

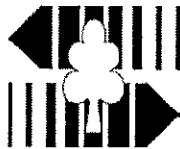


Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income
For the quarter ended 31 January 2018

| | (UNAUDITED) | | (UNAUDITED) | |
|---|--|--|--|---|
| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
| | CURRENT YEAR QUARTER 31/01/2018 RM'000 | PRECEDING YEAR CORRESPONDING QUARTER 31/01/2017 RM'000 | CURRENT YEAR TO DATE 31/01/2018 RM'000 | PRECEDING YEAR CORRESPONDING PERIOD 31/01/2017 RM'000 |
| Revenue | 83,109 | 121,233 | 194,041 | 261,975 |
| Cost of sales | (70,205) | (101,183) | (162,627) | (213,571) |
| Gross Profit | 12,904 | 20,050 | 31,414 | 48,404 |
| Other income | 9,974 | 3,389 | 16,146 | 6,810 |
| Administrative expenses | (9,152) | (13,278) | (18,892) | (26,969) |
| Selling and distribution expenses | (9,660) | (12,222) | (20,692) | (24,750) |
| Other expenses | - | (811) | - | (1,621) |
| Operating Profit/(Loss) | 4,066 | (2,872) | 7,976 | 1,874 |
| Finance costs | (3,554) | (4,427) | (7,049) | (8,860) |
| Profit/(Loss) before tax | 512 | (7,299) | 927 | (6,986) |
| Income tax expenses | (1,395) | (1,592) | (3,687) | (1,802) |
| Loss for the period | (883) | (8,891) | (2,760) | (8,788) |
| Other Comprehensive Income | | | | |
| Other comprehensive income, net of tax, will not be reclassified to profit or loss in subsequent periods: | | | | |
| Changes in fair value of equity instruments | (607) | 1,975 | (2,227) | 3,191 |
| Total comprehensive income for the period | (1,490) | (6,916) | (4,987) | (5,597) |
| (Loss)/Profit net of tax attributable to: | | | | |
| Owners of the parent | (944) | (8,842) | (2,831) | (8,692) |
| Non-controlling interests | 61 | (49) | 71 | (96) |
| | (883) | (8,891) | (2,760) | (8,788) |
| Total comprehensive income attributable to: | | | | |
| Owners of the parent | (1,490) | (6,867) | (5,058) | (5,501) |
| Non-controlling interests | - | (49) | 71 | (96) |
| | (1,490) | (6,916) | (4,987) | (5,597) |
| | Sen | Sen | Sen | Sen |
| Loss per share attributable to | | | | |
| Owners of the parent: | | | | |
| - Basic | (0.50) | (4.70) | (1.50) | (4.62) |
| - Diluted | N/A | N/A | N/A | N/A |

Note: N/A: Not Applicable

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



Condensed Consolidated Statements of Financial Position
As At 31 January 2018

| | (UNAUDITED) AS AT END OF CURRENT QUARTER 31/01/2018 RM'000 | (AUDITED) AS AT PRECEDING FINANCIAL YEAR END 31/07/2017 RM'000 |
|--|--|--|
| ASSETS | | |
| Non-current assets | | |
| Property, plant & equipment | 606,055 | 617,908 |
| Land held for property development | 6,437 | 6,437 |
| Biological assets | 278,916 | 244,856 |
| Investment properties | 84,085 | 84,085 |
| Investment securities | 30,928 | 33,156 |
| Intangible assets | 2,720 | 2,720 |
| Long term receivable | 2,456 | 3,156 |
| Deferred tax assets | 10,985 | 11,378 |
| | 1,022,582 | 1,003,696 |
| Current assets | | |
| Inventories | 109,367 | 136,752 |
| Trade and other receivables | 127,383 | 139,579 |
| Other current assets | 15,992 | 10,153 |
| Cash and bank balances | 23,601 | 28,308 |
| | 276,343 | 314,792 |
| TOTAL ASSETS | 1,298,925 | 1,318,488 |
| EQUITY AND LIABILITIES | | |
| Equity attributable to owners of the parent: | | |
| Share capital | 268,680 | 268,680 |
| Treasury shares | (55,165) | (55,165) |
| Retained earnings | 440,211 | 443,042 |
| Other reserves | (30,259) | (28,032) |
| | 623,467 | 628,525 |
| Non-controlling interests | 3,560 | 2,489 |
| Total equity | 627,027 | 631,014 |
| Non-current liabilities | | |
| Loans and borrowings | 93,800 | 92,906 |
| Deferred tax liabilities | 35,055 | 32,252 |
| | 128,855 | 125,158 |
| Current liabilities | | |
| Loans and borrowings | 403,556 | 414,628 |
| Trade and other payables | 138,889 | 146,975 |
| Income tax payable | 598 | 713 |
| | 543,043 | 562,316 |
| Total liabilities | 671,898 | 687,474 |
| TOTAL EQUITY AND LIABILITIES | 1,298,925 | 1,318,488 |
| Net assets per share attributable to ordinary equity holders of the Parent (RM) | 3.33 | 3.35 |
| Number of shares net of treasury shares ('000) | 188,120 | 188,120 |

The condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the year ended 31 July 2017 and the accompanying explanatory notes attached to the quarterly report.



Condensed Consolidated Statements of Changes in Equity
For the quarter ended 31 January 2018

| | Attributable to Equity Holders of the Parent | | | | Total Equity RM'000 | |
|---|--|----------------------------|------------------------------|-----------------------------|--------------------------------|--|
| | Non-Distributable | | Distributable | | | |
| | Share capital RM'000 | Share premium RM'000 | Treasury shares RM'000 | Other reserves RM'000 | Retained earnings RM'000 | Non- controlling interests RM'000 |
| Six Months Ended 31 January 2018 | | | | | | |
| Balance as at 1 August 2017 | 268,680 | - | (55,165) | (28,032) | 443,042 | 2,489 |
| (Loss)/Profit for the financial period | - | - | - | - | (2,831) | 71 |
| Other comprehensive income:- | | | | | | |
| - Fair value changes of financial assets measured at fair value through other comprehensive income | - | - | - | (2,227) | - | - |
| Total comprehensive income | - | - | - | (2,227) | (2,831) | 71 |
| Contributions by and distributions to owners of the Company:- | | | | | | |
| - Additional investments in an existing subsidiary by non-controlling interests | - | - | - | - | - | 1,000 |
| Total transactions with owners | - | - | - | - | - | 1,000 |
| Balance as at 31 January 2018 | 268,680 | - | (55,165) | (30,259) | 440,211 | 3,560 |

The condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 July 2017 and the accompanying explanatory notes attached to the quarterly report.



Condensed Consolidated Statements of Changes in Equity
For the quarter ended 31 January 2017

| | Attributable to Equity Holders of the Parent | | | | | Total Equity RM'000 |
|---|--|----------------------------|------------------------------|-----------------------------|--------------------------------|---------------------------|
| | Share capital RM'000 | Share premium RM'000 | Treasury shares RM'000 | Other reserves RM'000 | Retained earnings RM'000 | |
| Six Months Ended 31 January 2017 | | | | | | |
| Balance as at 1 August 2016 | 209,000 | 59,680 | (55,162) | (24,439) | 459,790 | 951 |
| Loss for the financial period | - | - | - | - | (8,692) | (96) |
| Other comprehensive income:- - Fair value changes of financial assets measured at fair value through other comprehensive income | - | - | - | 3,191 | - | - |
| Total comprehensive income | - | - | - | 3,191 | (8,692) | (96) |
| Contributions by and distributions to owners of the Company:- - Purchase of treasury shares | - | - | (3) | - | - | - |
| Total transactions with owners | - | - | (3) | - | - | - |
| Transfer of share capital upon implementation of the Companies Act 2016* | 59,680 | (59,680) | - | - | - | - |
| Balance as at 31 January 2017 | 268,680 | - | (55,165) | (21,248) | 451,098 | 855 |

* On 31 January 2017, in accordance with the Companies Act 2016, the concepts of "par value" and "authorised capital" were abolished and on that date, the shares of the Company ceased to have a par value. Consequently, the amounts standing in the share premium had become part of the Company's share capital.

The condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 July 2017 and the accompanying explanatory notes attached to the quarterly report.



Condensed Consolidated Statements of Cash Flows
For the quarter ended 31 January 2018

| | (UNAUDITED) CURRENT YEAR-TO-DATE 31/01/2018 RM'000 | (UNAUDITED) CORRESPONDING YEAR-TO-DATE 31/01/2017 RM'000 |
|---|--|--|
| Cash Flows from Operating Activities | | |
| Profit/(Loss) before taxation | 927 | (6,986) |
| Adjustments for : | | |
| Amortisation of biological assets | 3,781 | 2,973 |
| Amortisation of intangible assets | - | 1,621 |
| Depreciation of investment properties | - | 1,506 |
| Depreciation of property, plant and equipment | 18,851 | 34,137 |
| Dividend income | - | (10) |
| Interest expense | 7,049 | 8,860 |
| Interest income | (378) | (435) |
| Gain on disposal of property, plant and equipment | (12,152) | (1,746) |
| Fair value loss on derivative financial instruments | - | 302 |
| Property, plant and equipment written off | 58 | 55 |
| Unrealised loss on foreign exchange | 43 | 33 |
| Write-down of inventories | 331 | - |
| Operating profit before working capital changes | <u>18,510</u> | <u>40,310</u> |
| Changes in working capital : | | |
| Decrease in inventories | 27,054 | 21,317 |
| Decrease/(increase) in trade and other receivables | 4,107 | (20,717) |
| Decrease/(increase) in other current assets | 2,819 | (3,459) |
| Decrease in trade and other payables | <u>(8,086)</u> | <u>(25,302)</u> |
| Cash from operations | 44,404 | 12,149 |
| Taxes paid, net of refund | (516) | (1,128) |
| Interest paid | (7,049) | (8,860) |
| Interest received | 378 | 435 |
| Net cash from operating activities | <u>37,217</u> | <u>2,596</u> |
| Cash Flows from Investing Activities | | |
| Additional investments in an existing subsidiary by non-controlling interests | 250 | - |
| Costs incurred on biological assets | (37,200) | (17,792) |
| Dividend received | - | 10 |
| Proceeds from disposal of property, plant and equipment | 20,994 | 2,423 |
| Purchase of property, plant and equipment | <u>(13,049)</u> | <u>(7,150)</u> |
| Net cash for investing activities | <u>(29,005)</u> | <u>(22,509)</u> |
| Cash Flows from Financing Activities | | |
| Net of (repayment)/drawdown of bankers' acceptance | (27,351) | (9,443) |
| Net of drawdown/(repayment) of revolving credit | 28,000 | 17,500 |
| Proceeds from drawdown of term loans | 5,850 | 24,000 |
| Repayment of term loans | (8,330) | (7,817) |
| Purchase of treasury shares | - | (3) |
| Repayment of hire purchase obligations | <u>(11,088)</u> | <u>(28,618)</u> |
| Net cash for financing activities | <u>(12,919)</u> | <u>(4,381)</u> |
| Net change in cash and cash equivalents | <u>(4,707)</u> | <u>(24,294)</u> |
| Cash and cash equivalents at beginning of period | <u>28,308</u> | <u>47,527</u> |
| Cash and cash equivalents at end of period | <u>23,601</u> | <u>23,233</u> |

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



NOTES :

Note 1 Basis of Preparation

The quarterly report is unaudited and has been prepared in accordance with FRS 134 “Interim Financial Reporting” and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The quarterly report should be read in conjunction with the Group’s audited financial statements for the year ended 31 July 2017. These explanatory notes attached to the quarterly report provide an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the year ended 31 July 2017.

