



**Condensed Consolidated Statement of Comprehensive Income**  
**For The Period Ended 31 March 2018**  
(The figures have not been audited)

	Note	Current Quarter 3 months Ended		Year-to-Date 9 months Ended	
		31.03.18 RM'000	31.03.17 RM'000	31.03.18 RM'000	31.03.17 RM'000
<b>Revenue</b>	8	180,596	377,409	642,222	1,220,757
Cost of sales		(148,873)	(315,725)	(516,745)	(1,032,483)
<b>Gross profit</b>		31,723	61,684	125,477	188,274
<b>Other items of income</b>					
Interest income		293	339	989	1,076
Other operating income		6,687	2,708	26,028	4,682
<b>Other items of expenses</b>					
Selling expenses		(9,046)	(14,468)	(35,466)	(48,157)
Administrative expenses		(43,195)	(18,359)	(70,224)	(67,390)
Finance costs		(5,545)	(7,517)	(17,384)	(24,474)
<b>(Loss)/Profit before tax from continuing operations</b>	17	(19,083)	24,387	29,420	54,011
Income tax expense	20	500	(3,771)	(8,250)	(10,271)
<b>(Loss)/Profit from continuing operations net of tax</b>		<b>(18,583)</b>	<b>20,616</b>	<b>21,170</b>	<b>43,740</b>
<b>Discontinued operations</b>					
Profit from discontinued operations, net of tax	22	149	-	6,111	-
<b>(Loss)/Profit for the financial period</b>		<b>(18,434)</b>	<b>20,616</b>	<b>27,281</b>	<b>43,740</b>
<b>Other comprehensive (loss)/income</b>					
<b>Item that to be reclassified in subsequent period to profit or loss:</b>					
Foreign currency translation		(3,832)	(14,158)	(8,971)	5,833
		(3,832)	(14,158)	(8,971)	5,833
<b>Total comprehensive (loss)/income for the period</b>		<b>(22,266)</b>	<b>6,458</b>	<b>18,310</b>	<b>49,573</b>
<b>(Loss)/Profit for the period attributable to:</b>					
Owners of the Company		(18,198)	20,786	28,080	44,428
Non-controlling interests		(236)	(170)	(799)	(688)
		<b>(18,434)</b>	<b>20,616</b>	<b>27,281</b>	<b>43,740</b>
<b>Total comprehensive (loss)/income attributable to:</b>					
Owners of the Company		(22,030)	6,628	19,109	50,261
Non-controlling interests		(236)	(170)	(799)	(688)
		<b>(22,266)</b>	<b>6,458</b>	<b>18,310</b>	<b>49,573</b>
<b>(Loss)/Earnings per share attributable to owners of the Company (sen):</b>					
Basic	29 (a)	(5.84)	6.67	9.01	14.25

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 30 June 2017 and the accompanying explanatory notes attached to the interim financial statements.



**Condensed Consolidated Statement of Financial Position**

**As At 31 March 2018**

(The figures have not been audited)

	Note	As at 31.03.18 RM'000	As at 30.06.17 RM'000 (Audited)
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	9	1,214,025	1,247,364
Biological assets	9	414,725	413,912
Investment properties	9	45,700	45,700
Land use rights	9	9,259	9,192
Other receivables		8,378	9,600
		<u>1,692,087</u>	<u>1,725,768</u>
<b>Current Assets</b>			
Inventories		136,857	107,762
Trade receivables		23,087	41,210
Other receivables		11,187	23,844
Tax recoverable		3,734	599
GST input tax receivable		4,757	4,983
Derivative assets	26	1,078	-
Short-term deposits with licensed banks	23	13,500	20,588
Cash and bank balances	23	29,632	51,355
		<u>223,832</u>	<u>250,341</u>
Assets of disposal group classified as held for sale	22	75,297	194,837
<b>TOTAL ASSETS</b>		<u><u>1,991,216</u></u>	<u><u>2,170,946</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital		155,839	209,566
Other reserves		760,818	769,142
Retained earnings	24	333,382	181,419
Equity of disposal group classified as held for sale	22	32,485	103,288
		<u>1,282,524</u>	<u>1,263,415</u>
<b>Non-controlling interests</b>		<u>(5,475)</u>	<u>(4,676)</u>
<b>Total equity</b>		<u>1,277,049</u>	<u>1,258,739</u>
<b>Non-Current Liabilities</b>			
Loans and borrowings	25	3,976	156,590
Deferred tax liabilities		218,881	219,881
		<u>222,857</u>	<u>376,471</u>
<b>Current Liabilities</b>			
Loans and borrowings	25	403,057	411,196
Trade payables		54,365	76,913
Other payables		31,408	30,800
Derivative liabilities	26	-	14,208
		<u>488,830</u>	<u>533,117</u>
Liabilities of disposal group classified as held for sale	22	2,480	2,619
<b>Total liabilities</b>		<u>714,167</u>	<u>912,207</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>1,991,216</u></u>	<u><u>2,170,946</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 2017 and the accompanying explanatory notes attached to the interim financial statements.

