

**Condensed Consolidated Income Statement  
For The Quarter Ended 30 June 2018**

	INDIVIDUAL QUARTER		CUMULATIVE YEAR TO DATE	
	Current Year Quarter 30 Jun 2018 (Unaudited)	Preceding Year Corresponding Quarter 30 Jun 2017 (Restated)	Current Year 6 months ended 30 Jun 2018 (Unaudited)	Preceding Year Corresponding Period 30 Jun 2017 (Restated)
	RM'000	RM'000	RM'000	RM'000
Revenue	26,997	30,594	51,858	60,055
Cost of sales	(20,832)	(17,082)	(39,907)	(33,130)
<b>Gross profit</b>	<u>6,165</u>	<u>13,512</u>	<u>11,951</u>	<u>26,925</u>
Other operating income	945	318	1,344	477
Selling Expenses	(2,571)	(2,676)	(4,885)	(5,202)
Other operating expenses	(1,307)	(886)	(2,194)	(1,735)
<b>Operating profit</b>	<u>3,232</u>	<u>10,268</u>	<u>6,216</u>	<u>20,465</u>
Finance costs	(277)	(612)	(920)	(1,242)
Interest income	25	93	48	146
<b>Profit before tax</b>	<u>2,980</u>	<u>9,749</u>	<u>5,344</u>	<u>19,369</u>
Income tax expense	(618)	(2,120)	(1,178)	(4,169)
<b>Profit for the period attributable to equity holders of the company</b>	<u>2,362</u>	<u>7,629</u>	<u>4,166</u>	<u>15,200</u>
<b>Earnings per share attributable to equity holders of the Company:</b>	<u>Sen</u>	<u>Sen</u>	<u>Sen</u>	<u>Sen</u>
Basic	0.49	1.60	0.87	3.17
Diluted	0.49	1.59	0.87	3.16

The condensed consolidated income statement should be read in conjunction with the audited financial statements for the year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements.

**Condensed Consolidated Statement of Comprehensive Income  
For The Quarter Ended 30 June 2018**

	INDIVIDUAL QUARTER		CUMULATIVE YEAR TO DATE	
	Current Year Quarter 30 Jun 2018 (Unaudited)	Preceding Year Corresponding Quarter 30 Jun 2017 (Restated)	Current Year 6 months ended 30 Jun 2018 (Unaudited)	Preceding Year Corresponding Period 30 Jun 2017 (Restated)
	RM'000	RM'000	RM'000	RM'000
Profit for the period	2,362	7,629	4,166	15,200
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the period attributable to equity holders of the company</b>	<u><u>2,362</u></u>	<u><u>7,629</u></u>	<u><u>4,166</u></u>	<u><u>15,200</u></u>

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements.

**Condensed Consolidated Statement of Financial Position  
As at 30 June 2018**

	(Unaudited)	(Restated)	(Restated)
	End of Current Quarter 30 June 2018	Preceding Financial Year Ended 31 December 2017	As At beginning of The Preceding Financial Year 1 January 2017
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	376,465	372,310	362,307
Other receivables	2,298	5,598	5,055
	<u>378,763</u>	<u>377,908</u>	<u>367,362</u>
<b>Current Assets</b>			
Inventories	5,737	4,351	3,077
Biological asset	2,179	2,112	2,697
Trade receivables	1,326	2,159	3,798
Other receivables	483	2,915	5,344
Tax recoverable	175	137	408
Fixed deposits with licensed bank	510	510	494
Cash and bank balances	3,483	11,692	13,787
	<u>13,893</u>	<u>23,876</u>	<u>29,605</u>
<b>TOTAL ASSETS</b>	<u><u>392,656</u></u>	<u><u>401,784</u></u>	<u><u>396,967</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the parent</b>			
Share capital	239,675	239,675	239,046
Capital Reserves	391	382	1,034
Retained profits	67,179	77,379	61,210
Total equity	<u>307,245</u>	<u>317,436</u>	<u>301,290</u>

