



Condensed Consolidated Statement of Comprehensive Income
For The Year Ended 30 June 2017

	Note	3 months Ended		12 months Ended	
		30.06.17 RM'000	30.06.16 RM'000	30.06.17 RM'000	30.06.16 RM'000 (Audited)
Continuing Operations					
Revenue	8	159,137	354,565	1,379,894	1,258,493
Cost of Sales		(128,571)	(311,370)	(1,161,054)	(1,123,283)
Gross Profit		30,566	43,195	218,840	135,210
Other Items of Income					
Interest Income		709	246	1,785	1,263
Other Operating Income		15,288	12,140	19,970	28,510
Other Items of Expenses					
Selling Expenses		(12,067)	(11,004)	(60,224)	(40,090)
Administrative Expenses		(6,009)	(7,959)	(73,399)	(91,605)
Other Operating Expenses		(11,598)	(17,997)	(11,598)	(17,997)
Finance Costs		(7,524)	(7,974)	(31,998)	(33,267)
Profit/(Loss) Before Tax	17	9,365	10,647	63,376	(17,976)
Income Tax Expense	20	(13,350)	(6,074)	(23,621)	(7,152)
(Loss)/Profit From Continuing Operations		(3,985)	4,573	39,755	(25,128)
Discontinued Operations					
Profit From Discontinued Operations	22	362	-	362	-
(Loss)/Profit For The Period/Year		(3,623)	4,573	40,117	(25,128)
Other Comprehensive Income/(Loss):					
Foreign currency translation		4,754	(15,300)	10,587	(6,898)
Net surplus on revaluation of leasehold land, buildings and biological assets		14,724	12,937	14,724	12,937
		19,478	(2,363)	25,311	6,039
Total Comprehensive Income/(Loss) For The Period/Year		15,855	2,210	65,428	(19,089)
(Loss)/Profit For The Period/Year Attributable To:					
Owners of the Company		(1,884)	5,278	42,544	(23,967)
Non-controlling Interests		(1,739)	(705)	(2,427)	(1,161)
		(3,623)	4,573	40,117	(25,128)
Total Comprehensive Income/(Loss) Attributable To:					
Owners of the Company		17,594	2,915	67,855	(17,928)
Non-controlling Interests		(1,739)	(705)	(2,427)	(1,161)
		15,855	2,210	65,428	(19,089)
(Loss)/Earnings Per Share Attributable to Owners of The Company:					
		3 months Ended		12 months Ended	
		30.06.17	30.06.16	30.06.17	30.06.16
Basic (Sen Per Share)	29 (a)	(0.60)	1.69	13.65	(7.69)

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 30 June 2016 and the accompanying explanatory notes attached to the interim financial statements.



Condensed Consolidated Statement of Financial Position
As At 30 June 2017

	Note	As at 30.06.17 RM'000	As at 30.06.16 RM'000 (Audited)
ASSETS			
Non-Current Assets			
Property, plant and equipment	9	1,247,364	1,346,509
Biological assets	9	413,912	514,977
Investment properties	9	45,700	45,700
Land use rights		9,192	17,472
Other receivables		9,600	9,298
		<u>1,725,768</u>	<u>1,933,956</u>
Current Assets			
Inventories		107,762	137,254
Derivative assets	26	-	1,359
Trade receivables		41,210	82,703
Other receivables		23,844	31,049
Tax recoverable		599	3,845
GST input tax receivable		4,983	4,896
Short-term deposits with licensed banks	23	20,588	3,000
Cash and bank balances	23	51,355	64,844
		<u>250,341</u>	<u>328,950</u>
Assets of disposal group classified as held for sale	22	204,597	-
		<u>454,938</u>	<u>328,950</u>
TOTAL ASSETS		<u><u>2,180,706</u></u>	<u><u>2,262,906</u></u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		155,839	155,839
Share premium		53,727	53,727
Retained earnings	24	181,419	138,875
Other reserves		878,198	852,887
		<u>1,269,183</u>	<u>1,201,328</u>
Non-controlling interests		<u>(4,676)</u>	<u>(2,249)</u>
Total Equity		<u>1,264,507</u>	<u>1,199,079</u>
Non-Current Liabilities			
Borrowings	25	148,042	41,829
Deferred tax liabilities		223,228	213,789
		<u>371,270</u>	<u>255,618</u>
Current Liabilities			
Borrowings	25	419,744	631,192
Trade payables		76,913	123,573
Other payables		33,813	31,949
Derivative liabilities	26	14,208	21,495
		<u>544,678</u>	<u>808,209</u>
Liabilities directly associated with disposal group classified as held for sale	22	251	-
		<u>544,929</u>	<u>808,209</u>
Total Liabilities		<u>916,199</u>	<u>1,063,827</u>
TOTAL EQUITY AND LIABILITIES		<u><u>2,180,706</u></u>	<u><u>2,262,906</u></u>

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 30 June 2016 and the accompanying explanatory notes attached to the interim financial statements.