Condensed Consolidated Statement of Changes in Equity  
For The Period Ended 31 March 2018  
(The figures have not been audited)

	Non-distributable		Distributable		Attributable to owners of the Company					Total equity RM'000	
	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 of disposal group classified as held for sale RM'000	Equity attributable to owners of the Company, Total RM'000		Non-controlling Interests RM'000
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	-	-	44,428	-	-	-	-	-	44,428	(688)	43,740
Other comprehensive income	-	-	-	5,833	-	-	5,833	-	5,833	-	5,833
Foreign currency translation	-	-	-	5,833	-	-	5,833	-	5,833	-	5,833
Total comprehensive income/(loss)	-	-	44,428	5,833	-	-	5,833	-	50,261	(688)	49,573
At 31 March 2017	155,839	53,727	183,303	858,720	819,061	4,193	35,466	-	1,251,589	(2,937)	1,248,652
At 1 July 2017	209,566	-	181,419	769,142	741,688	4,193	23,261	103,288	1,263,415	(4,676)	1,258,739
Realisation of revaluation reserves of disposal group classified as held for sale	-	-	70,156	-	-	-	-	(70,156)	-	-	-
Reclassification of share premium	(53,727)	-	53,727	-	-	-	-	-	-	-	-
Profit/(Loss) net of tax	-	-	28,080	-	-	-	-	-	28,080	(799)	27,281
Other comprehensive (loss)/income	-	-	-	(8,324)	-	-	(8,324)	(647)	(8,971)	-	(8,971)
Foreign currency translation	-	-	-	(8,324)	-	-	(8,324)	(647)	(8,971)	-	(8,971)
Total comprehensive (loss)/income	(53,727)	-	151,963	(8,324)	-	-	(8,324)	(70,803)	19,109	(799)	18,310
At 31 March 2018	155,839	-	333,382	760,818	741,688	4,193	14,937	32,485	1,282,524	(5,475)	1,277,049

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 30 June 2017 and the accompanying explanatory notes attached to the interim financial statements.



	9 months Ended	
	31.03.18 <u>RM'000</u>	31.03.17 <u>RM'000</u>
<b>OPERATING ACTIVITIES</b>		
Profit before taxation from:		
- continuing operations	29,420	54,011
- discontinued operations	6,111	-
	<u>35,531</u>	<u>54,011</u>
<b>Adjustments for:</b>		
Reversal of impairment allowance on receivables	-	(23)
Depreciation of property, plant and equipment	24,631	28,898
Net fair value gain on derivative financial instruments	(15,286)	(2,717)
Property, plant and equipment written-off	48	474
Loss/(gain) on disposal of property, plant and equipment	18,088	(87)
Unrealised (gain)/loss on foreign exchange	(2,467)	15,281
Interest expense	17,384	24,474
Interest income	(989)	(1,076)
<b>Total adjustments</b>	<u>41,409</u>	<u>65,224</u>
<b>Operating cash flows before working capital changes</b>	<u>76,940</u>	<u>119,235</u>
<b>Changes in working capital:</b>		
Change in inventories	(29,095)	7,599
Change in receivables	22,687	57,320
Change in payables	(21,876)	(43,468)
<b>Total changes in working capital</b>	<u>(28,284)</u>	<u>21,451</u>
<b>Cash flows from operations</b>	<u>48,656</u>	<u>140,686</u>
Interest paid	(17,384)	(24,474)
Income tax paid	(12,486)	(7,378)
Income tax refunded	101	-
<b>Net cash flows from operating activities</b>	<u>18,887</u>	<u>108,834</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(3,630)	(2,640)
Additions of investment properties	-	(12)
Plantation development expenditure	(813)	(9,401)
Proceeds from disposal of property, plant and equipment	100,550	90
Interest received	989	1,076
<b>Net cash flows from/(used in) investing activities</b>	<u>97,096</u>	<u>(10,887)</u>
<b>FINANCING ACTIVITIES</b>		
Drawdown of revolving credits	1,473,000	1,146,000
Repayment of revolving credits	(1,473,000)	(1,116,034)
Repayment of term loans	(159,007)	(63,834)
Repayment of hire purchase financing	(243)	(511)
Drawdown of bankers' acceptances and trust receipts	506,099	701,504
Repayment of bankers acceptances and trust receipts	(495,076)	(714,536)
<b>Net cash flows used in financing activities</b>	<u>(148,227)</u>	<u>(47,411)</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<u>(32,244)</u>	<u>50,536</u>
<b>Effect of exchange rate differences</b>	<u>3,433</u>	<u>4,262</u>
<b>Cash and cash equivalents at beginning of the year</b>	<u>71,943</u>	<u>67,844</u>
<b>Cash and cash equivalents at end of period (Note 23)</b>	<u><u>43,132</u></u>	<u><u>122,642</u></u>

The condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the year ended 30 June 2017 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 2017. 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 2018.

## 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 2017 except for the following Amendments to FRSs and Annual improvement which will take effect from 1 July 2017.

Descriptions	Effective for annual periods beginning on or after
Amendments to FRSs contained in the document entitled “Annual Improvements to FRSs 2014-2016 Cycle”;	1 January 2017
FRS 107 Disclosures Initiatives (Amendments to FRS 107)	1 January 2017
Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to FRS 112)	1 January 2017

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

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 2017 was not qualified.

## 4. Unusual Items

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 quarter under review.

## 8. Segmental Information

	<i>Oil palm plantations and palm products</i>		<i>Oleochemical products</i>		<i>Other operating segments</i>		<i>Per consolidated financial statements</i>	
	<i>31.03.18 RM'000</i>	<i>31.03.17 RM'000</i>	<i>31.03.18 RM'000</i>	<i>31.03.17 RM'000</i>	<i>31.03.18 RM'000</i>	<i>31.03.17 RM'000</i>	<i>31.03.18 RM'000</i>	<i>31.03.17 RM'000</i>
<b>3 months ended 31 March (Individual Period)</b>								
<b>Revenue</b>								
External sales:								
- continuing operations	176,540	307,703	4,056	69,706	-	-	180,596	377,409
- discontinued operations (Note 22)	683	-	-	-	-	-	683	-
<b>Total Revenue</b>	<b>177,223</b>	<b>307,703</b>	<b>4,056</b>	<b>69,706</b>	<b>-</b>	<b>-</b>	<b>181,279</b>	<b>377,409</b>
<b>Results</b>								
Interest income	291	294	2	45	-	-	293	339
Depreciation/amortisation	(5,910)	(7,275)	(1,795)	(2,007)	(212)	(212)	(7,917)	(9,494)
Segment (loss)/profit:								
- continuing operations	(13,077)*	29,467	(5,796)	(4,861)	(210)	(219)	(19,083)	24,387
- discontinued operations (Note 22)	149	-	-	-	-	-	149	-
<b>Total segment (loss)/profit</b>	<b>(12,928)</b>	<b>29,467</b>	<b>(5,796)</b>	<b>(4,861)</b>	<b>(210)</b>	<b>(219)</b>	<b>(18,934)</b>	<b>24,387</b>
<i>*Inclusive of RM24.3 million realised loss on disposal of an agricultural land as stated in Note 21.</i>								
<b>9 months ended 31 March (Cumulative Period)</b>								
<b>Revenue</b>								
External sales:								
- continuing operations	604,240	1,000,828	37,982	219,929	-	-	642,222	1,220,757
- discontinued operations (Note 22)	10,675	-	-	-	-	-	10,675	-
<b>Total Revenue</b>	<b>614,915</b>	<b>1,000,828</b>	<b>37,982</b>	<b>219,929</b>	<b>-</b>	<b>-</b>	<b>652,897</b>	<b>1,220,757</b>
<b>Results</b>								
Interest income	969	941	20	135	-	-	989	1,076
Depreciation/amortisation	(17,864)	(22,345)	(6,132)	(5,918)	(635)	(635)	(24,631)	(28,898)
Segment profit/(loss):								
- continuing operations	48,206	67,709	(18,154)	(13,058)	(632)	(640)	29,420	54,011
- discontinued operations (Note 22)	6,111	-	-	-	-	-	6,111	-
<b>Total segment profit/(loss)</b>	<b>54,317</b>	<b>67,709</b>	<b>(18,154)</b>	<b>(13,058)</b>	<b>(632)</b>	<b>(640)</b>	<b>35,531</b>	<b>54,011</b>

