



Condensed Consolidated Statement of Comprehensive Income
For The Year Ended 30 June 2018
(The figures have not been audited)

	Note	Current Quarter 3 months Ended		Year-to-Date 12 months Ended	
		30.06.18 RM'000	30.06.17 RM'000	30.06.18 RM'000	30.06.17 RM'000 (Audited)
Continuing operations					
Revenue	8	129,050	159,137	771,272	1,379,894
Cost of sales		(122,216)	(128,571)	(638,961)	(1,161,054)
Gross profit		6,834	30,566	132,311	218,840
Other items of income					
Interest income		287	709	1,276	1,785
Other operating income		8,411	11,695	34,439	16,377
Other items of expenses					
Selling expenses		(5,937)	(12,067)	(41,403)	(60,224)
Administrative expenses		(31,622)	(6,009)	(101,846)	(73,399)
Other Operating Expenses		(39,604)	(11,598)	(39,604)	(11,598)
Finance costs		(7,152)	(7,524)	(24,536)	(31,998)
(Loss)/Profit before tax from continuing operations	17	(68,783)	5,772	(39,363)	59,783
Income tax expense	20	(12,384)	(13,350)	(20,634)	(23,621)
(Loss)/Profit from continuing operations, net of tax		(81,167)	(7,578)	(59,997)	36,162
Discontinued operations					
Profit from discontinued operations, net of tax	22	8	362	6,119	362
(Loss)/Profit for the financial period/year		(81,159)	(7,216)	(53,878)	36,524
Other comprehensive income/(loss)					
Item that to be reclassified in subsequent period to profit or loss:					
Foreign currency translation		2,370	4,754	(6,601)	10,587
Net (deficit)/surplus on revaluation of leasehold land, buildings and biological assets		(15,976)	12,549	(15,976)	12,549
		(13,606)	17,303	(22,577)	23,136
Total comprehensive (loss)/income for the period/year		(94,765)	10,087	(76,455)	59,660
(Loss)/Profit for the period/year attributable to:					
Owners of the Company		(78,152)	(5,477)	(50,072)	38,951
Non-controlling interests		(3,007)	(1,739)	(3,806)	(2,427)
		(81,159)	(7,216)	(53,878)	36,524
Total comprehensive (loss)/income attributable to:					
Owners of the Company		(91,758)	11,826	(72,649)	62,087
Non-controlling interests		(3,007)	(1,739)	(3,806)	(2,427)
		(94,765)	10,087	(76,455)	59,660
(Loss)/Earnings per share attributable to owners of the Company (sen):					
		30.06.18	30.06.17	30.06.18	30.06.17
Basic	29 (a)	(25.07)	(1.76)	(16.07)	12.50

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 30 June 2018
(The figures have not been audited)

	Note	As at 30.06.18 RM'000	As at 30.06.17 RM'000 (Audited)
ASSETS			
Non-Current Assets			
Property, plant and equipment	9	1,228,941	1,247,364
Biological assets	9	369,196	413,912
Investment properties	9	45,700	45,700
Land use rights	9	11,876	9,192
Other receivables		-	9,600
		<u>1,655,713</u>	<u>1,725,768</u>
Current Assets			
Inventories		112,583	107,762
Trade receivables		13,203	41,210
Other receivables		11,079	23,844
Tax recoverable		128	599
GST input tax receivable		5,044	4,983
Derivative assets	26	1,636	-
Short-term deposits with licensed banks	23	4,500	20,588
Cash and bank balances	23	20,671	51,355
		<u>168,844</u>	<u>250,341</u>
Assets of disposal group classified as held for sale	22	44,938	194,837
TOTAL ASSETS		<u>1,869,495</u>	<u>2,170,946</u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		155,839	209,566
Other reserves		767,166	769,142
Retained earnings	24	255,230	181,419
Equity of disposal group classified as held for sale	22	12,531	103,288
		<u>1,190,766</u>	<u>1,263,415</u>
Non-controlling interests		<u>(8,482)</u>	<u>(4,676)</u>
Total equity		<u>1,182,284</u>	<u>1,258,739</u>
Non-Current Liabilities			
Loans and borrowings	25	26,840	156,590
Deferred tax liabilities		225,716	219,881
		<u>252,556</u>	<u>376,471</u>
Current Liabilities			
Loans and borrowings	25	363,293	411,196
Trade payables		49,679	76,913
Other payables		19,447	30,800
Derivative liabilities	26	-	14,208
		<u>432,419</u>	<u>533,117</u>
Liabilities of disposal group classified as held for sale	22	2,236	2,619
Total liabilities		<u>687,211</u>	<u>912,207</u>
TOTAL EQUITY AND LIABILITIES		<u>1,869,495</u>	<u>2,170,946</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 Year Ended 30 June 2018