**Condensed Consolidated Statement of Financial Position  
As at 30 June 2018 (Cont'd)**

	(Unaudited)	(Restated)	(Restated)
	End of Current Quarter 30 June 2018	Preceding Financial Year Ended 31 December 2017	As At beginning of The Preceding Financial Year 1 January 2017
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<b>EQUITY AND LIABILITIES (CONT'D)</b>			
<b>Non-current liabilities</b>			
Deferred tax liabilities	36,709	35,531	25,182
Loans and borrowings	210	13,100	35,862
	<u>36,919</u>	<u>48,631</u>	<u>61,044</u>
<b>Current liabilities</b>			
Trade payables	4,619	3,738	6,033
Other payables	6,183	9,182	9,720
Loans and borrowings	37,654	22,761	17,975
Derivatives	-	-	905
Income tax payable	36	36	-
	<u>48,492</u>	<u>35,717</u>	<u>34,633</u>
Total liabilities	<u>85,411</u>	<u>84,348</u>	<u>95,677</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>392,656</u>	<u>401,784</u>	<u>396,967</u>

The Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements.

**Condensed Consolidated Statement of Changes in Equity  
For the Financial Quarter ended 30 June 2018**

	<b>Share capital</b>	<b>Share premium</b>	<b>Other reserve</b>	<b>Retained earnings</b>	<b>Total equity</b>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<b>At 1 January 2018</b>	239,675	-	382	100,800	340,857
<b>Effect of adoption of MFRS As restated</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(23,421)</u>	<u>(23,421)</u>
	239,675	-	382	77,379	317,436
Share options granted under ESOS					
- Recognised in income statement	-	-	3	-	3
- Included in investments in subsidiary	-	-	6	-	6
Total comprehensive income for the period	-	-	-	4,166	4,166
Dividends on ordinary shares	-	-	-	(14,366)	(14,366)
<b>At 30 June 2018</b>	<u>239,675</u>	<u>-</u>	<u>391</u>	<u>67,179</u>	<u>307,245</u>
<b>At 1 January 2017</b>	239,047	-	1,034	76,721	316,802
<b>Effect of adoption of MFRS As restated</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(18,751)</u>	<u>(18,751)</u>
	239,047	-	1,034	57,970	298,051
Share options granted under ESOS					
Recognised in income statement	-	-	9	-	9
Included in investments in subsidiary	-	-	17	-	17
Exercise of employee share option	463	165	(165)	-	463
Total comprehensive income for the period	-	-	-	15,200	15,200
Dividends on ordinary shares	-	-	-	(9,577)	(9,577)
<b>At 30 June 2017</b>	<u>239,510</u>	<u>165</u>	<u>895</u>	<u>63,593</u>	<u>304,163</u>

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

**Condensed Consolidated Statement of Cash Flows  
For the Quarter ended 30 June 2018**

	<b>6 months ended 30 Jun 2018 (Unaudited) <u>RM'000</u></b>	<b>6 months ended 30 Jun 2017 (Restated) <u>RM'000</u></b>
<b>Operating activities</b>		
Profit before tax	5,344	19,369
<u>Adjustment for :-</u>		
Depreciation and amortisation of property, plant and equipment	10,116	8,792
Property, plant and equipment written off	14	27
Interest received	(48)	(146)
Interest expense	920	1,242
Share options granted under ESOS	3	9
Gain on disposal of equipment	(1,162)	(6)
Reversal of unrealised loss on commodity future contract	-	(905)
Total adjustments	<u>9,843</u>	<u>9,013</u>
<b>Operating cash flows before changes in working capital</b>	15,187	28,382
<u>Changes in working capital:</u>		
Increase in inventories	(1,386)	(2,509)
Decrease in receivables and others asset	6,498	5,418
Decrease in payables	(2,112)	(1,757)
Total changes in working capital	<u>3,000</u>	<u>1,152</u>
<b>Cash generated from operating activities</b>	18,187	29,534
Interest received	48	146
Interest paid	(954)	(1,389)
Income tax paid	(38)	(10)
<b>Net cash generated from operating activities</b>	<u>17,243</u>	<u>28,281</u>
<b>Investing activities</b>		
Placement of pledged fixed deposits	-	(14)
Purchase of property, plant and equipment	(15,254)	(12,734)
Proceeds from disposal of property, plant and equipment	2,165	6
<b>Net cash used in investing activities</b>	<u>(13,089)</u>	<u>(12,742)</u>

