

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

	INDIVIDUAL QUARTER		CUMULATIVE YEAR TO DATE	
	Current Year Quarter 30 Sep 2018 (Unaudited)	Preceding Year Corresponding Quarter 30 Sep 2017 (Restated)	Current Year 9 months ended 30 Sep 2018 (Unaudited)	Preceding Year Corresponding Period 30 Sep 2017 (Restated)
	RM'000	RM'000	RM'000	RM'000
Revenue	29,361	32,618	81,219	92,673
Cost of sales	(20,421)	(15,522)	(60,328)	(48,652)
Gross profit	8,940	17,096	20,891	44,021
Other operating income	473	1,376	1,817	1,995
Selling Expenses	(2,784)	(2,949)	(7,669)	(8,151)
Other operating expenses	(1,005)	(1,037)	(3,199)	(2,773)
Operating profit	5,624	14,486	11,840	35,092
Finance costs	(509)	(576)	(1,429)	(1,818)
Interest income	2	33	50	179
Profit before tax	5,117	13,943	10,461	33,453
Income tax expense	(1,076)	(2,894)	(2,253)	(7,063)
Profit for the period attributable to equity holders of the company	4,041	11,049	8,208	26,390
Earnings per share attributable to equity holders of the Company:	<u>Sen</u>	<u>Sen</u>	<u>Sen</u>	<u>Sen</u>
Basic	0.84	2.31	1.71	5.50
Diluted	0.84	2.30	1.70	5.48

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 September 2018**

	INDIVIDUAL QUARTER		CUMULATIVE YEAR TO DATE	
	Current Year Quarter 30 Sep 2018 (Unaudited)	Preceding Year Corresponding Quarter 30 Sep 2017 (Restated)	Current Year 9 months ended 30 Sep 2018 (Unaudited)	Preceding Year Corresponding Period 30 Sep 2017 (Restated)
	RM'000	RM'000	RM'000	RM'000
Profit for the period	4,041	11,049	8,208	26,390
Other comprehensive income	-	-	-	-
Total comprehensive income for the period attributable to equity holders of the company	4,041	11,049	8,208	26,390

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 September 2018**

	(Unaudited)	(Restated)	(Restated)
	End of Current Quarter 30 Sep 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>
ASSETS			
Non-current assets			
Property, plant and equipment	375,900	372,310	362,307
Other receivables	2,298	5,598	5,055
	<u>378,198</u>	<u>377,908</u>	<u>367,362</u>
Current Assets			
Inventories	7,567	4,351	3,077
Biological asset	2,707	2,112	2,697
Trade receivables	2,500	2,159	3,798
Other receivables	202	2,915	5,344
Tax recoverable	189	137	408
Fixed deposits with licensed bank	510	510	494
Cash and bank balances	2,098	11,692	13,787
	<u>15,773</u>	<u>23,876</u>	<u>29,605</u>
TOTAL ASSETS	<u><u>393,971</u></u>	<u><u>401,784</u></u>	<u><u>396,967</u></u>
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital	239,675	239,675	239,046
Capital Reserves	391	382	1,034
Retained profits	71,221	77,379	61,210
Total equity	<u>311,287</u>	<u>317,436</u>	<u>301,290</u>

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

	(Unaudited)	(Restated)	(Restated)
	End of Current Quarter 30 Sep 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>
EQUITY AND LIABILITIES (CONT'D)			
Non-current liabilities			
Deferred tax liabilities	37,784	35,531	25,182
Loans and borrowings	117	13,100	35,862
	<u>37,901</u>	<u>48,631</u>	<u>61,044</u>
Current liabilities			
Trade payables	5,084	3,738	6,033
Other payables	7,758	9,182	9,720
Loans and borrowings	31,941	22,761	17,975
Derivatives	-	-	905
Income tax payable	-	36	-
	<u>44,783</u>	<u>35,717</u>	<u>34,633</u>
Total liabilities	<u>82,684</u>	<u>84,348</u>	<u>95,677</u>
TOTAL EQUITY AND LIABILITIES	<u>393,971</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 September 2018**