(The figures have not been audited)

	← Non-distributable		Distributable		← Attributable to owners of the Company Non-distributable →			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	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				
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	-	-	38,951	-	-	-	-	-	38,951	(2,427)	36,524
Other comprehensive income											
Foreign currency translation	-	-	-	10,587	-	-	10,587	-	10,587	-	10,587
Revaluation of leasehold land, buildings and biological assets	-	-	-	12,549	12,549	-	-	-	12,549	-	12,549
	-	-	-	23,136	12,549	-	10,587	-	23,136	-	23,136
Total comprehensive income/(loss)	-	-	38,951	23,136	12,549	-	10,587	-	62,087	(2,427)	59,660
Realisation of revaluation reserves	-	-	3,593	(3,593)	(3,593)	-	-	-	-	-	-
Transfer to equity of disposal group classified as held for sale	-	-	-	(103,288)	(86,329)	-	(16,959)	103,288	(103,288)	-	-
Transition to no par value regime under Companies Act 2016	53,727	(53,727)	-	-	-	-	-	-	-	-	-
At 30 June 2017	209,566	-	181,419	769,142	741,688	4,193	23,261	103,288	1,160,127	(4,676)	1,258,739
At 1 July 2017	209,566	-	181,419	769,142	741,688	4,193	23,261	103,288	1,263,415	(4,676)	1,362,027
Loss net of tax	-	-	(50,072)	-	-	-	-	-	(50,072)	(3,806)	(53,878)
Other comprehensive loss											
Foreign currency translation	-	-	-	(5,732)	-	-	(5,732)	(869)	(6,601)	-	(6,601)
Revaluation of leasehold land, buildings and biological assets	-	-	-	(12,827)	(12,827)	-	-	(3,149)	(15,976)	-	(15,976)
	-	-	-	(18,559)	(12,827)	-	(5,732)	(4,018)	(22,577)	-	(22,577)
Total comprehensive loss	-	-	(50,072)	(18,559)	(12,827)	-	(5,732)	(4,018)	(72,649)	(3,806)	(76,455)
Realisation of revaluation reserves	-	-	70,156	-	-	-	-	(70,156)	-	-	(70,156)
Transfer from equity of disposal group classified as held for sale	-	-	-	16,583	494	-	16,089	(16,583)	-	-	(16,583)
Reclassification of share premium	(53,727)		53,727	-	-	-	-	-	-	-	-
At 30 June 2018	155,839	-	255,230	767,166	729,355	4,193	33,618	12,531	1,190,766	(8,482)	1,198,833

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.

Condensed Consolidated Statements of Cash Flows
For The Year Ended 30 June 2018
(The figures have not been audited)