**Condensed Consolidated Statement of Cash Flows  
For the Quarter ended 30 June 2018 (Cont'd.)**

	<b>6 months ended 30 Jun 2018 (Unaudited) <u>RM'000</u></b>	<b>6 months ended 30 Jun 2017 (Restated) <u>RM'000</u></b>
<b>Financing activities</b>		
Net drawdown of revolving credit	12,000	-
Net repayment of term loans	(9,000)	(7,500)
Repayment of hire purchase liabilities	(997)	(761)
Proceeds from exercise of employee share options	-	463
Dividend paid	<u>(14,366)</u>	<u>(9,577)</u>
<b>Net cash used in financing activities</b>	<u>(12,363)</u>	<u>(17,375)</u>
Net decrease in cash and cash equivalents	(8,209)	(1,836)
Cash and cash equivalents at beginning of year	<u>11,692</u>	<u>13,787</u>
<b>Cash and cash equivalents at end of period</b>	<u><u>3,483</u></u>	<u><u>11,951</u></u>

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements.

## **EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2018**

### **A. EXPLANATORY NOTES PURSUANT TO MFRS 134**

#### **1. BASIS OF PREPARATION**

The condensed consolidated interim financial statements have been prepared in accordance with the requirements of Malaysian Financial Reporting Standard MFRS 134: Interim Financial Reporting and with IAS 34: Interim Financial Reporting and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) and should be read in conjunction with the Group’s audited financial statement for the financial year ended 31 December 2017.

These explanatory notes attached to the condensed consolidated interim financial statements provide an explanation of events and transactions that significant to the understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2017.

#### **2. FIRST-TIME ADOPTION OF MALAYSIAN FINANCIAL REPORTING STANDARDS (MFRS)**

These condensed consolidated interim financial statements are the Group’s first MFRS condensed consolidated interim financial statements for part of the period covered by the Group’s first MFRS annual financial statements for the year ending 31 December 2018. MFRS 1: First-Time Adoption of Malaysian Financial Reporting Standards has been applied.

The explanatory notes attached to these condensed consolidated interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2017.

In preparing its opening MFRS Statement of Financial Position as at 1 January 2017 (which is also the date of transition), the Group has adjusted the amounts previously reported in financial statements prepared in accordance with FRS. An explanation of how the transition from FRS to MFRS has affected the Group’s financial position, financial performance and cash flows is set out in Note 3 below. These noted include reconciliations of equity and total comprehensive income for comparative periods and of equity at the date of transition reported under FRS to those reported for those periods and at the date of transition under MFRS. The transition from FRS to MFRS has not had a material impact on the statement of cash flows.



## **EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2018**

### **3. SIGNIFICANT ACCOUNTING POLICIES AND APPLICATION OF MFRS 1**

The audited financial statements of the Group for the financial year ended 31 December 2017 were prepared in accordance with FRS. Except for certain differences, the requirements under FRS and MFRS are similar. The significant accounting policies adopted in preparing these condensed consolidated interim financial statements are consistent with those of the audited financial statements for the year ended 31 December 2017 except as discussed below:

#### Amendments to MFRS 116 Property, Plant & Equipment and MFRS 141 Agriculture: Bearer Plants

Under FRS, all direct expenses incurred in land preparation, planting, estate administrative and maintenance together with its produce of plantations up to maturity are capitalised as biological assets (non-current) and were not amortised. Maintenance expenditure subsequent to maturity is charged to income statement as and when incurred.

Upon the adoption of the Amendments to MFRS 116 and MFRS 141, all direct expenses of immature bearer plants are recognized and measured under MFRS 116 at accumulated cost while matured bearer plants are measured at cost less accumulated depreciation and accumulated impairment losses, if any. Biological assets – agricultural produce on bearer plants (FFB) are accounted for under MFRS 141 and are measured at fair value less costs to sell. Any changes in fair value less costs to sell of the biological assets are recognized in profit or loss. Oil palm seedlings in nursery are now being classified under bearer plants.

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE SECOND QUARTER ENDED 30 JUNE 2018**
**3. SIGNIFICANT ACCOUNTING POLICIES AND APPLICATION OF MFRS 1  
(CONT'D)**
Amendments to MFRS 116 Property, Plant & Equipment and MFRS 141 Agriculture: Bearer  
Plants (Cont'd.)