	Share capital	Share premium	Other reserve	Retained earnings	Total equity
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
At 1 January 2018	239,675	-	382	100,800	340,857
Effect of adoption of MFRS As restated	<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	-	-	-	8,208	8,208
Dividends on ordinary shares	-	-	-	(14,366)	(14,366)
At 30 September 2018	<u>239,675</u>	<u>-</u>	<u>391</u>	<u>71,221</u>	<u>311,287</u>
At 1 January 2017	239,046	-	1,034	76,721	316,801
Effect of adoption of MFRS As restated	<u>-</u>	<u>-</u>	<u>-</u>	<u>(15,511)</u>	<u>(15,511)</u>
	239,046	-	1,034	61,210	301,290
Share options granted under ESOS					
Recognised in income statement	-	-	13	-	13
Included in investments in subsidiary	-	-	25	-	25
Exercise of employee share option	464	165	(165)	-	464
Transfer pursuant to Companies Act 2006	165	(165)	-	-	-
Total comprehensive income for the period	-	-	-	26,390	26,390
Dividends on ordinary shares	-	-	-	(19,154)	(19,154)
At 30 September 2017	<u>239,675</u>	<u>-</u>	<u>907</u>	<u>68,446</u>	<u>309,028</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 September 2018**

	9 months ended 30 Sep 2018 (Unaudited) <u>RM'000</u>	9 months ended 30 Sep 2017 (Restated) <u>RM'000</u>
Operating activities		
Profit before tax	10,461	33,453
<u>Adjustment for :-</u>		
Depreciation and amortisation of property, plant and equipment	15,047	13,294
Property, plant and equipment written off	14	30
Interest received	(50)	(179)
Interest expense	1,429	1,818
Share options granted under ESOS	3	13
Gain on disposal of equipment	(1,162)	(6)
Reversal of unrealised loss on commodity future contract	-	(905)
Total adjustments	<u>15,281</u>	<u>14,065</u>
Operating cash flows before changes in working capital	25,742	47,518
<u>Changes in working capital:</u>		
Increase in inventories	(3,216)	(7,122)
Decrease in receivables and others asset	5,077	4,845
Decrease in payables	(72)	(6,742)
Total changes in working capital	<u>1,789</u>	<u>(9,019)</u>
Cash generated from operating activities	27,531	38,499
Interest received	50	179
Interest paid	(1,477)	(2,003)
Income tax paid	(88)	(14)
Net cash generated from operating activities	<u>26,016</u>	<u>36,661</u>
Investing activities		
Placement of pledged fixed deposits	-	(14)
Purchase of property, plant and equipment	(19,606)	(19,577)
Proceeds from disposal of property, plant and equipment	2,165	6
Net cash used in investing activities	<u>(17,441)</u>	<u>(19,585)</u>

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

	9 months ended 30 Sep 2018 (Unaudited) <u>RM'000</u>	9 months ended 30 Sep 2017 (Restated) <u>RM'000</u>
Financing activities		
Drawdown of revolving credit	12,000	-
Drawdown of invoice financing	628	-
Repayment of term loans	(15,250)	(12,000)
Repayment of hire purchase liabilities	(1,181)	(1,143)
Proceeds from exercise of employee share options	-	464
Dividend paid	<u>(14,366)</u>	<u>(9,577)</u>
Net cash used in financing activities	<u>(18,169)</u>	<u>(22,256)</u>
Net decrease in cash and cash equivalents	(9,594)	(5,180)
Cash and cash equivalents at beginning of year	<u>11,692</u>	<u>13,787</u>
Cash and cash equivalents at end of period	<u><u>2,098</u></u>	<u><u>8,607</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 THIRD QUARTER ENDED 30 SEPTEMBER 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 notes 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 THIRD QUARTER ENDED 30 SEPTEMBER 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 THIRD QUARTER ENDED 30 SEPTEMBER 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

	FRS As At 1 Jan 2017 RM'000	Effect of adoption of MFRSs RM'000	MFRS As At 1 Jan 2017 RM'000
Assets			
Non-current assets			
Property, plant and equipment	157,540	204,767	362,307
Biological assets	<u>225,105</u>	<u>(225,105)</u>	<u>-</u>
Current assets			
Inventories	7,720	(4,643)	3,077
Biological assets	<u>-</u>	<u>2,697</u>	<u>2,697</u>
Equity and liabilities			
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 THIRD QUARTER ENDED 30 SEPTEMBER 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

	FRS As At 31 Dec 2017 RM'000	Effect of adoption of MFRSs RM'000	MFRS As At 31 Dec 2017 RM'000
Assets			
Non-current assets			
Property, plant and equipment	165,447	206,863	372,310
Biological assets	<u>236,430</u>	<u>(236,430)</u>	<u>-</u>
Current assets			
Inventories	9,403	(5,052)	4,351
Biological assets	<u>-</u>	<u>2,112</u>	<u>2,112</u>
Equity and liabilities			
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 September 2017

	FRS As At 30 Sep 2017 RM'000	Effect of adoption of MFRSs RM'000	MFRS As At 30 Sep 2017 RM'000
9 months ended 30 Sep 2017:			
Cost of sales	(41,424)	(7,228)	(48,652)
Other income	653	1,342	1,995
Income tax expense	<u>(8,798)</u>	<u>1,735</u>	<u>(7,063)</u>

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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 September 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.