## 8. Segmental Information (Continued)

Excluding the following non-cash and provisional items, the Group had an underlying profit before tax of:

	<i>9 months ended</i>	
	<i>31.03.18</i>	<i>31.03.17</i>
	<i>RM'000</i>	<i>RM'000</i>
Reconciliation:		
<b>Profit before taxation</b>		
- from continuing operations	29,420	54,011
- from discontinued operations	6,111	-
	35,531	54,011
<b><u>(Less)/Add: Non-cash and provisional items</u></b>		
Unrealised provisional foreign exchange (gain)/loss	(2,467)	15,281
Provision for fair value gain on derivatives	(15,286)	(2,717)
Property, plant and equipment written off	48	474
Loss/(gain) on disposal of property, plant and equipment*	18,088	(87)
Depreciation and amortisation of property, plant and equipment	24,631	28,898
Reversal of impairment allowance on receivables	-	(23)
<b>Profit before taxation excluding non-cash and provisional items</b>	60,545	95,837

\*Excluding real property gain tax and incidental cost on the disposal of an agricultural land as stated in Note 21.

## 9. Carrying Amount of Revalued Assets

The valuation of land and buildings included within property, plant and equipment, biological assets and investment properties have been brought forward without amendment from the financial statements for the financial year ended 30 June 2017.

## 10. Debt and Equity Securities

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the current quarter ended 31 March 2018.

## 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 as disclosed in Note 21.

## 12. Capital Commitments

The amount of capital commitments for the plantation development activities not provided for in the financial statements as at 31 March 2018 is as follows:

	<i>RM'000</i>
Approved and contracted for	2,005

### 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 31 March 2018 amounted to approximately RM247 million.

### 14. Subsequent Events

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

### 15. Detailed Analysis of the Performance of All Operating Segments of the Group

#### *Oil palm plantations and palm products processing*

Oil palm plantations and palm products processing segment represents the core business of the Group. This major segment has contributed 94% of the Group's total revenue in the current quarter. Revenue reported from this segment decreased by 39% to RM614.9 million in the current quarter (Q3 FY2017: RM1,001 million), mainly due to the following factors:

- a) CPO traded in current quarter has decreased by 29,012 MT as compared to preceding corresponding quarter attributable to higher competition from new market entrant, coupled with the decrease in the realised average CPO selling price at RM2,620 per MT for the current quarter as compared to RM2,876 per MT in the preceding corresponding quarter;
- b) CPKO traded in the current quarter has decreased by 4,926 MT as compared to preceding corresponding quarter, coupled with the decrease in the realised average CPKO selling price at RM5,013 per MT for the current quarter as compared to RM5,830 per MT in the preceding corresponding quarter; and
- c) Refined palm products traded in the current quarter has decreased by 76,199 MT as compared to preceding corresponding quarter, mainly due to sluggish market demand from People's Republic of China. The decrease was also a result of change in business model whereby china production capacity was utilised on tolling services for customers.

Overall profit from this major segment has reduced by RM13.3 million to RM54.3 million in the current quarter (Q3 FY2017: RM67.7 million), mainly due to the realisation of RM18.0 million loss from the disposal of an agricultural land as stated in Note 21.

#### *Oleochemical products*

Oleochemical segment accounted for 6% of the total Group's revenue. The oleochemical segment has incurred a loss of RM18.2 million for 9 months ended 31 March 2018 as compared to a loss of RM13.1 million in preceding corresponding quarter, due to the decrease in overall oleochemical products traded in the current quarter by 42,843 MT. The decrease in revenue is expected as the segment is currently utilising all of its production capacity to fulfil the oleochemical products tolling contract for a customer.

#### *Others*

Others segments' results are insignificant to the Group.