Note 2 Changes in Accounting Policies

The significant accounting policies adopted in the quarterly report are consistent with those adopted in the Group’s audited financial statements for the financial year ended 31 July 2017. At the date of authorisation of these interim financial statements, the Group has not adopted in advance the following accounting standards that have been issued by the Malaysian Accounting Standards Board (MASB). The Group will adopt these amendments/standards, if applicable, when they become effective.

| FRSs and/or IC Interpretations (Including the Consequential Amendments) | Effective for annual periods beginning on or after |
|--|---|
| IC Interpretation 22 Foreign Currency Transactions and Advance Consideration | 1 January 2018 |
| IC Interpretation 23 Uncertainty over Income Tax Treatments | 1 January 2019 |
| Amendments to FRS 2: Classification and Measurement of Share-based Payment Transactions | 1 January 2018 |
| Amendments to FRS 4: Applying FRS 9 Financial Instruments with FRS 4 Insurance Contracts | 1 January 2018 |
| Amendments to FRS 140 – Transfers of Investment Property | 1 January 2018 |
| MFRS 141: Agriculture | 1 January 2018 |
| MFRS 141: Agriculture: Bearer Plants (amendments to MFRS 116 and MFRS 141) | 1 January 2018 |
| MFRS 15: Revenue from Contracts with Customers | 1 January 2018 |
| Annual Improvements to FRS Standards 2014 – 2016 Cycles: <ul style="list-style-type: none">• Amendments to FRS 1: Deletion of Short-term Exemptions for First-time Adopters• Amendments to FRS 128: Measuring an Associate or Joint Venture at Fair Value | 1 January 2018 |
| Amendments to FRS 10 and FRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | Deferred |



Note 2 Changes in Accounting Policies (Cont'd)

The Group will only prepare its first set of MFRS financial statements for the financial year ending 31 July 2019. The Group is currently assessing the possible financial impacts that may arise from the adoption of MFRSs and the process is still ongoing.

Note 3 Auditors' Report on Preceding Annual Financial Statements

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

Note 4 Seasonal or Cyclical factors

Timber operations are, to a certain extent, affected by weather condition especially for logging operations. In addition, the four seasons also had some impact on the buying patterns of traditional buyers of timber products.

Note 5 Unusual Items

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows for the period under review.

Note 6 Changes in Estimates

There were no changes in estimates that have had a material effect on the results of the Group for the period under review.

Note 7 Debt and Equity Securities

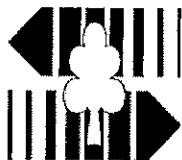
During the financial year-to-date, 100 shares of RM1.36 each were resold in the open market for a net consideration of RM95.

As at 31 January 2018, the number of shares retained as treasury shares amounted to 20,880,200. There has been no repurchase or cancellation of treasury shares during the period under review.

Apart from the above, there were no issuances and repayments of debt and equity securities for the period under review.

Note 8 Dividends Paid

There were no dividends paid during the period under review.



Note 9 Segmental Information

Segmental revenue and profit before taxation for the current financial year-to-date and preceding year corresponding period by the respective operating segments as follows:

| | Financial year-to-date ended | | | |
|------------|------------------------------|-----------------------------|----------------|-----------------------------|
| | 31.01.2018 | | 31.01.2017 | |
| | Revenue | Profit/(Loss) Before Tax | Revenue | Profit/(Loss) Before Tax |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Timber | 133,140 | (19,429) | 215,842 | (20,544) |
| Plantation | 59,156 | 23,890 | 45,387 | 17,917 |
| Others | 1,745 | (3,534) | 746 | (4,359) |
| | <u>194,041</u> | <u>927</u> | <u>261,975</u> | <u>(6,986)</u> |

The Group is organised into business units based on their products and services provided, and has three reportable operating segments as follows:

The timber segment is involved in extraction, sale of logs, tree planting (reforestation), and the business of manufacturing and trading of plywood, particleboard, sawn timber, finger-joint moulding, charcoal and supply of electricity for its manufacturing activities.

The plantation segment is involved in cultivation of oil palm and sales of fresh fruit bunches.

The others segment is involved in provision of towage and transportation services, insurance services, property holding and development, and manufacturing and trading of drinking water.

Note 10 Valuations of Property, Plant and Equipment

There has been no valuation undertaken for the Group's property, plant and equipment since the last annual financial statements.

Note 11 Valuations of Investment Properties

There has been no valuation undertaken for the Group's investment properties since the last annual financial statements.