	12 months Ended	
	30.06.18 RM'000	30.06.17 RM'000 <i>(Audited)</i>
OPERATING ACTIVITIES		
(Loss)/Profit before tax from:		
- continuing operations	(39,363)	59,783
- discontinued operations	5,941	362
	<u>(33,422)</u>	<u>60,145</u>
Adjustments for:		
Allowance on receivables	8,443	-
Amortisation of land use rights	327	466
Depreciation of property, plant and equipment	35,129	37,879
Fair value gain on derivative financial instruments	(15,845)	(5,928)
Gain on disposal of a subsidiary company	-	(1,527)
Loss/(gain) on disposal of property, plant and equipment	18,040	(187)
Impairment loss on property, plant and equipment	16,890	-
Impairment loss on biological assets	22,714	9,259
Property, plant and equipment written off	130	668
Reversal of impairment allowance on receivables	(2)	(58)
Unrealised loss on foreign exchange	10,518	9,910
Interest expense	24,536	31,998
Interest income	(1,276)	(1,785)
Total adjustments	<u>119,604</u>	<u>80,695</u>
Operating cash flows before working capital changes	<u>86,182</u>	<u>140,840</u>
Changes in working capital:		
Change in inventories	(4,821)	29,492
Change in receivables	41,870	48,309
Change in payables	(38,587)	(47,809)
Total changes in working capital	<u>(1,538)</u>	<u>29,992</u>
Cash flows from operations	84,644	170,832
Interest paid	(24,536)	(31,998)
Income tax paid	(19,225)	(16,137)
Income tax refunded	223	4
Net cash flows from operating activities	<u>41,106</u>	<u>122,701</u>
INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(4,423)	(4,296)
Acquisition of biological assets	(6,041)	(10,629)
Proceeds from disposal of property, plant and equipment	100,579	212
Interest received	1,276	1,785
Net cash flows from/(used in) investing activities	<u>91,391</u>	<u>(12,928)</u>
FINANCING ACTIVITIES		
Drawdown of bankers' acceptances and trust receipts	591,093	914,940
Drawdown of revolving credits	2,119,000	1,604,213
Drawdown of term loans	38,370	-
Repayment of bankers acceptances and trust receipts	(654,012)	(989,790)
Repayment of revolving credits	(2,054,000)	(1,574,213)
Repayment of term loans	(206,706)	(76,549)
Repayment of hire purchase financing	(314)	(631)
Net cash flows used in financing activities	<u>(166,569)</u>	<u>(122,030)</u>
Net changes in cash and cash equivalents	(34,072)	(12,257)
Effect of exchange rate differences	(12,700)	16,356
Cash and cash equivalents at beginning of the year	71,943	67,844
Cash and cash equivalents at end of the year (Note 23)	<u><u>25,171</u></u>	<u><u>71,943</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 year.

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 year under review.

5. Changes in Estimates

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

Notes to the Condensed Consolidated Interim Financial Statements – 30 June 2018
(The figures have not been audited)

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>30.06.18</i>	<i>30.06.17</i>	<i>30.06.18</i>	<i>30.06.17</i>	<i>30.06.18</i>	<i>30.06.17</i>	<i>30.06.18</i>	<i>30.06.17</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 (Individual Period)								
Revenue								
External sales:								
- continuing operations	105,776	86,428	23,274	72,709	-	-	129,050	159,137
- discontinued operations (Note 22)	(1,667)	1,422	-	-	-	-	(1,667)	1,422
Total Revenue	104,109	87,850	23,274	72,709	-	-	127,383	160,559
Results								
Interest income	291	678	(4)	31	-	-	287	709
Depreciation/amortisation	(8,613)	(6,771)	(2,001)	(2,465)	(211)	(211)	(10,825)	(9,447)
Segment (loss)/profit:								
- continuing operations	(42,386)	15,585	(26,172)	(9,596)	(225)	(217)	(68,783)	5,772
- discontinued operations (Note 22)	(170)	362	-	-	-	-	(170)	362
Total segment (loss)/profit	(42,556)	15,947	(26,172)	(9,596)	(225)	(217)	(68,953)	6,134
Reconciliation								
Segment (loss)/profit	(42,556)	15,947	(26,172)	(9,596)	(225)	(217)	(68,953)	6,134
<u>Add/(Less): Non-cash and provisional items</u>								
Allowance on receivables	8,443	-	-	-	-	-	8,443	-
Depreciation and amortisation expenses	8,613	6,771	2,001	2,465	211	211	10,825	9,447
Gain on disposal of property, plant and equipment	(48)	(100)	-	-	-	-	(48)	(100)
Gain on disposal of a subsidiary	-	(1,527)	-	-	-	-	-	(1,527)
Impairment on biological assets	22,714	9,259	-	-	-	-	22,714	9,259
Impairment on property, plant and equipment	-	-	16,890	-	-	-	16,890	-
Provision for fair value gain on derivatives	(559)	(9,806)	-	-	-	-	(559)	(9,806)
Property, plant and equipment written off	82	194	-	-	-	-	82	194
Reversal of impairment allowance on receivables	(2)	(35)	-	-	-	-	(2)	(35)
Unrealised provisional foreign exchange loss/(gain)	12,985	(5,371)	-	-	-	-	12,985	(5,371)
Total	52,228	(615)	18,891	2,465	211	211	71,330	2,061
Segment profit/(loss) excluding non-cash and provisional items	9,672	15,332	(7,281)	(7,131)	(14)	(6)	2,377	8,195

Notes to the Condensed Consolidated Interim Financial Statements – 30 June 2018
(The figures have not been audited)