9. DIVIDENDS PAID

The amount of dividend paid during the nine months ended 30 September 2018:

In respect of financial year ended 31 December 2017:

A final single tier dividend of 3.0 sen
per ordinary share paid on 20 June 2018

2017
RM'000

14,366

No interim dividend has been paid during the current quarter ended 30 September 2018.

EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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 September 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 September 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 September 2018 are as follows:

Capital expenditure:	2018
Property, plant and equipment:	<u>RM'000</u>
Approved and contracted for	5,880
	<u><u>5,880</u></u>

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.

EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018

16. MATERIAL LITIGATION

- (a) 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 m³ 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.

- (b) On 13 September 2018, SJI received a Writ of Summons and Statement of Claim in relation to a suit of the Plaintiff, Nip Wing Hon against SJI as the 3rd Defendant together with six (6) other named defendants (Defendants).

The Plaintiff has claimed that the Defendants have since 2013, wrongfully and maliciously conspired and combined amongst themselves to defraud and injure the Plaintiff in his business and claimed for the various damages. SJI's lawyer will be applying to strike out the suit on the basis that the plaintiff has no locus standi as the logging contract was between SJI and Asiatic Lumber Industries Sdn. Bhd. and the case against SJI had undergone arbitration with award in favour of SJI. (will have to update after court review on 9 November 2018).

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018**

17. MATERIAL RELATED PARTY TRANSACTIONS

Group	2018
	<u>RM'000</u>
Trade transactions	
Transaction with a related party:	
Rental paid to TSH Resources Bhd., a company in which a director of the Company has an interest.	77
Sales of crude palm oil to TSH-Wilmar Sdn. Bhd.	71,346
Sales of palm kernel to TSH-Wilmar Sdn. Bhd.	9,033
Sales of oil palm fresh fruit bunches to TSH Plantation Management Sdn. Bhd.	840
Purchase of oil palm seedlings from TSH Biotech Sdn. Bhd.	324
 Company	
Trade transaction	
Management fees charged to subsidiary	
- Serijaya Industri Sdn. Bhd.	270
- IPB Bio Energy Sdn. Bhd.	27
Transaction with related party	
- Rental paid to Yayasan Sabah	32

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 Sep 2018	Preceding Year Quarter 30 Sep 2017 (Restated)	Variance	Current Year 9 months ended 30 Sep 2018	Preceding Year Period 30 Sep 2017 (Restated)	Variance
	RM'000	RM'000	%	RM'000	RM'000	%
FINANCIAL INFORMATION:						
Revenue	29,361	32,618	(10%)	81,219	92,673	(12%)
Operating Profit	5,624	14,486	(61%)	11,840	35,092	(66%)
Profit Before Tax	5,117	13,943	(63%)	10,461	33,453	(69%)
Profit After Tax	4,041	11,049	(63%)	8,208	26,390	(69%)
Profit Attributable to Equity Holders of the Company	4,041	11,049	(63%)	8,208	26,390	(69%)
OPERATION STATISTICS:						
Palm Products:						
FFB Production (MT)	56,535	56,080	1%	141,078	136,601	3%
CPO Production (MT)	12,250	12,700	(3%)	31,535	31,178	1%
PK Production (MT)	1,824	1,929	(5%)	4,847	4,601	5%
CPO Sold (MT)	11,669	10,774	8%	30,757	28,815	7%
PK Sold (MT)	1,716	1,841	(7%)	4,806	4,465	8%
CPO Oil Extraction Rate (%)	22.82	22.65	1%	23.00	23.19	(1%)
PK Extraction Rate (%)	3.40	3.44	(1%)	3.51	3.42	3%
Average CPO Price Per MT (RM)	2,193	2,640	(17%)	2,320	2,810	(17%)
Average PK Price Per MT (RM)	1,708	2,269	(25%)	1,879	2,413	(22%)

EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018

1. PERFORMANCE REVIEW(CONT'D.)

The Group recorded a turnover of RM29.361 million for the current quarter ended 30 September 2018 representing a decrease of 10% as compared to RM32.618 million for the preceding financial year corresponding quarter. Profit before tax for the current quarter was RM5.117 million compared to preceding financial year corresponding quarter of RM13.943 million, a decrease of 63%. 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 RM81.219 million compared to RM92.673 in preceding year corresponding period, which is a decrease of 12%. Profit before tax was RM10.461 million, a decrease of 69% 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 Sep 2018	Immediate Preceding Quarter 30 June 2018	Variance
	RM'000	RM'000	%
FINANCIAL INFORMATION:			
Revenue	29,361	26,997	9%
Operating Profit	5,624	3,232	74%
Profit Before Tax	5,117	2,980	72%
Profit After Tax	4,041	2,362	71%
Profit Attributable to Equity of the Company	4,041	2,362	71%
OPERATION STATISTICS:			
FFB Production (MT)	56,535	43,859	29%
CPO Production (MT)	12,250	10,054	22%
PK Production (MT)	1,824	1,519	20%
CPO Sold (MT)	11,669	10,234	14%
PK Sold (MT)	1,716	1,508	14%
CPO Oil Extraction Rate (%)	22.82	22.88	-
PK Extraction Rate (%)	3.40	3.46	(2%)
Average CPO Price Per MT (RM)	2,193	2,377	(8%)
Average PK Price Per MT (RM)	1,708	1,772	(4%)

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018**

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

Profit before tax for the current quarter at RM5.117 million was 72% higher compared to RM2.980 million achieved in the immediate preceding quarter. The increase was mainly due to higher CPO and PK 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 4th quarter due to seasonally higher crop which coupled with an unexciting demand scenario is expected to result in higher CPO stock at national level. Expectation of another bumper, USA soya bean crop is a further drag on CPO price. However with lower unit cost arising from higher yield per hectare, your Board is confident of achieving reasonable profit for Q4 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 THIRD QUARTER ENDED 30 SEPTEMBER 2018**
5. INCOME TAX EXPENSE

	INDIVIDUAL QUARTER		CUMULATIVE YEAR TO DATE	
	Current Year Quarter 30 Sep 2018 (Unaudited)	Preceding Year Corresponding Quarter 30 Sep 2017 (Restated)	Current Year 9 months ended 30 Sep 2018 (Unaudited)	Preceding Year Corresponding Period 30 Sep 2017 (Restated)
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Current year tax:				
Malaysian income tax	-	-	-	-
Deferred tax	<u>1,076</u>	<u>2,886</u>	<u>2,253</u>	<u>7,055</u>
	1,076	2,886	2,253	7,055
(Over)/underprovided in prior years:				
Malaysian income tax	-	8	-	8
Deferred tax	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u><u>1,076</u></u>	<u><u>2,894</u></u>	<u><u>2,253</u></u>	<u><u>7,063</u></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 September 2018.

7. QUOTED SECURITIES

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

8. STATUS OF CORPORATE PROPOSALS

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

EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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 Sep 2018 (Unaudited) RM'000	As at 31 Dec 2017 (Restated) RM'000
Short term borrowings		
Secured;		
Revolving credit	12,000	-
Invoice financing	628	
Term loans	18,750	21,500
Hire purchase creditor	563	1,261
	<u>31,941</u>	<u>22,761</u>
Long term borrowings		
Secured;		
Term loans	-	12,500
Hire purchase creditor	117	600
	<u>117</u>	<u>13,100</u>
Total borrowings		
Secured;		
Revolving credit	12,000	-
Invoice financing	628	
Term loans	18,750	34,000
Hire purchase creditor	680	1,861
	<u>32,058</u>	<u>35,861</u>

The weighted average effective interest rate of borrowings as at 30 September 2018 was 5.27%.

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 THIRD QUARTER ENDED 30 SEPTEMBER 2018**
11. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

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

12. PROPOSED DIVIDEND

The Company did not declare any interim dividend for the current quarter ended 30 September 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 Sep 2018 (Unaudited)	Preceding Year Corresponding Quarter 30 Sep 2017 (Restated)	Current Year 9 months ended 30 Sep 2018 (Unaudited)	Preceding Year Corresponding Period 30 Sep 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	4,041	11,049	8,208	26,390
Weighted average number of ordinary shares in issue ('000)	478,858	478,858	480,362	479,880
	<u>Sen</u>	<u>Sen</u>	<u>Sen</u>	<u>Sen</u>
Basic earnings per share	0.84	2.31	1.71	5.50

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

	INDIVIDUAL QUARTER		CUMULATIVE YEAR TO DATE	
	Current Year Quarter 30 Sep 2018 (Unaudited)	Preceding Year Corresponding Quarter 30 Sep 2017 (Restated)	Current Year 9 months ended 30 Sep 2018 (Unaudited)	Preceding Year Corresponding Period 30 Sep 2017 (Restated)
	RM'000	RM'000	RM'000	RM'000
Profit attributable to ordinary equity holders of the parent	4,041	11,049	8,208	26,390
Weighted average number of ordinary shares in issue ('000)	478,858	478,858	480,362	479,880
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	481,605	481,207
	<u>Sen</u>	<u>Sen</u>	<u>Sen</u>	<u>Sen</u>
Diluted earnings per share	0.84	2.30	1.70	5.48

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 13 November 2018.