies and selection of FFB suppliers, the palm oil mill managed to turnaround in this quarter with much better OER. The mill is also sourcing for better FFB supplies to increase its production. Judging by the positive outcome, the Board expects the performance of the mill to improve.

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

	Quarter ended		Period ended	
	30/09/18	30/09/17	30/09/18	30/09/17
	RM'000	RM'000	RM'000	RM'000
		(Restated)		(Restated)
Interest income	(190)	(117)	(578)	(750)
Interest expense	1,566	1,653	4,594	4,768
Depreciation of property, plant and equipment	4,221	3,958	12,000	10,671
Provision for and write off of receivables	59	173	439	549
Provision for and write off of inventories	450	373	1,165	1,074
Loss/(Gain) on disposal of property, plant and equipment	7	(1)	15	(10)
Property, plant and equipment written off	24	31	103	45
Changes in fair value of biological assets	7	33	54	95
(Gain)/Loss on foreign exchange	(32)	(246)	445	(319)
(Gain)/Loss on derivatives	-	-	-	-
Exceptional items	-	-	-	-

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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	(2,755)	(8,148)
Underprovision in previous year	(54)	(54)
Deferred tax	(59)	139
	<u>(2,868)</u>	<u>(8,063)</u>

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 19 November 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 September 2018 are as follows:

	Non-current RM'000	Current RM'000	Total RM'000
<u>Unsecured</u>			
Term loans	18,842	2,089	20,931
Revolving credits	-	18,000	18,000
Bankers' acceptances	-	121,168	121,168
Bank overdrafts	-	1,470	1,470
<u>Secured</u>			
Hire-purchase payables	1,076	1,210	2,286
	<u>19,918</u>	<u>143,937</u>	<u>163,855</u>

23. MATERIAL LITIGATION

There were no material litigation involving the Group as at 19 November 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
<u>Basic/Fully Diluted EPS</u>		
Profit attributable to owners of the Company (RM'000)	10,500	27,233
<u>Number of shares ('000)</u>		
Number of ordinary shares in issue	191,604	191,604
Basic/Fully Diluted EPS (sen)	5.48	14.21

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 22 November 2018.