8. Segmental Information (Continued)

	<i>Oil palm plantations and palm products</i>		<i>Oleochemical products</i>		<i>Other operating segments</i>		<i>Per consolidated financial statements</i>	
	<i>30.06.18</i>	<i>30.06.17</i>	<i>30.06.18</i>	<i>30.06.17</i>	<i>30.06.18</i>	<i>30.06.17</i>	<i>30.06.18</i>	<i>30.06.17</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>
12 months ended 30 June (Cumulative Period)								
Revenue								
External sales:								
- continuing operations	710,016	1,087,256	61,256	292,638	-	-	771,272	1,379,894
- discontinued operations (Note 22)	9,008	1,422	-	-	-	-	9,008	1,422
Total Revenue	719,024	1,088,678	61,256	292,638	-	-	780,280	1,381,316
Results								
Interest income	1,260	1,619	16	166	-	-	1,276	1,785
Depreciation/amortisation	(26,477)	(29,116)	(8,133)	(8,383)	(846)	(846)	(35,456)	(38,345)
Segment profit/(loss):								
- continuing operations	5,820	83,294	(44,326)	(22,654)	(857)	(857)	(39,363)	59,783
- discontinued operations (Note 22)	5,941	362	-	-	-	-	5,941	362
Total segment profit/(loss)	11,761	83,656	(44,326)	(22,654)	(857)	(857)	(33,422)	60,145
Reconciliation								
Segment profit/(loss)	11,761	83,656	(44,326)	(22,654)	(857)	(857)	(33,422)	60,145
<u>Add/(Less): Non-cash and provisional items</u>								
Allowance on receivables	8,443	-	-	-	-	-	8,443	-
Depreciation and amortisation expenses	26,477	29,116	8,133	8,383	846	846	35,456	38,345
Loss/(Gain) on disposal of property, plant and equipment	18,040	(187)	-	-	-	-	18,040	(187)
Gain on disposal of a subsidiary	-	(1,527)	-	-	-	-	-	(1,527)
Impairment on biological assets	22,714	9,259	-	-	-	-	22,714	9,259
Impairment on property, plant and equipment	-	-	16,890	-	-	-	16,890	-
Provision for fair value gain on derivatives	(15,845)	(5,928)	-	-	-	-	(15,845)	(5,928)
Property, plant and equipment written off	130	668	-	-	-	-	130	668
Reversal of impairment allowance on receivables	(2)	(58)	-	-	-	-	(2)	(58)
Unrealised provisional foreign exchange loss	10,518	9,910	-	-	-	-	10,518	9,910
Total	70,475	41,253	25,023	8,383	846	846	96,344	50,482
Segment profit/(loss) excluding non-cash and provisional items	82,236	124,909	(19,303)	(14,271)	(11)	(11)	62,922	110,627

9. Carrying Amount of Revalued Assets

During the current year, the Group has performed its latest revaluation on its property, plant and equipment, biological assets, investments properties and land use rights to conform to the Group's policy. Any revaluation surplus has been credited to the revaluation reserve included within equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase shall be recognised in profit or loss to the extent of the decrease previously recognised. A revaluation deficit is first offset against unutilised previously recognised revaluation surplus in respect of the same asset and the balance is thereafter recognised in profit or loss. Upon disposal or retirement of an asset, any revaluation reserve relating to the particular asset is transferred directly to retained profits.

10. Debt and Equity Securities

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the current year ended 30 June 2018.

11. Changes in Composition of the Group

There were no other changes in the composition of the Group during the current year under review.

12. Capital Commitments

The amount of capital commitments for the plantation development activities not provided for in the financial statements as at 30 June 2018 is as follows:

	<i>RM'000</i>
Approved and contracted for	<u>1,847</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 2018 amounted to approximately RM334 million.

14. Subsequent Events

There were no material events subsequent to the end of the current year.

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 92% of the Group's total revenue in the current year. Revenue reported from this segment decreased by 43% to RM780.3 million in the current year (FY2017: RM1.38 billion), mainly due to the following factors:

- a) CPO traded in current financial year has decreased significantly by 42,462 MT as compared to the preceding financial year. In addition, the realised average unit CPO selling price has also dropped by 8.5% to RM2,638 per MT during the current year (FY2017: RM2,884 per MT). The significant drop in the traded volume and average unit selling price were mainly attributed by market factors including sluggish export demand, coupled with high CPO inventory level available in the palm oil market, and expectation on the production to continue in an upward trend due to seasonal factors.
- b) CPKO traded in the current financial year has slightly decreased by 6,072 MT as compared to the preceding financial year. On top of that, the realised average CPKO selling price has also dropped by 13% to RM4,795 per MT in the current year (FY2017: RM5,520 per MT). The drop in the traded volume and average selling price were mainly due to the overall bearish market factors and weak demand in palm products.
- c) Refined palm products traded in the current financial year has decreased by 54,200 MT as compared to the preceding financial year, mainly due to weak market demand from People's Republic of China coupled with higher inventory supply available in the local market. In addition, the Oleochemicals production capacity was utilised mainly on processing contract services for customers had resulted in the reduction of sales in refined palm products.