The reconciliation of equity and total comprehensive income for comparative periods and of equity at the date of transition reported under FRS to those reported for those periods and at the date of transition under MFRS is provided below:

## (a) Reconciliation of equity as at 1 January 2017

	<b>FRS As At 1 Jan 2017 RM'000</b>	<b>Effect of adoption of MFRSs RM'000</b>	<b>MFRS As At 1 Jan 2017 RM'000</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	157,540	204,767	362,307
Biological assets	<u>225,105</u>	<u>(225,105)</u>	<u>-</u>
<b>Current assets</b>			
Inventories	7,720	(4,643)	3,077
Biological assets	<u>-</u>	<u>2,697</u>	<u>2,697</u>
<b>Equity and liabilities</b>			
Retained earnings	76,721	(15,511)	61,210
Deferred tax liabilities	<u>31,955</u>	<u>(6,773)</u>	<u>25,182</u>

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE SECOND QUARTER ENDED 30 JUNE 2018**
**3. SIGNIFICANT ACCOUNTING POLICIES AND APPLICATION OF MFRS 1  
(CONT'D)**
Amendments to MFRS 116 Property, Plant & Equipment and MFRS 141 Agriculture: Bearer  
Plants (Cont'd.)

## (b) Reconciliation of equity as at 31 December 2017

	<b>FRS As At 31 Dec 2017 RM'000</b>	<b>Effect of adoption of MFRSs RM'000</b>	<b>MFRS As At 31 Dec 2017 RM'000</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	165,447	206,863	372,310
Biological assets	<u>236,430</u>	<u>(236,430)</u>	<u>-</u>
<b>Current assets</b>			
Inventories	9,403	(5,052)	4,351
Biological assets	<u>-</u>	<u>2,112</u>	<u>2,112</u>
<b>Equity and liabilities</b>			
Retained earnings	100,800	(23,421)	77,379
Deferred tax liabilities	<u>44,617</u>	<u>(9,086)</u>	<u>35,531</u>

## (c) Reconciliation of total comprehensive income for the period ended 30 June 2017

	<b>FRS As At 30 June 2017 RM'000</b>	<b>Effect of adoption of MFRSs RM'000</b>	<b>MFRS As At 30 June 2017 RM'000</b>
3 months ended 30 June 2017:			
Cost of sales	(14,673)	(2,409)	(17,082)
Other income	33	285	318
Income tax expense	<u>(2,699)</u>	<u>579</u>	<u>(2,120)</u>
6 months ended 30 June 2017:			
Cost of sales	(28,312)	(4,818)	(33,130)
Other income	42	435	477
Income tax expense	<u>(5,326)</u>	<u>1,157</u>	<u>(4,169)</u>

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE SECOND QUARTER ENDED 30 JUNE 2018**

**4. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS**

The auditors' report on the financial statements for the year ended 31 December 2017 was not qualified.

**5. SEGMENTAL INFORMATION**

No segment information has been prepared as the Group is primarily engaged in the cultivation of oil palm and manufacture and sale of crude palm oil and palm kernel.

**6. 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 financial period ended 30 June 2018.

**7. CHANGES IN ESTIMATES**

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

**8. SEASONAL OR CYCLICAL FACTORS**

The effects of seasonal or cyclical fluctuations, if any, are explained under Paragraphs 1 and 2 of Part B i.e. Explanatory Notes pursuant to Appendix 9B of the Main Market Listing Requirements of Bursa Securities.

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE SECOND QUARTER ENDED 30 JUNE 2018**

**9. DIVIDENDS PAID**

A final single tier dividend of 3.0 sen per ordinary share for the financial year ended 31 December 2017, amounting to RM14,365,738 was paid on 20 June 2018.

**10. CARRYING AMOUNT OF PROPERTY, PLANT AND EQUIPMENT**

There were no brought forward valuations of property, plant and equipment from the financial year ended 31 December 2017 and there were no valuations of property, plant and equipment carried out during the financial period ended 30 June 2018.

**11. DEBT AND EQUITY SECURITIES**

There were no issuances, cancellations, repurchases, resale, and repayments of debt and equity securities during the financial period ended 30 June 2018.

**12. CHANGES IN THE COMPOSITION OF THE GROUP**

There were no changes in the composition of the Group during the current financial quarter.

**13. DISCONTINUED OPERATION**

There were no discontinued operations for the Group during the current financial quarter.