Condensed Consolidated Statement of Changes in Equity
For The Year Ended 30 June 2017

	← Non-Distributable		← Distributable		← Attributable to Owners of the Company				← Equity	
	Share Capital RM'000	Share Premium RM'000	Retained Earnings RM'000	Other Reserves Total RM'000	Asset Revaluation Reserve RM'000	Fair Value Adjustment Reserve RM'000	Foreign Currency Translation Reserve RM'000	Equity Attributable to Owners of the Company, Total RM'000	Non-controlling Interests RM'000	Total Equity RM'000
At 1 July 2015	155,839	53,727	162,842	846,848	806,124	4,193	36,531	1,219,256	(1,088)	1,218,168
Loss net of tax	-	-	(23,967)	-	-	-	-	(23,967)	(1,161)	(25,128)
Other comprehensive (loss)/income										
Foreign currency translation	-	-	-	(6,898)	-	-	(6,898)	(6,898)	-	(6,898)
Revaluation of leasehold land, buildings and biological assets	-	-	-	12,937	12,937	-	-	12,937	-	12,937
Total comprehensive (loss)/income	-	-	(23,967)	6,039	12,937	-	(6,898)	6,039	-	6,039
At 30 June 2016	155,839	53,727	138,875	852,887	819,061	4,193	29,633	1,201,328	(2,249)	1,199,079
At 1 July 2016	155,839	53,727	138,875	852,887	819,061	4,193	29,633	1,201,328	(2,249)	1,199,079
Profit/(loss) net of tax	-	-	42,544	-	-	-	-	42,544	(2,427)	40,117
Other comprehensive income										
Foreign currency translation	-	-	-	10,587	-	-	10,587	10,587	-	10,587
Revaluation of leasehold land, buildings and biological assets	-	-	-	14,724	14,724	-	-	14,724	-	14,724
Total comprehensive income/(loss)	-	-	42,544	25,311	14,724	-	10,587	25,311	-	25,311
At 30 June 2017	155,839	53,727	181,419	878,198	833,785	4,193	40,220	1,269,183	(4,676)	1,264,507

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 30 June 2016 and the accompanying explanatory notes attached to the interim financial statements.

Condensed Consolidated Statements of Cash Flows
For The Year Ended 30 June 2017

	12 months Ended	
	30.06.17 RM'000	30.06.16 RM'000 (Audited)
OPERATING ACTIVITIES		
Profit/(Loss) before tax from:		
- Continuing operations	63,376	(17,976)
- Discontinued operations	362	-
	<u>63,738</u>	<u>(17,976)</u>
Adjustments for:		
Amortisation of land use rights	466	475
Depreciation of property, plant and equipment	37,879	38,351
Gain on disposal of investment properties	-	(7)
Gain on disposal of property, plant and equipment	(187)	(196)
Gain on disposal of a subsidiary	(5,120)	-
Allowance on receivables	-	132
Impairment loss on biological assets	9,259	7,971
Interest expense	31,998	33,267
Interest income	(1,785)	(1,263)
Net fair value gain on derivative financial instruments	(5,892)	(3,966)
Net gain from fair value adjustment of investment properties	-	(13,406)
Property, plant and equipment written off	668	127
Reversal of allowance on receivables	(58)	(15)
Real property gain tax expense	-	358
Unrealised loss on foreign exchange	9,910	14,382
Total adjustments	<u>77,138</u>	<u>76,210</u>
Operating cash flows before working capital changes	<u>140,876</u>	<u>58,234</u>
Changes in working capital:		
Decrease/(Increase) in inventories	29,492	(3,644)
Decrease in receivables	48,309	2,418
(Decrease)/Increase in payables	(44,796)	32,755
Total changes in working capital	<u>33,005</u>	<u>31,529</u>
Cash flows generated from operations	<u>173,881</u>	<u>89,763</u>
Interest paid	(31,998)	(33,267)
Income tax paid	(16,138)	(12,218)
Income tax refunded	4	11,512
Net cash flows generated from operating activities	<u>125,749</u>	<u>55,790</u>
INVESTING ACTIVITIES		
Acquisition of investment properties	-	(294)
Acquisition of property, plant and equipment	(4,275)	(6,461)
Interest received	1,785	1,263
Plantation development expenditure	(10,606)	(19,344)
Proceeds from disposal of property, plant and equipment	165	237
Proceeds from disposal of an investment property	-	4,007
Withdrawal of short-term deposits	-	10,367
Net cash flows used in investing activities	<u>(12,931)</u>	<u>(10,225)</u>
FINANCING ACTIVITIES		
Drawdown of bankers' acceptances and trust receipts	914,940	848,298
Drawdown of revolving credits	1,604,213	1,520,000
Repayment of bankers' acceptances and trust receipts	(989,790)	(897,036)
Repayment of hire purchase payables	(631)	(1,287)
Repayment of revolving credits	(1,574,213)	(1,413,000)
Repayment of term loans	(76,549)	(75,149)
Net cash flows used in financing activities	<u>(122,030)</u>	<u>(18,174)</u>
Net (decrease)/increase in cash and cash equivalents	<u>(9,212)</u>	<u>27,391</u>
Effect of exchange rate differences	13,311	(9,872)
Cash and cash equivalents at beginning of the period	<u>67,844</u>	<u>50,325</u>
Cash and cash equivalents at end of period (Note 23)	<u>71,943</u>	<u>67,844</u>

The condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the year ended 30 June 2016 and the accompanying explanatory notes attached to the interim financial statements.

1. Basis of Preparation

The condensed consolidated interim financial statements have been prepared under the historical cost convention except for the revaluation of land and buildings included within property, plant and equipment, biological assets and investment properties.

The condensed consolidated interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The condensed consolidated interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 30 June 2016. These explanatory notes attached to the 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 financial year ended 30 June 2016.

2. Significant Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the financial year ended 30 June 2016, except for the adoption of the following new Financial Reporting Standards (FRS), Amendments to FRS and IC Interpretations with effect from 1 July 2016:

Disclosure Initiative (Amendments to FRS 101)

Disclosure Initiative (Amendments to FRS 101) made the following changes:

- (i) **Materiality.** The amendments clarify that (1) information should not be obscured by aggregating or by providing immaterial information, (2) materiality considerations apply to the all parts of the financial statements, and (3) even when a standard requires a specific disclosure materiality considerations do apply.
- (ii) **Statement of profit or loss and other comprehensive income.** The amendments (1) introduce a clarification that the list of line items to be presented in these statements can be disaggregated as relevant and additional guidance on subtotals in these statements and (2) clarify that an entity's share of Other Comprehensive Income of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss.
- (iii) **Notes.** The amendments add additional examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes and to demonstrate that the notes need not be presented in the order so far listed in paragraph 114 of FRS 101. The IASB also removed guidance and examples with regard to the identification of significant accounting policies that were perceived as being potentially unhelpful.

The adoption of the above new/amended FRS do not have any significant financial impacts on the results and the financial position of the Group for the current year.

As the date of authorization of these interim financial statements, the following FRS, IC Interpretations and Amendments to IC Interpretations were issued but not yet effective and have not been applied by the Group:

2. Significant Accounting Policies (Continued)

Effective for financial periods beginning on or after 1 January 2017

- Amendments to FRSs contained in the document entitled “Annual Improvements to FRSs 2014-2016 Cycle”;
- FRS 107 Disclosures Initiatives (Amendments to FRS 107); and
- Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to FRS 112).

Effective for financial periods beginning on or after 1 January 2018

- FRS 9 Financial Instrument (2014)

The Group has yet to adopt the Malaysian Financial Reporting Standards (“MFRS”) framework, but has elected to be a transitioning entity which will only adopt the MFRS framework for the financial year ending 30 June 2019.

3. Auditors’ Report on Preceding Annual Financial Statements

The auditors’ report on the financial statements for the financial year ended 30 June 2016 was not qualified.

4. 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 quarter under review.

5. Changes in Estimates

There were no material changes in estimates that have had material effects in the current quarter results.

6. Comments About Seasonal or Cyclical Factors

The seasonal or cyclical factors affecting the results of the operations of the Group are general climatic conditions, age profile of oil palms, the cyclical nature of annual production and fluctuating commodity prices.

7. Dividend Payable

No dividend was paid/payable during the current year under review.