The profit before taxation for this segment has dropped significantly by 86% to RM11.8 million in the current year (FY2017: RM83.7 million), mainly due to:

- a) realisation of RM18.0 million loss from the disposal of an agricultural land as stated in Note 21;
- b) impairment loss of RM22.7 million (FY2017: RM9.2 million) incurred on biological assets; and
- c) provision for long term non-trade receivable of RM8.4 million (FY2017: Nil) as doubtful debt.

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. The Group specifically reviews its loans and receivables and performs historical and trend analysis when making a judgement to evaluate the adequacy of the allowance for impairment losses. During the financial year, the Group has provided for a long term non-trade receivable amounting to RM8.4 million as doubtful debt. The recoverability of the amount is uncertain as at the end of the reporting period.

The renewal of certain licenses from the relevant Indonesia authority for an agriculture land is still pending. The renewability of the licenses remains uncertain as at the reporting period. The management has relied on the professional valuation assessment performed by an independent valuer to assess the fair value less costs to sell of the land and its biological assets. Consequently, an impairment allowance of RM18.8 million has been provided for the current financial year in relation to the said asset.

Nevertheless, excluding the non-cash and provisional items, this major segment has contributed an underlying profit of RM82.2 million to the Group in the current year (FY2017: RM124.9 million), which translate to a profit margin of 11% (FY2017: 11%).

15. Detailed Analysis of the Performance of All Operating Segments of the Group (Continued)

Oleochemical products

Oleochemical segment has accounted for 8% of the total Group's revenue in the current financial year. Revenue reported from this segment decreased by 79% to RM61.2 million in the current year (FY2017: RM292.6 million), mainly due to the decrease in trading volume of Oleochemical products as a result of the change in business model whereby the Oleochemicals production capacity was contracted out for the processing contract services for customers.

This segment has incurred a loss before taxation of RM44.3 million in the current financial year, which was RM21.7 million higher as compared to preceding financial year's loss of RM22.6 million. The current year losses for this segment was mainly attributed by the impairment loss of RM16.9 million on property, plant and equipment (FY2017: RM Nil).

The fair value and recoverable amount of the property, plant and equipment was assessed by the professional valuers to determine the changes in the conditions of the assets and other factors that could impact its fair value for the current year. As such, the fair value assessment and recognition of impairment loss is in line with the Group's revaluation policy as stated in Note 9.

The underlying losses of RM19.3 million excluding non-cash and provisional items in the current year (FY2017: RM14.3 million) was mainly due to the increase in operating costs incurred, as a result of the non-fulfilment of terms and conditions as stipulated in the Oleochemicals processing contracts by the customers. Subsequently, the Group has taken steps to mitigate such operational loss by terminating the contract services to customers and recommencing the business in processing and sale of Oleochemical products on its own.

Others

Others segments' results are insignificant to the Group.

Consolidated financial statements

During the financial year, the Group has fully repaid and settled all outstanding balances in relation to the foreign currency denominated borrowing with a licensed bank. The Group's gearing ratio was 0.31 times at the end of the financial year (FY2017: 0.39 times).

The decrease in the Group's total borrowing by RM177.6 million to RM390.1 million as at the end of the financial year (FY2017: RM567.8 million) is consistent with the Group's desire to reduce its borrowing costs. The Group's current year interest expenses had decreased by RM7.5 million to RM24.5 million (FY2017: RM32.0 million).