**16. Comment on Material Change in Profit Before Tax for the Current Quarter as Compared with the Immediate Preceding Quarter**

	<i>Current Quarter</i> <i>3 months ended</i> <i>31.03.18</i> <i>RM'000</i>	<i>Immediate</i> <i>Preceding Quarter</i> <i>3 months ended</i> <i>31.12.17</i> <i>RM'000</i>	<i>Changes</i> <i>(Amount)</i> <i>RM'000</i>	<i>Changes</i> <i>(%)</i>
Revenue from continuing operations	180,596	377,409	(196,813)	(52%)
Revenue from discontinued operations	683	-	683	100%
(Loss)/Profit before interest and tax	(13,538)	31,904	(46,841)	(147%)
(Loss)/Profit before tax	(18,934)	24,387	(44,720)	(183%)
(Loss)/Profit after tax	(18,434)	20,616	(40,449)	(196%)

The Group reported a loss before tax of RM18.9 million in the current quarter as compared to a profit of RM24.3 million in the immediate preceding quarter. The decrease in Group's profit before tax during the quarter was mainly due to the following factors:

- a) The Group had generated lower revenue mainly due to CPO, CPKO and refined palm oil products combined volume traded in the current quarter has decreased to 59,273 MT in current quarter, as compared to 85,046 MT in the immediate preceding quarter. The decrease was mainly due to competition from new market entrant; and
- b) The Group reported a higher administrative expense due to the loss on disposal of RM24.3 million incurred, inclusive of real property gain tax and other incidental costs.

Nevertheless, the Group had reported a gross profit margin of 19.50% in current quarter as compared to 15.42% in previous corresponding quarter. The improvement was mainly a result of effective overall cost management and better business strategy.

The Group's lower finance costs of RM5.5 million in current quarter (Q3 FY2017: RM7.5 million) was in line with the decrease in the overall Group's total borrowings.

Excluding non-cash items such as depreciation on property, plant and equipment, unrealised foreign exchange losses, provisional fair value gain in derivatives, property, plant and equipment written off, the Group made an underlying profit before tax of RM60.3 million for 9 months ended 31 March 2018 (RM95.9 million for 9 months ended 31 March 2017), representing a profit margin of 9.3% (7.9% for 9 months ended 31 March 2017) over the Group's total revenue.

## 17. (Loss)/Profit Before Tax

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

	<i>Individual Period</i>		<i>Cumulative Period</i>	
	<i>3 months ended</i>		<i>9 months ended</i>	
	<i>31.03.18</i>	<i>31.03.17</i>	<i>31.03.18</i>	<i>31.03.17</i>
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Depreciation on property, plant & equipment	(7,917)	(9,494)	(24,631)	(28,898)
(Loss)/gain on disposal of property, plant & equipment*	(18,121)	20	(18,088)	87
Property, plant, & equipment written-off	-	(256)	(48)	(474)
Interest income	293	339	989	1,076
Interest expense	(5,545)	(7,517)	(17,384)	(24,474)
Net fair value gain on derivative financial instruments	6,582	11,494	15,286	2,717
Realised foreign exchange (loss)/gain	(2,135)	440	(3,214)	(1,337)
Unrealised foreign exchange (loss)/gain	(1,224)	204	2,467	(15,281)
Reversal of impairment allowance on receivables	-	-	-	23

\*Excluding real property gain tax and other incidental costs incurred on the disposal of an agricultural land as stated in Note 21.

## 18. Commentary on Prospects

The Group's long-term target is to reduce its borrowing level to a gearing ratio of 0.2 or lower by continuing with on-going de-gearing initiatives to reduce capital commitments on low return assets. The objective is to improve the balance sheet position of the Group and to minimise foreign exchange risks exposure by settling foreign currency denominated borrowings. This would further reduce the cost of borrowings and hence translating into higher profit for the Group.

Oil palm plantation and palm products segment remains 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 from this segment through forward sales commitment and group wide hedging strategies. The management has continuously focused on the maturity profile of the oil palm trees and replanting exercise to be rolled out on a timely basis and an effort to increase production efficiency in order to achieve long term sustainability.

Oleochemical segment remains volatile because of fluctuating currency exchange rate which ultimately affecting product prices and uncertainties in market demand. To mitigate price and currency risks and to ensure steady inflow of revenue, the Group has implemented a new business model of oleochemical products contract refining.