8. Segmental Information

Segmental information for the current financial year ended 30 June 2017 is as followed:

	<i>Oil palm plantations and palm products processing</i>		<i>Oleochemical Products</i>		<i>Others</i>		<i>Per consolidated financial statements</i>	
	<i>30.06.17</i>	<i>30.06.16</i>	<i>30.06.17</i>	<i>30.06.16</i>	<i>30.06.17</i>	<i>30.06.16</i>	<i>30.06.17</i>	<i>30.06.16</i>
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
3 months ended 30 June (Current Quarter)								
Revenue								
External sales	86,714	276,862	72,423	77,703	-	-	159,137	354,565
Total Revenue	86,714	276,862	72,423	77,703	-	-	159,137	354,565
Results								
Interest income	678	220	31	26	-	-	709	246
Depreciation/amortisation	7,276	5,968	1,960	1,947	211	211	9,447	8,126
Segment profit/(loss)	22,988	11,218	(13,043)	(351)	(218)	(220)	9,727	10,647
12 months ended 30 June (Year-To-Date)								
Revenue								
External sales	1,087,542	1,002,787	292,352	255,706	-	-	1,379,894	1,258,493
Total Revenue	1,087,542	1,002,787	292,352	255,706	-	-	1,379,894	1,258,493
Results								
Interest income	1,619	1,117	166	146	-	-	1,785	1,263
Depreciation/amortisation	29,621	29,759	7,878	8,221	846	846	38,345	38,826
Segment profit/(loss)	85,819	(9,190)	(21,223)	(8,123)	(858)	(663)	63,738	(17,976)
Excluding the following non-cash and provisional items, the Group had an underlying profit before tax of:								
Reconciliation:							<i>12 months ended</i>	
							<i>30.06.17</i>	<i>30.06.16</i>
							<i>RM'000</i>	<i>RM'000</i>
							<i>(Audited)</i>	
Profit/(loss) before tax							63,738	(17,976)
Add/(Less): Non-cash and provisional items								
Allowance on receivables							-	132
Unrealised provisional foreign exchange losses							9,910	14,382
Provision for fair value (gain)/loss on derivatives							(5,892)	5,316
Property, plant and equipment written off							668	127
Depreciation and amortisation of property, plant and equipment							38,345	38,826
Gain on disposal of property, plant and equipment							(187)	(196)
Gain on disposal of a subsidiary							(5,120)	-
Impairment loss on biological assets							9,259	7,971
Net gain from fair value adjustment of investment properties							-	(13,406)
Reversal of allowance on receivables							(58)	(15)
Profit before tax excluding non-cash and provisional items							110,663	35,161

9. Carrying Amount of Revalued Assets

During the current quarter, the Group has performed its latest revaluation on its property, plant and equipment and biological assets to conform to the Group policy. Any revaluation surplus has been credited to equity as revaluation surplus, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, which shall be recognised in profit or loss.

10. Debt and Equity Securities

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the current quarter ended 30 June 2017.

11. Changes in Composition of the Group

There were no other changes in the composition of the Group during the current quarter under review, except on 1 August 2017, the Company has fulfilled all the conditions precedent during the quarter as stipulated in the conditional Share Sale Agreement dated 7 April 2017 between Kwantas Corporation Berhad and Guangzhou Lushang Technology Development Co. Ltd in respect of the Proposed Disposal of 100% equity interest in Dongma (Guangzhou Free Trade Zone) Oleochemicals Co. Ltd for a total cash consideration of RMB25,000,000. In this regard, Dongma (Guangzhou Free Trade Zone) Oleochemicals Co. Ltd has ceased to be a subsidiary of Kwantas and realised a gain on disposal of approximately RM5.12 million.

12. Capital Commitments

The amount of capital commitments for the plantation development activities not provided for in the financial statements as at 30 June 2017 is as follows:

	<i>RM'000</i>
Approved and contracted for	<u>2,245</u>

13. Changes in Contingent Liabilities and Contingent Assets

Unsecured

The Company has provided corporate guarantees to secure banking facilities granted to its subsidiary companies. The amount utilised and outstanding as at 30 June 2017 amounted to approximately RM168 million.

14. Subsequent Events

There were no material events subsequent to the end of the current quarter, except as disclosed in Note 21.

15. Performance Review

Oil palm plantations and palm products processing

This major segment has contributed 79% of the Group's total revenue in the current financial year. For the current financial year under review, this segment recorded a revenue of RM1.087 billion, as compared to a total of RM1.002 billion revenue reported in the same corresponding period of preceding year, an increase of 8.5% or RM85 million in value. The increase in revenue was due to the following despite the overall year-to-date volume traded has decreased by 17%:

- a) increase in the realised average CPO unit selling price of RM2,884 per metric tonne for the current financial year as compared to RM2,246 per metric tonne in the previous financial year; and
- b) increase in the realised average CPKO unit selling price of RM5,520 per metric tonne for the current financial year as compared to RM3,250 per metric tonne in the previous financial year.