Note 12 Subsequent Events

On 7 February 2018, the Company acquired 100% equity interest in Excel Logging Sdn. Bhd. ("ELSB"), a company incorporated in Malaysia, for a total cash consideration of RM1. ELSB is currently a dormant company and its intended principal activities are logging contractor and logs marketing.

Note 13 Changes in the Composition of the Group

There were no changes in the composition of the Group in the current quarter under review.



Note 14 Changes in Contingent Liabilities and Contingent Assets

There were no material changes in the contingent liabilities or assets since the last annual reporting date.

Note 15 Capital Commitments

| | As at 31.01.2018 RM'000 | As at 31.07.2017 RM'000 |
|---------------------------------|-------------------------------|-------------------------------|
| Approved and contracted for | 4,122 | 6,205 |
| Approved but not contracted for | 582 | 1,709 |
| | <u>4,704</u> | <u>7,914</u> |
| Analysed as follows: | | |
| Property, plant and equipment | 3,977 | 7,914 |
| Investment properties | 727 | - |
| | <u>4,704</u> | <u>7,914</u> |

Note 16 Review of Performance

Comparison of Results with Previous Corresponding Quarter and Financial Year-to-date

For the current quarter and financial year-to-date, the Group recorded revenue of RM83.1 million and RM194.0 million respectively as compared to RM121.2 million and RM262.0 million in the preceding year corresponding period. Despite lower revenue, the Group reported improvement in performance with profit before tax of RM0.5 million and RM0.9 million respectively in the current quarter and financial year-to-date as compared to loss of RM7.3 million and loss of RM7.0 million in the previous corresponding period.

Segmental performance:

| | Individual Quarter | | | Cumulative Quarter | | |
|---------------------------------|----------------------|----------------------|--------------|----------------------|----------------------|--------------|
| | 3 months ended | | Changes % | 6 months ended | | Changes % |
| | 31.01.2018 RM'000 | 31.01.2017 RM'000 | | 31.01.2018 RM'000 | 31.01.2017 RM'000 | |
| Revenue | | | | | | |
| Timber | 55,826 | 100,216 | -44% | 133,140 | 215,842 | -38% |
| Oil Palm | 26,284 | 20,569 | 28% | 59,156 | 45,387 | 30% |
| Others | 999 | 448 | 123% | 1,745 | 746 | 134% |
| | <u>83,109</u> | <u>121,233</u> | -31% | <u>194,041</u> | <u>261,975</u> | -26% |
| Profit/(Loss) Before Tax | | | | | | |
| Timber | (8,710) | (10,549) | 17% | (19,429) | (20,544) | 5% |
| Oil Palm | 11,090 | 5,643 | 97% | 23,890 | 17,917 | 33% |
| Others | (1,868) | (2,393) | 22% | (3,534) | (4,359) | 19% |
| | <u>512</u> | <u>(7,299)</u> | 107% | <u>927</u> | <u>(6,986)</u> | 113% |



Note 16 Review of Performance (cont'd)

Comparison of Results with Previous Corresponding Quarter and Financial Year-to-date (cont'd)

Timber

- Revenue decreased mainly due to lower export log and plywood sales volume.
- Despite a decrease in revenue, the timber segment reported lower loss, mainly due to higher average selling price of export logs, plywood and sawn timber.

Oil Palm

- Revenue and profit before tax increased, mainly contributed by:
 - (i) 62% and 47% increase in fresh fruit bunch ("FFB") sales volume as compared to corresponding quarter and financial year-to-date respectively due to increasing yield per hectare.
 - (ii) Lower unit production cost of FFB as a result of increase in production volume.
- However, the profit was being partially offset by the lower FFB average selling price by 23% and 14% respectively as compared to corresponding quarter and financial year-to-date.

Note 17 Material Changes in Quarterly Results Compared to the Results of the Immediate Preceding Quarter

The Group's revenue decreased from RM110.9 million in the immediate preceding quarter to RM83.1 million in the current quarter. The Group reported slightly higher profit before tax of RM0.5 million as compared to profit before tax of RM0.4 million in the immediate preceding quarter.