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>30.06.18</i> <i>RM'000</i>	<i>Immediate</i> <i>Preceding Quarter</i> <i>3 months ended</i> <i>31.03.18</i> <i>RM'000</i>	<i>Changes</i> <i>(Amount)</i> <i>RM'000</i>	<i>Changes</i> <i>(%)</i>
Revenue from continuing operations	129,050	180,596	(51,546)	-28%
Revenue from discontinued operations	(1,667)	683	(2,350)	-344%
Loss before interest and tax	(61,801)	(13,538)	(48,263)	-356%
Loss before tax	(68,953)	(18,934)	(50,019)	-264%
Loss after tax	(81,159)	(18,434)	(62,725)	-340%

The Group reported a loss before tax of RM68.9 million in the current quarter as compared to a loss of RM18.9 million in the immediate preceding quarter. The Group's results during the quarter was mainly caused by 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 47,391 MT as compared to 59,273 MT in the immediate preceding quarter. The decrease in volume was mainly due to sluggish export demand, bearish market factors and pressure on commodity pricing; and
- b) The Group recorded a higher other operating income in the current quarter mainly due to realised foreign exchange gain of RM8.8 million was recognised as a result of the full settlement of a foreign currency denominated borrowing with a licensed bank as stated in Note 25.
- c) The Group reported a higher administrative expenses in the current quarter mainly due to an impairment loss provision of RM16.9 million on property, plant and equipment from the oleochemical segment, an impairment loss provision on biological assets and a provision for long-term non-trade receivable as doubtful debts of RM22.7 million and RM8.4 million respectively from the oil palm plantations and palm products processing segment, coupled with unrealised foreign exchange loss incurred at RM13.0 million.

Excluding non-cash and provisional items as shown in Note 8 above, the Group made an underlying profit before tax of RM62.9 million for the current financial year ended 30 June 2018 (FY2017: RM110.6 million), representing a profit margin of 8% (FY2017: 8%) over the Group's total revenue.

17. (Loss)/Profit Before Tax

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

	<i>Individual Period</i>		<i>Cumulative Period</i>	
	<i>3 months ended</i>		<i>12 months ended</i>	
	<i>30.06.18</i>	<i>30.06.17</i>	<i>30.06.18</i>	<i>30.06.17</i>
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
				<i>(Audited)</i>
Allowance on receivables	(8,443)	-	(8,443)	-
Amortisation of land use rights	(327)	(466)	(327)	(466)
Depreciation on property, plant & equipment	(10,498)	(8,981)	(35,129)	(37,879)
Fair value gain on derivative financial instruments	559	9,806	15,845	5,928
Gain/(loss) on disposal of property, plant & equipment*	48	100	(18,040)	187
Gain on disposal of subsidiary	-	1,527	-	1,527
Impairment on biological assets	(22,714)	(9,259)	(22,714)	(9,259)
Impairment on property, plant and equipment	(16,890)	-	(16,890)	-
Interest income	287	709	1,276	1,785
Interest expense	(7,152)	(7,524)	(24,536)	(31,998)
Property, plant, & equipment written-off	(82)	(194)	(130)	(668)
Reversal of impairment allowance on receivables	2	35	2	58
Realised foreign exchange gain	11,994	1,870	8,780	533
Unrealised foreign exchange (loss)/gain	(12,985)	5,371	(10,518)	(9,910)

*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 plan is to reduce its overall borrowings to a gearing ratio of 0.2 or lower by continuing with its on-going de-gearing initiatives to reduce capital commitments on low return assets. During the year, the Group has improved its balance sheet position on liabilities reduction and minimised foreign exchange risks exposure by settling its foreign currency denominated term loan. This had resulted in the reduction of cost of borrowings.

Oil palm plantation and palm products trading segment remains as a significant contributor to the overall profitability of the Group. With the positive forward market outlook along with the restoration and improvement in palm product prices, the Board of Directors expects that the Group will continue to achieve satisfactory results from this segment through forward sales commitment, robust group wide hedging and cost management strategies. The management has continuously focused on the maturity profile of the oil palm trees with replanting program in place to be rolled out accordingly on a timely basis. The management has also focused on efforts and strategies to increase production efficiency, to improve the quality of palm products and to expedite and implement good plantation standards and practices across its oil palm plantations in order to achieve long-term sustainability.

18. Commentary on Prospects (continued)

Oleochemical segment remains volatile due to the significant fluctuations in RMB/USD currency that ultimately affects the product prices, import demands, downstream products market supply, inventory level and short term market outlook in China. During the year, the Group's business model is to subcontract out the Oleochemical products processing facilities to a customer. However, due to the non-fulfillment of certain contractual terms of the processing contract by the customer, the Group has since terminated the subcontract arrangement subsequent to the year end, and recommenced the processing and sale of Oleochemical products on its own in the China local market.