Oleochemical products

Oleochemical division has accounted for 21% of the total Group's revenue for the current financial year. The revenue has increased by 14% or RM36.7 million in value in the current year. The increase was mainly due to the increase average oleochemical products unit selling price by 16% for the current year under review, despite a slight decrease in year-to-date oleochemical products sales volume by 2%.

Others

Others segments' results are insignificant to the Group.

16. Comment on Material Change in Profit/(Loss) Before Tax

3-months ended 30 June 2017 (QTD 2017) Vs 3-months ended 30 June 2016 (QTD 2016)

The Group reported a profit before tax of RM9.4 million for 3-months ended 30 June 2017 (QTD 2017) as compared to a profit before tax of RM10.6 million for 3-months ended 30 June 2016 (QTD 2016), a slight decrease of RM1.2 million for QTD 2017. The slight change in QTD 2017 result on a quarter-to-quarter basis were inclusive of the following:

- a) increase in gross profit margin contribution in QTD 2017, due to higher realised average CPO and CPKO unit selling price;
- b) lower administrative expenses and higher other operating income in QTD 2017 as compared to QTD 2016. This was particularly due the followings:
 - i) improvement in unrealised foreign exchange movement from a loss position of RM16.9 million in QTD 2016 to a gain position of RM5.4 million in QTD 2017;
 - ii) improvement in fair value movement on derivative financial instruments from a loss position of RM9.9 million in QTD 2016 to a gain position of RM3.2 million in QTD 2017;
 - iii) the Group has recognised a gain of RM5.1 million on the disposal of a subsidiary during QTD 2017;
 - iv) however, the abovementioned gain are offset against the decrease in fair value gain on investment properties of RM13.4 million which was recognised in QTD 2016 and a decrease in realised gain on foreign exchange movement of RM5.6 million in QTD 2017; and
 - v) the Group has also incurred an impairment loss of RM9.2 million due to a deficit in valuation of biological assets during QTD 2017, higher by RM1.2 million as compared to a loss of RM8 million incurred in QTD 2016.

16. Comment on Material Change in Profit/(Loss) Before Tax (continued)

12-months ended 30 June 2017 (YTD 2017) Vs 12-months ended 30 June 2016 (YTD 2016)

The Group reported a profit before tax of RM63.3 million from continuing operations, and a net profit of RM0.4 million from discontinued operations for 12-months ended 30 June 2017 (FYE 2017) as compared to a loss before tax of RM18 million from continuing operations for 12-months ended 30 June 2016 (FYE 2016). The Group's results has improved by RM81.7 million for financial year ended 2017 as compared to year ended 2016, mainly due to the following reasons:

- a) increase in gross profit margin contribution for FYE 2017 at 16% as compared to 11% in FYE 2016. This was mainly due to strengthening in the CPO and CPKO realised average unit selling price during the financial year 2017;
- b) improvement in the fair value movement on derivative financial instruments with a gain of RM5.9 million recognised for FYE 2017, as compared to a loss of RM5.3 million in the same period ended 2016. The improvement was due to the fluctuations of Ringgit Malaysia against the United States Dollars for the period under reviewed;
- c) improvement in the realised foreign exchange movement from a loss position of RM30 million in FYE 2016 to a gain position of RM0.5 million in FYE 2017, arising from the account balances and settlement of payables denominated in Renminbi and United States Dollars;
- d) improvement in the unrealised foreign exchange movement from a loss of RM14.4 million in FYE 2016 to a loss of RM9.9 million in FYE 2017. The unrealised foreign exchange movement was mainly arising from the translation of outstanding payables denominated in Renminbi and United States Dollars;
- e) gain of RM5.1 million from the disposal of a subsidiary was recognised during the financial year ended 2017;
- f) overall decrease in the Group's interest expense by RM1.3 million in FYE 2017;

Selling expenses have increased significantly during the financial year ended 2017 by RM20.1 million due to higher CPO sales tax and CPO export duty which was in line with the increased commodity prices. The effect of offsetting with overall decrease in administrative expenses and finance costs has contributed a positive net operating profit margin of RM63.3 million from continuing operations to the Group for the financial year ended 2017, a significant improvement by RM81.3 million from the negative profit margin of RM18 million in the year ended 2016.