With the successful disposal of a subsidiary of Kwantas in China as per the announcement on 1 August 2017 and the completion of disposal of asset as stated in Note 21 below, the Group has reduced its gearing ratio to 0.28 as at the end of the reporting period, which is one step closer to the Group's long term target. The Board of Directors is confident that the Group will achieve positive and favourable performance for the current financial year.

## 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>Individual Period</i>		<i>Cumulative Period</i>	
	<i>3 months ended</i>		<i>9 months ended</i>	
	<i>31.03.18</i>	<i>31.03.17</i>	<i>31.03.18</i>	<i>31.03.17</i>
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Current income tax:				
- Malaysian income tax	(500)	4,271	9,250	11,271
Deferred tax	-	(500)	(1,000)	(1,000)
<b>Total income tax expense</b>	<b>(500)</b>	<b>3,771</b>	<b>8,250</b>	<b>10,271</b>

The effective tax rate for the current quarter and current financial year was higher than the statutory income tax rate of 24% (2017: 24%) principally due to loss on disposal of property, plant and equipment which is non-deductible.

## 21. Corporate Proposals

Further to the Company's announcement made on 19 April 2017 and 26 October 2017, the Group had on 8 January 2018 completed the proposed disposal of 3,791 acres of agriculture land held under title CL095316395 located at Sungai Kinabatangan, District of Kinabatangan, Sabah together with all oil palm trees planted and structures erected thereon. This land was owned by Kwantas Plantations Sdn Bhd ("KPSB"), a wholly owned subsidiary of Kwantas and was transferred to KUB Malua Plantation Sdn Bhd (formerly known as KUB Oil & Gas Sdn Bhd) for a cash consideration of RM100,448,621 on the completion date. In this regard, the Group realised a loss on disposal of approximately RM24.3 million, inclusive of real property gain tax and other incidental costs.

There are no other corporate proposals announced but not completed as at 18 May 2018.

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

As at 31 March 2018, 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 plan to sell part of the assets. Efforts to sell the disposal group have commenced.

The major classes of assets and liabilities classified as held for sale are as follows:

	<i>As at 31.03.18</i>	<i>As at 30.06.17</i>
	<i>RM'000</i>	<i>RM'000</i>
		<i>(Audited)</i>
<b>Assets of the disposal group:</b>		
Property, plant and equipment**	46,867	108,150
Land use rights	3,294	3,473
Biological assets	24,398	81,908
Deferred tax assets	-	599
Inventories	477	492
Receivables	5	190
Cash and bank balances	256	25
<b>Assets of the disposal group classified as held for sale</b>	<b>75,297</b>	<b>194,837</b>

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

	<i>As at 31.03.18</i> <i>RM'000</i>	<i>As at 30.06.17</i> <i>RM'000</i> <i>(Audited)</i>
<b><u>Liabilities of the disposal group:</u></b>		
Payables	185	251
Deferred tax liabilities	2,295	2,368
<b>Liabilities of disposal group classified as held for sale</b>	<b>2,480</b>	<b>2,619</b>
<b>Net assets of disposal group classified as held for sale</b>	<b>72,817</b>	<b>192,218</b>
<b><u>Equity and reserves of the disposal group:</u></b>		
Revaluation reserves	16,173	86,329
Foreign exchange translation reserve	16,312	16,959
Amounts recognised directly in equity of disposal group classified as held for sale	<b>32,485</b>	<b>103,288</b>

\*\* The property, plant and equipment is carried at fair value less costs to sell.

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

	<i>Individual Period</i> <i>3 months ended</i>		<i>Cumulative Period</i> <i>9 months ended</i>	
	<i>31.03.18</i> <i>RM'000</i>	<i>31.03.17</i> <i>RM'000</i>	<i>31.03.18</i> <i>RM'000</i>	<i>31.03.17</i> <i>RM'000</i>
Revenue	683	-	10,675	-
Expenses	(534)	-	(4,564)	-
<b>Profit from Discontinued Operations</b>	<b>149</b>	<b>-</b>	<b>6,111</b>	<b>-</b>

23. Cash and Cash Equivalents

	<i>As at</i> <i>31.03.18</i> <i>RM'000</i>	<i>As at</i> <i>30.06.17</i> <i>RM'000</i> <i>(Audited)</i>
Cash and bank balances	29,632	51,355
Short-term deposits with licensed banks	13,500	20,588
<b>Cash and cash equivalents</b>	<b>43,132</b>	<b>71,943</b>