With the completion of disposal of asset as stated in Note 21 below, coupled with the full settlement of a foreign currency denominated term loan as stated in Note 15 and Note 25, the Group had reduced its total borrowings to RM390.1 million as at the end of the financial year (FY2017: RM567.8 million) and has reduced its gearing ratio to 0.32 times as at year end (FY2017: 0.39 times). Despite of the challenging market conditions for the palm oil products, the Board of Directors is confident that the Group will continue to achieve positive and favourable performance with its forward sales commitment and sustainable business strategies.

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>12 months ended</i>	
	<i>30.06.18</i>	<i>30.06.17</i>	<i>30.06.18</i>	<i>30.06.17</i>
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
				<i>(Audited)</i>
Current income tax:				
- Malaysian income tax	(10,222)	(8,108)	(19,472)	(19,379)
Deferred tax	(2,162)	(5,242)	(1,162)	(4,242)
Total income tax expense	(12,384)	(13,350)	(20,634)	(23,621)

The effective tax rate for the current quarter/year was higher than the statutory income tax rate of 24% (2017: 24%) principally due to loss on disposal and impairment loss on property, plant and equipment and biological assets and allowance on receivables which are non-deductible expenses, as well as losses incurred in certain subsidiaries.

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 23 August 2018.

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

As at 30 June 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 had commenced.

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

	<i>As at 30.06.18 RM'000</i>	<i>As at 30.06.17 RM'000 (Audited)</i>
<u>Assets of the disposal group:</u>		
Property, plant and equipment**	19,942	108,150
Land use rights	-	3,473
Biological assets	24,398	81,908
Deferred tax assets	-	599
Inventories	598	492
Receivables	-	190
Cash and bank balances	-	25
Assets of the disposal group classified as held for sale	44,938	194,837
<u>Liabilities of the disposal group:</u>		
Payables	23	251
Deferred tax liabilities	2,213	2,368
Liabilities of disposal group classified as held for sale	2,236	2,619
Net assets of disposal group classified as held for sale	42,702	192,218
<u>Equity and reserves of the disposal group:</u>		
Revaluation reserves	12,531	86,329
Foreign exchange translation reserve	-	16,959
Amounts recognised directly in equity of disposal group classified as held for sale	12,531	103,288

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

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>Individual Period</i>		<i>Cumulative Period</i>	
	<i>3 months ended</i>		<i>12 months ended</i>	
	<i>30.06.18</i>	<i>30.06.17</i>	<i>30.06.18</i>	<i>30.06.17</i>
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
				<i>(Audited)</i>
Revenue	(1,667)	1,422	9,008	1,422
Expenses	1,497	(1,060)	(3,067)	(1,060)
Results from operating activities	(170)	362	5,941	362
Tax expenses	178	-	178	-
Profit from Discontinued Operation	8	362	6,119	362

23. Cash and Cash Equivalents

	<i>As at</i>	<i>As at</i>
	<i>30.06.18</i>	<i>30.06.17</i>
	<i>RM'000</i>	<i>RM'000</i>
		<i>(Audited)</i>
Cash and bank balances	20,671	51,355
Short-term deposits with licensed banks	4,500	20,588
Cash and cash equivalents	25,171	71,943

24. Retained Earnings

The breakdown of retained profits of the Group as at 30 June 2018 is as follows:

	<i>As at</i>	<i>As at</i>
	<i>30.06.18</i>	<i>30.06.17</i>
	<i>RM'000</i>	<i>RM'000</i>
		<i>(Audited)</i>
Total retained earnings of the Company and its subsidiaries:		
- Realised	580,340	428,768
- Unrealised	(88,958)	(90,120)
	491,382	338,648
Less: Consolidation adjustments	(236,152)	(157,229)
Total Group retained earnings as per consolidated accounts	255,230	181,419

25. Borrowings

	<i>As at 30.06.2018</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
<u>Long term</u>						
Secured						
Term loan	-	26,637	26,637	139,664	16,630	156,294
Hire purchase	-	203	203	-	296	296
Total	-	26,840	26,840	139,664	16,926	156,590
<u>Short term</u>						
Secured						
Term loan	-	18,971	18,971	46,564	21,904	68,468
Banker acceptance	-	112,076	112,076	-	130,525	130,525
Trust receipts	-	-	-	44,908	-	44,908
Hire purchase	-	246	246	-	295	295
Revolving credits	-	232,000	232,000	-	167,000	167,000
Total	-	363,293	363,293	91,472	319,724	411,196
Total Borrowings	-	390,133	390,133	231,136	336,650	567,786

During the financial year, the Company has fully repaid and settled all outstanding balances in relation to the foreign currency denominated borrowing with a licensed bank (outstanding balance of borrowing in FY2017: RM185,351,939), hence matter of compliance with the financial covenants of the bank was no longer applicable.