Excluding non-cash items such as amortisation of land use rights, depreciation on property, plant and equipment, unrealised foreign exchange losses, provisional fair value gain in derivatives, impairment loss on biological assets and gain on disposal of property, plant and equipment and subsidiaries, the Group had made an underlying profit before tax of RM110 million for the financial year ended 2017, representing a profit margin of 8% over the Group's total revenue.

17. Profit/(Loss) Before Tax

Profit/(Loss) before tax for the period/year is arrived at after crediting/(charging):

	<i>3 months ended</i>		<i>12 months ended</i>	
	<i>30.06.17</i>	<i>30.06.16</i>	<i>30.06.17</i>	<i>30.06.16</i>
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
				<i>(Audited)</i>
Allowance on receivables	-	(132)	-	(132)
Amortisation of land use rights	(466)	(475)	(466)	(475)
Depreciation on property, plant & equipment	(8,981)	(7,651)	(37,879)	(38,351)
Gain on disposal of property, plant & equipment	100	4	187	196
Gain on disposal of an investment property	-	7	-	7
Gain on disposal of a subsidiary	5,120	-	5,120	-
Impairment loss on biological assets	(9,259)	(7,971)	(9,259)	(7,971)
Interest income	709	246	1,785	1,263
Interest expense	(7,524)	(7,974)	(31,998)	(33,267)
Property, plant & equipment written off	(194)	(126)	(668)	(127)
Net gain from fair value adjustment of investment properties	-	13,406	-	13,406
Net fair value gain/(loss) on derivative financial instruments	3,175	(9,904)	5,892	(5,316)
Reversal of allowance on receivables	35	15	58	15
Realised foreign exchange gain/(loss)	1,870	7,444	533	(29,989)
Unrealised foreign exchange gain/(loss)	5,371	(16,926)	(9,910)	(14,382)

18. Commentary on Prospects

With increased palm oil production and palm oil inventories in the second quarter of year 2017, CPO price has been normalised and was traded at the range of RM2,600 to RM2,800 per metric tonne. The slight recovery and strengthening in the exchange rate between Ringgit Malaysia against United States Dollars in the second quarter of year 2017 has benefited towards the export of palm oil products to global market. The Board of Directors is optimistic on the long term prospect for palm oil industry as the global demand for palm oil is expected to increase on year to year basis as palm oil are widely used in daily consumer products, edible products and biofuels.

As 80% of the Group's revenue is derived from the Oil Palm Plantation and Palm Products segment, it will remain as a significant contributor to the overall profitability of the Group. The Board of Directors expects that the Group will continue to achieve satisfactory results and benefit from this segment through forward sales commitment and group wide hedging strategies. The management has been continuously focus on the maturity profile of the oil palm trees, replanting exercise to be rolled out on a timely basis and efforts to increase production efficiency in order to achieve long term sustainability.

Oleochemical segment remains volatile for year 2017 in terms of unstable Renminbi currency, uncertainty of market demand and oleochemical products pricing challenges. The Group is actively reviewing its business model to mitigate price and currency risks through robust hedging and cost control strategies. With the successful disposal of a subsidiary of Kwantas in China (as stated in Note 11), and another corporate divestment exercise in place (as stated in Note 21), the Board of Directors is confident that the Group's prospect will remain bright and positive.

19. Profit Forecast or Profit Guarantee

The disclosure requirements for explanatory notes for the variance of actual profit and forecast profit and for the shortfall in profit guarantee are not applicable.

20. Income Tax Expense

	<i>3 months ended</i>		<i>12 months ended</i>	
	<i>30.06.17</i>	<i>30.06.16</i>	<i>30.06.17</i>	<i>30.06.16</i>
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Current income tax:				<i>(Audited)</i>
- Malaysian income tax	8,108	3,351	19,379	6,929
Deferred tax	5,242	2,723	4,242	223
Total income tax expense	13,350	6,074	23,621	7,152

The effective tax rate for the current quarter and current financial year was higher than the statutory income tax rate of 24% (2016: 24%) principally due to the availability of non-deductible expenses and losses incurred in certain subsidiaries.

21. Corporate Proposals

There are no corporate proposals announced but not completed as at 24 August 2017, except for the followings:

- i) Kwantas Plantations Sdn Bhd (“KPSB” or “Vendor”), a wholly owned subsidiary of the Company, had on 19 April 2017 entered into a Sale and Purchase Agreement (“SPA”) with KUB Malua Plantation Sdn Bhd (“KMP” or “Purchaser”), a wholly owned subsidiary of KUB Malaysia Berhad (“KUB”) to dispose of 3,791 acres of agriculture land held under title Country Lease 095316395 located at Sungai Kinabatangan, District of Kinabatangan, Sabah identified as Pintasan 8, together with all oil palm trees planted and structures erected thereon, for a total cash consideration of RM100,448,621. Collectively known as “the Disposal”.