## 24. Retained Earnings

The breakdown of retained profits of the Group as at 31 March 2018 is as follows:

	<i>As at 31.03.18 RM'000</i>	<i>As at 30.06.17 RM'000 (Audited)</i>
Total retained earnings of the Company and its subsidiaries:		
- Realised	624,146	428,768
- Unrealised	(89,120)	(90,120)
	535,026	338,648
Less: Consolidation adjustments	(201,644)	(157,229)
<b>Total Group retained earnings as per consolidated accounts</b>	<b>333,382</b>	<b>181,419</b>

## 25. Borrowings

	<i>As at 31.03.2018</i>			<i>As at 30.06.2017 (Audited)</i>		
	Foreign denomination RM'000	RM denomination RM'000	Total RM'000	Foreign denomination RM'000	RM denomination RM'000	Total RM'000
<b><i>Long term</i></b>						
<b>Secured</b>						
Term loan	-	3,810	3,810	139,664	16,630	156,294
Hire purchase	-	166	166	-	296	296
<b>Total</b>	-	<b>3,976</b>	<b>3,976</b>	<b>139,664</b>	<b>16,926</b>	<b>156,590</b>
<b><i>Short term</i></b>						
<b>Secured</b>						
Term loan	45,340	4,572	45,663	46,564	21,904	68,468
Banker acceptance	-	185,964	185,964	-	130,525	130,525
Trust receipts	-	-	-	44,908	-	44,908
Hire purchase	-	181	181	-	295	295
Revolving credits	-	167,000	167,000	-	167,000	167,000
<b>Total</b>	<b>45,340</b>	<b>357,717</b>	<b>403,057</b>	<b>91,472</b>	<b>319,724</b>	<b>411,196</b>
<b>Total Borrowings</b>	<b>45,340</b>	<b>361,693</b>	<b>407,033</b>	<b>231,136</b>	<b>336,650</b>	<b>567,786</b>

The Company has not complied with a financial covenant of a licensed bank relating to a total outstanding balance of RM45,340,623 (As at 30 June 2017: RM185,351,939), which required the current ratio and debt service coverage ratio to be maintained at 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 and the company is expected to repay fully this outstanding loan before the financial year end.

The Group had on 8 January 2018 completed the proposed disposal of 3,791 acres of Agriculture Land held under Title CL095316395 located at Sungai Kinabatangan, District of Kinabatangan, Sabah together with all oil palm trees planted and structures erected for a cash consideration of RM100,448,621 as stated in Note 21. The total sum consideration less costs to sell of RM93,948,621 had been utilised to partially repay the borrowings to the licensed bank stated above.

## 26. Derivative Financial Assets/(Liabilities)

As at 31 March 2018, the values and maturity analysis of the outstanding derivatives assets/(liabilities) are as follows:

	<i>Contract/ Notional Amount RM '000</i>	<i>Fair Value Gain/(Loss) RM '000</i>
i) Forward Currency Contracts		
- Less than 1 year	1,078	(133)
ii) Cross Currency Swap Contracts		
- Less than 1 year	-	13,256
iii) Commodity Swap Contracts		
- Less than 1 year	-	2,163
<b>Net Total</b>	<b>1,078</b>	<b>15,286</b>

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.

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 31 March 2018, 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 5<sup>th</sup> August 2014. The plaintiff applied for summary judgement and hearing began on 13<sup>th</sup> August 2015. On 18<sup>th</sup> January 2016, the Court dismissed the Summary Judgement application by the plaintiff. The Court has fixed the trial dates from the 6<sup>th</sup> December 2016 until 8<sup>th</sup> September 2017 for the full trial. The trial for cross-examination was completed on the 26<sup>th</sup> September 2017.