26. Derivative Financial Assets/(Liabilities)

As at 30 June 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	364	364
ii) Cross Currency Swap Contracts - Less than 1 year	-	13,256
iii) Commodity Swap Contracts - Less than 1 year	1,272	2,225
Net Total	1,636	15,845

26. Derivative Financial Assets/(Liabilities) (continued)

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 year ended 30 June 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) ("Defendant"), 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 lease of land to the plaintiff, and in return, plaintiff will process the organic palm wastes to become bio-organic fertilizer (BF) and re-sell to KOSB. The judgment from the High Court of Sabah and Sarawak at Sandakan was released on 21 December 2017 and the Court adjudged that the Plaintiff's claim for loss of profit against the Defendant was dismissed.

The Plaintiff had filed an appeal to the Court of Appeal on 16 January 2018.

28. Dividend

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

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.

	<i>Individual Period</i>		<i>Cumulative Period</i>	
	<i>3 months ended</i>	<i>3 months ended</i>	<i>12 months ended</i>	<i>12 months ended</i>
	<i>30.06.18</i>	<i>30.06.17</i>	<i>30.06.18</i>	<i>30.06.17</i>
				<i>(Audited)</i>
(Loss)/profit for the period/year attributable to Owners of the Company (RM'000)	(78,152)	(5,477)	(50,072)	38,951
Weighted average number of ordinary shares in issue ('000)	311,678	311,678	311,678	311,678
Basic (loss)/earnings per share (sen)	(25.07)	(1.76)	(16.07)	12.50

(b) Diluted

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

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>12 months ended</i>	
		<i>30.06.18</i>	<i>30.06.17</i>
		<i>RM'000</i>	<i>RM'000</i>
			<i>(Audited)</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	1,738	1,616
Fordeco Sdn. Bhd.	Provision of general servicing and supply of spare parts	7,679	6,822
Petrolmax Borneo Sdn. Bhd.	Purchase of diesel	8,048	8,000
Bina Segama Sdn. Bhd.	Purchase of lubricants	919	645
Fordeco Construction Sdn. Bhd.	Construction costs/materials	3,385	3,452
Kwan Ah Hee & Sons Realty Sdn. Bhd.	Rental	402	407
Miyasa Sdn. Bhd.	Purchase of fresh fruit bunches	3,609	3,728
Sri Bandaran Sdn. Bhd.	Purchase of fresh fruit bunches	3,269	4,038
Fordeco Plantations Sdn. Bhd.	Purchase of fresh fruit bunches	1,982	1,966
Cindai Development Sdn. Bhd.	Purchase of fresh fruit bunches	2,337	2,340

31. Group Statistics

	<i>Unit</i>	<i>Cumulative Period 12 months ended</i>	
		<i>30.06.18</i>	<i>30.06.17</i>
<u>PLANTATION</u>			
Oil Palm Area			
Mature	<i>hectare</i>	15,748	16,978
Immature	<i>hectare</i>	4,124	4,209
Total planted area	<i>hectare</i>	19,872	21,187
FFB			
Production	<i>tonnes</i>	333,333	375,624
Yield per mature hectare	<i>tonnes</i>	21.17	22.12
Average selling price per tonne	<i>RM</i>	497	469
<u>MILLS</u>			
Extraction Rates			
Crude palm oil	<i>%</i>	20.88	20.56
Palm kernel	<i>%</i>	5.04	4.92
Production			
Crude palm oil	<i>tonnes</i>	128,549	120,793
Palm kernel	<i>tonnes</i>	31,008	28,926
Palm products processed/traded	<i>tonnes</i>	30,000	116,199
Oleochemical products	<i>tonnes</i>	15,033	87,018
Average Selling Price (Per Tonne)			
Crude palm oil	<i>RM per Tonne</i>	2,638	2,884
Palm kernel	<i>RM per Tonne</i>	2,214	2,674
Palm products processed/traded	<i>RM per Tonne</i>	2,943	3,026
Oleochemical products	<i>RM per Tonne</i>	3,338	3,356

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 23 August 2018.