The Disposal is subject to and conditional upon the following main conditions:

- a) The Purchaser’s satisfaction of the results of the Due Diligence Review, which shall include confirmation from the Purchaser’s surveyors that the discrepancy of the planted area within the Property to be no more than two per cent (2%) and that the yield from crops as projected by the Vendor is accurate and achievable;
- b) The Vendor’s and the Purchaser’s execution in escrow of a sale agreement in respect of the sale of fresh fruit bunches from the Property by the Purchaser to the Vendor and delivery to Pintasan Palm Oil Mill, which is owned by the Vendor or its related company; and
- c) any other conditions as may be imposed or required by law, regulation or Governmental policies, regulations and directives or the relevant State by laws, regulations and directives subsequent to the execution of the SPA.

21. Corporate Proposals (continued)

The conditions are to be fulfilled within the period of 4 months from the date of the SPA, hereinafter referred to as the Conditional Period. In the event that any of the conditions are not fulfilled by the expiry of the Conditional Period, the Conditional Period shall automatically be extended by a further period of 1 month or such longer period(s) as mutually agreed upon in writing by the parties.

The Disposal is not subject to and does not require the approval of the shareholders of Kwantas and is not conditional upon any corporate exercise undertaken or to be undertaken by the Company. The Disposal is expected to be completed by end of year 2017 and the Group is expected to realise an estimated loss on disposal of RM31.5 million.

The Board of Directors is of the opinion that the above Disposal is in the best interest of the Group.

22. Disposal Group Classified As Held For Sale and Discontinued Operations

As at 30 June 2017, part of the non-current assets and operating segment of the Group are classified as disposal group held for sale and the results from this operating segment are classified under discontinued operations following the commitment of the Group's management to a plan to sell part of the assets. Efforts to sell the disposal group have commenced, and the sales are expected by fourth quarter of year 2017.

The major classes of assets and liabilities classified as held for sale as at 30 June 2017 are as follows:

	<i>As at</i> 30.06.17 <i>RM'000</i>	<i>As at</i> 30.06.16 <i>RM'000</i> <i>(Audited)</i>
<u>Assets of the disposal group:</u>		
Property, plant and equipment	117,991	-
Biological assets	81,908	-
Deferred tax assets	978	-
Inventories	492	-
Receivables	3,203	-
Cash and bank balances	25	-
Assets of the disposal group classified as held for sale	204,597	-
<u>Liabilities of the disposal group:</u>		
Payables	251	-
Liabilities directly associated with disposal group classified as held for sale	251	-
Net assets directly associated with disposal group classified as held for sale	204,346	-

22. Disposal Group Classified As Held For Sale and Discontinued Operations (continued)

The results attributable to the discontinued operation shown as follows is relating to the Corporate Proposal as stated in Note 21:

	<i>3 months ended</i>		<i>12 months ended</i>	
	<i>30.06.17</i>	<i>30.06.16</i>	<i>30.06.17</i>	<i>30.06.16</i>
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Revenue	1,423	-	1,423	-
Expenses	(1,061)	-	(1,061)	-
Profit from Discontinued Operations	362	-	362	-
Included in results from operating activities are:				
Depreciation of property, plant and equipment	30	-	30	-

23. Cash and Cash Equivalents

	<i>As at</i> <i>30.06.17</i> <i>RM'000</i>	<i>As at</i> <i>30.06.16</i> <i>RM'000</i> <i>(Audited)</i>
Cash and bank balances	51,355	64,844
Short-term deposits with licensed banks	20,588	3,000
Cash and cash equivalents	71,943	67,844

24. Retained Earnings

The breakdown of retained profits of the Group as at 30 June 2017 is as follows:

	<i>As at</i> <i>30.06.17</i> <i>RM'000</i>	<i>As at</i> <i>30.06.16</i> <i>RM'000</i> <i>(Audited)</i>
Total retained earnings of the Company and its subsidiaries:		
- Realised	428,768	434,410
- Unrealised	(90,120)	(85,878)
	338,648	348,532
Less: Consolidation adjustments	(157,229)	(209,657)
Total Group retained earnings as per consolidated accounts	181,419	138,875