The judgment from the High Court of Sabah and Sarawak at Sandakan was released on 21 December 2017 and the Court adjudged that:

**27. Material Litigation (continued)**

- (i) The Plaintiff's claim for loss of profit of RM66,916,537.94 for alleged breach/repudiation of agreements entered into by the Plaintiff with the Defendant to the supply of organic palm wastes together with land leased by the Defendant to the Plaintiff is dismissed;
- (ii) The Plaintiff shall forthwith pay the Defendant costs of RM150,000.00 subject to payment of Allocator Fee;
- (iii) The Defendant's Counterclaim is allowed for damages against Plaintiff;
- (iv) The Damages is to be assessed by the High Court on a date to be fixed;
- (v) The Interest of 5% per annum to be paid on damages found and assessed to be due from the Plaintiff to the Defendant calculated from the date of Judgment until full settlement; and
- (vi) No order for costs is made against the Plaintiff in respect of allowing the Counterclaim since costs has already been ordered against Plaintiff on the dismissal of the claim.

**28. Dividend**

No interim dividend has been declared for the financial year ending 30 June 2018.

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

**(a) Basic**

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

	<i>Individual Period</i>		<i>Cumulative Period</i>	
	<i>3 months ended</i>	<i>3 months ended</i>	<i>9 months ended</i>	<i>9 months ended</i>
	<i>31.03.18</i>	<i>31.03.17</i>	<i>31.03.18</i>	<i>31.03.17</i>
(Loss)/Profit for the period attributable to Owners of the Company (RM'000)	(18,198)	20,786	28,080	44,428
Weighted average number of ordinary shares in issue ('000)	311,678	311,678	311,678	311,678
(Loss)/Basic earnings per share (sen)	(5.84)	6.67	9.01	14.25

**(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.

**30. Significant Related Party Transactions**

The significant related party transactions set out below were carried out in the normal course of business and on terms and conditions no more materially different from those obtainable in transactions with unrelated parties.

<i>Name of related parties</i>	<i>Type of transaction</i>	<i>9 months ended</i>	
		<i>31.03.18</i>	<i>31.03.17</i>
		<i>RM'000</i>	<i>RM'000</i>
With companies which have common Directors with the Company and in which certain Directors of the Company have financial interests:			
Lahad Datu Tyres Sdn. Bhd.	Purchase of tyres, batteries and lubricants	1,337	1,290
Fordeco Sdn. Bhd.	Provision of general servicing and supply of spare parts	5,292	4,944
Petrolmax Borneo Sdn. Bhd.	Purchase of diesel	6,085	6,151
Bina Segama Sdn. Bhd.	Purchase of lubricants	798	358
Fordeco Construction Sdn. Bhd.	Construction costs/materials	2,703	2,403
Kwan Ah Hee & Sons Realty Sdn. Bhd.	Rental	299	296
Miyasa Sdn. Bhd.	Purchase of fresh fruit bunches	2,917	2,965
Sri Bandaran Sdn. Bhd.	Purchase of fresh fruit bunches	2,696	3,186
Fordeco Plantations Sdn. Bhd.	Purchase of fresh fruit bunches	1,628	1,429
Cindai Development Sdn. Bhd.	Purchase of fresh fruit bunches	2,042	1,832



### 31. Group Statistics

	<i>Unit</i>	<i>As at 31.03.18</i>	<i>As at 31.03.17</i>
<b><u>PLANTATION</u></b>			
<b>Oil Palm Area</b>			
Mature	<i>hectare</i>	15,669	16,978
Immature	<i>hectare</i>	4,096	4,209
Total planted area	<i>hectare</i>	<b>19,765</b>	<b>21,187</b>
<b>FFB</b>			
Production	<i>tonnes</i>	268,278	285,641
Yield per mature hectare	<i>tonnes</i>	17.12	16.82
Average selling price per tonne	<i>RM</i>	515	476
<b><u>MILLS</u></b>			
<b>Extraction Rates</b>			
Crude palm oil	<i>%</i>	20.9	20.5
Palm kernel	<i>%</i>	5.1	4.9
<b>Production</b>			
Crude palm oil	<i>tonnes</i>	144,343	173,356
Palm kernel	<i>tonnes</i>	19,347	24,273
Palm products processed/traded	<i>tonnes</i>	30,000	106,199
Oleochemical products	<i>tonnes</i>	21,722	64,565
<b>Average Selling Price (Per Tonne)</b>			
Crude palm oil	<i>RM per Tonne</i>	2,620	2,876
Palm kernel	<i>RM per Tonne</i>	5,013	5,830
Palm products processed/traded	<i>RM per Tonne</i>	2,943	3,040
Oleochemical products	<i>RM per Tonne</i>	1,722	3,406

### 32. 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 18 May 2018.