Segmental performance:

| | Current Quarter 31.01.2018 RM'000 | Immediate Preceding Quarter 31.10.2017 RM'000 | Changes % |
|--|--|--|----------------------|
| <u>Revenue</u> | | | |
| Timber | 55,826 | 77,315 | -28% |
| Oil Palm | 26,284 | 32,872 | -20% |
| Others | 999 | 746 | 34% |
| | 83,109 | 110,933 | -25% |
| <u>Profit/(Loss) Before Tax</u> | | | |
| Timber | (8,710) | (10,719) | 19% |
| Oil Palm | 11,090 | 12,800 | -13% |
| Others | (1,868) | (1,666) | -12% |
| | 512 | 415 | 23% |

Timber

- Revenue contracted by 28% mainly caused by lower export sales volume of timber products.
- Loss decreased by 19% due to higher average selling price of export logs and plywood.

Oil Palm

- Revenue and profit before tax decreased by 20% and 13% respectively, mainly attributed to:
 - (i) 15% decrease in FFB sales volume resulting in higher unit production cost of FFB.
 - (ii) 6% decrease in FFB average selling price.



Note 18 Commentary on Prospects

The oil palm segment would continue to be profit contributor to the Group with increasing FFB yield from more palms at prime age profile and improvement in FFB production in line with the commencement of peak crop season in the coming months. Although CPO price could face pressure in the short term due to the imposition of higher import duty on edible oil by India, the CPO price may gradually rise in anticipation of the continued high global demand for palm oil.

Timber prices are expected to sustain in view of lower production of logs across the timber industry in Sarawak and therefore prevailing tight supply of logs in the market.

The Group will focus on achieving sustainable profitability and is committed to strategic transformation, optimal utilization of available resources and implementing cost competitiveness programme.

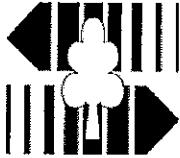
Note 19 Financial Estimate, Forecast, Projection or Internal Targets

The disclosure requirements for explanatory notes on the variation of actual profit after tax and profit forecast stated in the financial estimate, forecast, projection or internal targets and shortfall in profit guarantee are not applicable.

Note 20 Profit/(Loss) Before Taxation

Profit/(Loss) before taxation was derived after taking into consideration of the following:

| | Quarter ended | | Financial year-to-date ended | |
|--|---------------|------------|------------------------------|------------|
| | 31.01.2018 | 31.01.2017 | 31.01.2018 | 31.01.2017 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Amortisation and depreciation | 11,318 | 19,204 | 22,632 | 40,237 |
| Property, plant and equipment written off | 57 | 43 | 58 | 55 |
| Interest expenses | 3,554 | 4,427 | 7,049 | 8,860 |
| Dividend income | - | (10) | - | (10) |
| Interest income | (203) | (187) | (378) | (435) |
| Gain on disposal of property, plant and equipment | (8,465) | (1,679) | (12,152) | (1,746) |
| Rental income | (84) | (60) | (187) | (117) |
| Fair value loss on derivative financial instrument | - | 302 | - | 302 |
| Write-down of inventories | 331 | - | 331 | - |
| Loss/(Gain) on foreign exchange | | | | |
| - realised | 1,033 | (215) | 2,020 | 630 |
| - unrealised | 23 | 109 | 43 | 33 |



Note 21 Taxation

The Group's taxation for the period under review was as follows:

| | Quarter ended | | Financial year-to-date ended | |
|-------------------------------|----------------------|----------------------|------------------------------|----------------------|
| | 31.01.2018 RM'000 | 31.01.2017 RM'000 | 31.01.2018 RM'000 | 31.01.2017 RM'000 |
| Income tax: | | | | |
| Current period provision | (647) | 593 | 490 | 938 |
| Under provision in prior year | - | - | - | 450 |
| Deferred tax: | | | | |
| Current period provision | 2,042 | 999 | 3,197 | 414 |
| | <u>1,395</u> | <u>1,592</u> | <u>3,687</u> | <u>1,802</u> |

Income tax expense is recognised in each quarter based on the best estimate of the weighted average annual income tax rate expected for the full financial year.