25. Borrowings

	<i>As at 30.06.17 RM'000</i>	<i>As at 30.06.16 RM'000 (Audited)</i>
Short term borrowings		
- Secured	122,219	322,398
- Unsecured	297,525	308,794
	419,744	631,192
Long term borrowings		
- Secured	148,042	41,829
	567,786	673,021

Borrowings denominated in foreign currency:

	USD '000	RMB '000	RM'000 equivalent
United States Dollars	49,771	-	213,743
Renminbi	-	72,232	45,784
Total	49,771	72,232	259,527

The Company has not in compliance with a financial covenant of a licensed bank with a total outstanding balance of RM185,351,939 (30.06.2016: RM212,790,266), related to the requirement to maintain a current ratio and debt service coverage ratio requirement of not less than 1.0 and not less than 1.2 respectively. However, the licensed bank has provided a waiver on these financial covenants until 30 June 2018.

26. Derivative Financial Instruments

As at 30 June 2017, the values and maturity analysis of the outstanding derivatives are as follows:

	Contract/Notional Amount RM '000	Fair Value Gain/(Loss) RM '000
i) Forward Currency Contracts - Less than 1 year	952	(1,321)
ii) Cross Currency Swap Contracts - Less than 1 year	13,256	8,021
iii) Commodity Swap Contracts - Less than 1 year	-	(808)
Total	14,208	5,892

The forward currency contracts are entered into by the Group to manage some of the transactions exposures. These contracts are not designated as cash flow or fair value hedges and are entered into for periods consistent with currency transaction exposures and fair value changes exposure.

26. Derivative Financial Instruments (continued)

The Group also uses cross currency swap contracts and commodity swap contracts to manage the financial risk exposures related to borrowings and revenue respectively.

With the adoption of FRS 139, derivative financial instruments are recognised at fair value on contract dates and are subsequently re-measured at fair value through profit or loss. The resulting gain or loss from the re-measurement is recognised in profit or loss.

For the current quarter ended 30 June 2017, there have been no significant changes to the Group's exposure to credit risk, market risk and liquidity risk from the previous financial year as well as the Group's risk management objectives, policies and processes.

27. Material Litigation

A Writ of Summons dated 27 June 2014 was filed by Inno Integrasi Sdn. Bhd. (Plaintiff) and served to Kwantas Oil Sdn Bhd (KOSB), a wholly-owned subsidiary of the Company, whereby the plaintiff claimed for loss of profit approximately RM66.9 million for the alleged breached/repudiation of agreements entered by plaintiff and KOSB to the supply of organic palm wastes together with KOSB's leased to the plaintiff, and in return, plaintiff will process the organic palm wastes to become bio-organic fertilizer (BF) and re-sell to KOSB.

KOSB filed its Statement of Defence and Counterclaim on 5th August 2014. The plaintiff applied for summary judgement and hearing began on 13th August 2015. On 18th January 2016, the Court dismissed the Summary Judgement application by the plaintiff. The Court has fixed the trial dates from the 6th December 2016 until 15th December 2016 for the full trial. The trial was to be continued from 6th to 10th February 2017, 27th February to 1st March 2017, 9th to 10th March 2017, 13th to 15th March 2017, 20th to 22nd March 2017, 12th to 13th April 2017, 17th to 21 April 2017, 12th to 14th June 2017 and 5th to 7th July 2017, 31st July to 3rd August 2017, 10th to 16th August 2017, 22nd to 25th August 2017 and 7th to 8th September 2017.

The directors are of the opinion that the claim by the plaintiff will not succeed and accordingly no further provision for liability has been made in these financial statements.

28. Dividend

No interim dividend has been declared for the financial year ending 30 June 2017.

29. (Loss)/Earnings Per Share

(a) Basic

Basic (loss)/earnings per share amounts are calculated by dividing (loss)/profit for the period/year attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period/year.

29. (Loss)/Earnings Per Share (continued)

(a) Basic (continued)

	<i>3 months ended</i>		<i>12 months ended</i>	
	<i>30.06.17</i>	<i>30.06.16</i>	<i>30.06.17</i>	<i>30.06.16</i>
(Loss)/profit for the period/year attributable to owners of the Company (RM'000)	(1,884)	5,278	42,544	(23,967)
Weighted average number of ordinary shares in issue ('000)	311,678	311,678	311,678	311,678
Basic (loss)/earnings per share (sen)	(0.60)	1.69	13.65	(7.69)

(b) Diluted

There is no dilution in the earnings per share of the current and previous quarter end as there are no dilutive potential ordinary shares outstanding at the end of the reporting period/year.

30. Authorisation for Issue

The condensed consolidated interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 25 August 2017.