**14. CAPITAL COMMITMENTS**

The amount of capital commitments not provided for in the interim financial statements as at 30 June 2018 are as follows:

Capital expenditure:	<b>2018</b>
Property, plant and equipment:	<u>RM'000</u>
Approved and contracted for	6,448
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## **EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2018**

### **15. CONTINGENT ASSETS AND LIABILITIES**

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

### **16. MATERIAL LITIGATION**

On 3 June 2014, Serijaya Industri Sdn. Bhd. (SJI), a wholly-owned subsidiary of the Company, filed a notice of arbitration against Asiatic Lumber Industries Sdn. Bhd. (ALISB) for a claim approximately RM14,631,516 arising from a shortfall in guaranteed volume of log production under a Logging Sub-Contract agreement between SJI and ALISB.

Under the Logging Sub-Contract agreement, ALISB has undertaken to extract a minimum of 120,000 m<sup>3</sup> of logs per annum. The amount of RM14,631,516 was computed on the loss of profit from production shortfall.

On 1 July 2014, ALISB filed a counterclaim for alleged losses of RM47,638,833.

The Arbitrator had on 6 October 2016 awarded SJI the whole claim amounted to RM11,619,123 for shortfall from 2011 to 2013 with interest at 10% per annum.

ALISB has sought determination from the High Court on questions of law arising from the Arbitrator's award and, on 4 April 2017, the High Court in Sandakan had dismissed the application to set aside the arbitration award by ALISB and delivered the ruling in favour of SJI. On 10 April 2017, ALISB has filed a Notice of Appeal in the Court of Appeal to set aside the arbitration award. On 17 April 2017, the High Court of Sabah and Sarawak has ordered that leave be granted to SJI to enforce the arbitration award. ALISB failed to pay the sums under the arbitrations award. On 14 August 2017, the High Court of Sabah and Sarawak has ordered that ALISB be wound up and the Director General of Insolvency be appointed as the liquidator of ALISB. Due to ALISB's winding-up, it requested for time to obtain sanction of the Insolvency Department to proceed with its appeal to Court of Appeal. On 24 July 2018, ALISB's lawyer issued a Notice of Discontinuance of the Appeal.

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE SECOND QUARTER ENDED 30 JUNE 2018**

**17. MATERIAL RELATED PARTY TRANSACTIONS**

<b>Group</b>	<b>2018</b>
	<u>RM'000</u>
<b>Trade transactions</b>	
Transaction with a related party:	
Rental paid to TSH Resources Bhd., a company in which a director of the Company has an interest.	51
Sales of Crude Palm Oil to TSH-Wilmar Sdn. Bhd.	45,756
Sales of Palm Kernel to TSH-Wilmar Sdn. Bhd.	6,102
 <b>Company</b>	
<b>Trade transaction</b>	
Management fees charged to subsidiary	
- Serijaya Industri Sdn. Bhd.	180
- IPB Bio Energy Sdn. Bhd.	18
 Transaction with related party	
- Rental paid to Yayasan Sabah	21

**18. MATERIAL EVENTS SUBSEQUENT TO THE END OF PERIOD REPORTED**

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

## B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSAMALAYSIA SECURITIES BERHAD

### 1. PERFORMANCE REVIEW

	INDIVIDUAL QUARTER			CUMMULATIVE YEAR TO DATE		
	Current Year Quarter 30 Jun 2018	Preceding Year Quarter 30 Jun 2017 (Restated)	Variance	Current Year 6 months ended 30 Jun 2018	Preceding Year Period 30 Jun 2017 (Restated)	Variance
	RM'000	RM'000	%	RM'000	RM'000	%
<b>FINANCIAL INFORMATION:</b>						
Revenue	26,997	30,594	(12%)	51,858	60,055	(14%)
Operating Profit	3,232	10,268	(69%)	6,216	20,465	(70%)
Profit Before Tax	2,980	9,749	(69%)	5,344	19,369	(72%)
Profit After Tax	2,362	7,629	(69%)	4,166	15,200	(73%)
Profit Attributable to Equity Holders of the Company	2,362	7,629	(69%)	4,166	15,200	(73%)
<b>OPERATION STATISTICS:</b>						
<b>Palm Products:</b>						
FFB Production (MT)	43,859	46,146	(5%)	84,543	80,521	5%
CPO Production (MT)	10,054	10,249	(2%)	19,284	18,477	4%
PK Production (MT)	1,519	1,487	2%	3,023	2,672	13%
CPO Sold (MT)	10,234	9,781	5%	19,088	18,041	6%
PK Sold (MT)	1,508	1,512	-	3,090	2,625	18%
CPO Oil Extraction Rate (%)	22.88	23.30	(2%)	22.82	23.58	(3%)
Average CPO Price Per MT (RM)	2,377	2,721	(13%)	2,397	2,912	(18%)
Average PK Price Per MT (RM)	1,772	2,023	(12%)	1,974	2,513	(21%)



## EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2018

### 1. PERFORMANCE REVIEW(CONT'D.)

The Group recorded a turnover of RM26.997 million for the current quarter ended 30 June 2018 representing a decrease of 12% as compared to RM30.594 million for the preceding financial year corresponding quarter. Profit before tax for the current quarter was RM2.980 million compared to preceding financial year corresponding quarter of RM9.749 million, a decrease of 69%. The decrease in turnover and profit before tax was mainly due to lower average selling prices of CPO and PK.

For the current year-to-date, the Group recorded a turnover of RM51.858 million compared to RM60.055 in preceding year corresponding period, which is a decrease of 14%. Profit before tax was RM5.344 million, a decrease of 72% compared to last year corresponding period. The decrease in turnover and profit before tax for year-to-date were mainly due to lower average selling price of CPO and PK despite higher CPO and PK sales volume and FFB production.

### 2. MATERIAL CHANGES IN PROFIT BEFORE TAXATION

	INDIVIDUAL QUARTER		
	Current Year Quarter 30 June 2018	Immediate Preceding Quarter 31 Mar 2018	Variance
	RM'000	RM'000	%
<b>FINANCIAL INFORMATION:</b>			
Revenue	26,997	24,861	9%
Operating Profit	3,232	2,983	8%
Profit Before Tax	2,980	2,363	26%
Profit After Tax	2,362	1,803	31%
Profit Attributable to Equity of the Company	2,362	1,803	31%
<b>OPERATION STATISTICS:</b>			
FFB Production (MT)	43,859	40,684	8%
CPO Production (MT)	10,054	9,230	9%
PK Production (MT)	1,519	1,504	1%
CPO Sold (MT)	10,234	8,855	16%
PK Sold (MT)	1,508	1,582	(5%)
CPO Oil Extraction Rate (%)	22.88	22.75	-
Average CPO Price Per MT (RM)	2,377	2,420	(2%)
Average PK Price Per MT (RM)	1,772	2,168	(18%)

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE SECOND QUARTER ENDED 30 JUNE 2018**

**2. MATERIAL CHANGES IN PROFIT BEFORE TAXATION (CONT'D)**

Profit before tax for the current quarter at RM2.980 million was 26% higher compared to RM2.363 million achieved in the immediate preceding quarter. The increase was mainly due to higher CPO sales volume arising from higher FFB production despite lower average selling price of CPO and PK.

**3. COMMENTARY ON PROSPECT FOR 2019**

FFB production for coming quarter is expected to increase due to seasonal factor. Palm product prices are expected to remain weak in 3<sup>rd</sup> quarter due to seasonally higher crop. However with lower unit cost arising from higher yield per hectare, your Board is confident of achieving reasonable profit for 2018.

Management will continue to focus on efficiency and productivity to reduce production cost.

**4. PROFIT FORECAST OR PROFIT GUARANTEE**

There were no profit forecasts or profit guarantees released to the public.

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE SECOND QUARTER ENDED 30 JUNE 2018**
**5. INCOME TAX EXPENSE**

	INDIVIDUAL QUARTER		CUMULATIVE YEAR TO DATE	
	Current Year Quarter 30 Jun 2018 (Unaudited)	Preceding Year Corresponding Quarter 30 Jun 2017 (Restated)	Current Year 6 months ended 30 Jun 2018 (Unaudited)	Preceding Year Corresponding Period 30 Jun 2017 (Restated)
	RM'000	RM'000	RM'000	RM'000
Current year tax:				
Malaysian income tax	-	-	-	-
Deferred tax	618	2,120	1,178	4,169
	<u>618</u>	<u>2,120</u>	<u>1,178</u>	<u>4,169</u>
(Over)/underprovided in prior years:				
Malaysian income tax	-	-	-	-
Deferred tax	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>618</u>	<u>2,120</u>	<u>1,178</u>	<u>4,169</u>

**6. SALE OF UNQUOTED INVESTMENTS AND/OR PROPERTIES**

There were no sales/disposals of unquoted investments and properties during the current financial quarter and period ended 30 June 2018.