Note 22 Status of Corporate Proposals

On 22 February 2017, Tiasa Mesra Sdn. Bhd. ("TMSB"), a wholly-owned subsidiary of the Company has entered into an agreement with Rimbunan Sawit Berhad ("RSB") to acquire all the rights, titles and interests in relation to the Simunjan Estate (as defined) via an assignment including development costs, biological assets, commercial rights and all the fixtures and fittings relating thereto held by RSB under the license for planted forest No. LPF/0035, for a cash consideration of RM150.0 million.

The Proposed Acquisition is currently pending the fulfilment of the following conditions precedent ("CP"):-

- RSB obtaining the approval from the relevant authorities for the absolute assignment of the rights to and in favour of TMSB;
- RSB settling all its existing liabilities owing to trade payables for the development of the oil palm plantation under the rights; and
- RSB procuring a redemption statement cum letter of undertaking from its financier addressed to the financier of TMSB on the redemption sum payable to settle the credit facilities granted by it inter alia, for the development of the oil palm plantation under the rights.

TMSB and RSB had on 21 February 2018, by way of an exchange of letter, agreed to an extension of time (in accordance with the terms and conditions of the Agreement) of another twelve (12) months commencing from 22 February 2018 until 21 February 2019 for the fulfilment of the CPs above.

Save as disclosed above, there were no corporate proposals announced but not completed as at 22 March 2018, being the latest practicable date.



Note 23 Borrowings and Debt Securities

| | | As at 31.01.2018 RM'000 | As at 31.07.2017 RM'000 |
|-------------------------------|-----------------------------|-------------------------------|-------------------------------|
| Short term borrowings: | | | |
| Unsecured | - Bankers' acceptance | 12,563 | 40,739 |
| | - Revolving credit | 292,500 | 264,500 |
| Secured | - Bankers' acceptance | 5,507 | 4,682 |
| | - Revolving credit | 72,000 | 72,000 |
| | - Term loans | 11,006 | 15,518 |
| | - Hire purchase obligations | 9,980 | 17,189 |
| | | <u>403,556</u> | <u>414,628</u> |
| Long term borrowings: | | | |
| Secured | - Term loans | 82,346 | 80,314 |
| | - Hire purchase obligations | 11,454 | 12,592 |
| | | <u>93,800</u> | <u>92,906</u> |
| Total borrowings | | <u>497,356</u> | <u>507,534</u> |

There were no borrowings denominated in foreign currency.

Note 24 Fair Value of Financial Liabilities

The Group has entered into forward foreign exchange contracts to limit its exposure on foreign currency receipts, when it is deemed necessary.

As at 31 January 2018, there was no outstanding foreign exchange contracts.

There was no significant change for the financial derivatives in respect of the followings since the last financial year ended 31 July 2017:

- (a) the credit risk, market risk and liquidity risk associated with these financial derivatives;
- (b) the cash requirements of the derivatives;
- (c) the policies in place for mitigating or controlling the risks associated with these financial derivative; and
- (d) the related accounting policies.

Note 25 Profit/Loss Arising from Fair Value Changes of Financial Liabilities

There were no gains or losses arising from fair value changes of financial liabilities for the current quarter ended 31 January 2018.

Note 26 Changes in Material Litigation

The Group has no outstanding material litigation which might materially and adversely affect the position or business of the Group as at 22 March 2018 being the latest practicable date.

Note 27 Dividend Payable

The Board of Directors did not declare any dividend for the quarter ended 31 January 2018 (previous corresponding period: Nil).



Note 28 Earnings Per Share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to ordinary equity holders of the Company over the weighted average number of ordinary shares in issue during the period, excluding treasury shares held by the Company.

| | Quarter ended 31.01.2018 | Financial year- to-date ended 31.01.2018 |
|--|-------------------------------------|---|
| Loss for the period attributable to ordinary equity holders of the Company (RM'000) | (944) | (2,831) |
| Weighted average number of ordinary shares in issue excluding treasury shares ('000) | 188,120 | 188,120 |
| Basic loss per share (Sen) | (0.50) | (1.50) |

(b) Diluted earnings per share

N/A

Note 29 Authorisation for Issue

The quarterly report was authorised for issue by the Board of Directors in accordance with a resolution of the directors on 29 March 2018.