**7. QUOTED SECURITIES**

- (a) There was no purchase and sale of quoted securities for the current financial quarter ended 30 June 2018.
- (b) There was no investment in quoted shares as at 30 June 2018.

**8. STATUS OF CORPORATE PROPOSALS**

There were no corporate proposals for the current financial quarter ended 30 June 2018.

## EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2018

### 9. UTILISATION OF PROCEEDS

No proceed were raised by the Company from any corporate exercise during the period.

### 10. LOANS AND BORROWINGS

	As at end of current quarter 30 June 2018 (Unaudited) RM'000	As at 31 Dec 2017 (Restated) RM'000
Short term borrowings		
Secured;		
Revolving credit	12,000	-
Term loans	25,000	21,500
Hire purchase creditor	654	1,261
	<u>37,654</u>	<u>22,761</u>
Long term borrowings		
Secured;		
Term loans	-	12,500
Hire purchase creditor	210	600
	<u>210</u>	<u>13,100</u>
Total borrowings		
Secured;		
Revolving credit	12,000	-
Term loans	25,000	34,000
Hire purchase creditor	864	1,861
	<u>37,864</u>	<u>35,861</u>

The weighted average effective interest rate of borrowings as at 30 June 2018 was 5.22%.

Loans and borrowings of the Group are secured by the following:

- (a) Corporate guarantee given by the Company.
- (b) Assignment of rights, title and interest including but not limited to the right to occupy and develop a parcel of land.
- (c) All monies debenture and power of attorney over all of the existing and future assets of a subsidiary.
- (d) Pledge of deposits with licensed bank.

All borrowings are denominated in Ringgit Malaysia.

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE SECOND QUARTER ENDED 30 JUNE 2018**
**11. OFF BALANCE SHEET FINANCIAL INSTRUMENTS**

There were no off balance sheet financial instruments as at 30 June 2018.

**12. PROPOSED DIVIDEND**

The Company did not declare any interim dividend for the current quarter ended 30 June 2018.

**13. EARNINGS PER SHARE**
**(a) Basic earning per share**

Basic earnings per share amounts are calculated by dividing profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares in issue during the year:

	INDIVIDUAL QUARTER		CUMULATIVE YEAR TO DATE	
	Current Year Quarter 30 Jun 2018 (Unaudited)	Preceding Year Corresponding Quarter 30Jun 2017 (Restated)	Current Year 6 months ended 30Jun 2018 (Unaudited)	Preceding Year Corresponding Period 30Jun 2017 (Restated)
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Profit attributable to ordinary equity holders of the parent	2,362	7,629	4,166	15,200
Weighted average number of ordinary shares in issue ('000)	478,858	478,858	479,614	479,127
	<u>Sen</u>	<u>Sen</u>	<u>Sen</u>	<u>Sen</u>
Basic earnings per share	0.49	1.60	0.87	3.17

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE SECOND QUARTER ENDED 30 JUNE 2018**
**13. EARNINGS PER SHARE (Cont'd)**
**(b) Diluted earnings per share**

	INDIVIDUAL QUARTER		CUMULATIVE YEAR TO DATE	
	Current Year Quarter 30 Jun 2018 (Unaudited)	Preceding Year Corresponding Quarter 30 Jun 2017 (Restated)	Current Year 6 months ended 30 Jun 2018 (Unaudited)	Preceding Year Corresponding Period 30 Jun 2017 (Restated)
	RM'000	RM'000	RM'000	RM'000
Profit attributable to ordinary equity holders of the parent	2,362	7,629	4,166	15,200
Weighted average number of ordinary shares in issue ('000)	478,858	478,858	479,614	479,127
Effect of ESOS ('000)	1,243	1,327	1,243	1,327
Weighted average number of ordinary shares in issue ('000)	480,101	480,185	480,857	480,454
	<u>Sen</u>	<u>Sen</u>	<u>Sen</u>	<u>Sen</u>
Diluted earnings per share	0.49	1.59	0.87	3.16

The diluted earnings per share is calculated by dividing the net profit for the period by the weighted average number of ordinary shares in issue during the period.

The share options was calculated based on the number of shares which would have been acquired at the market price (average annual share price of the company's share) based on the monetary value of the subscription rights attached to the outstanding share options. No adjustment is made to the net profit attributable to shareholders for the share options calculations.

**14. 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 21 August 2018.