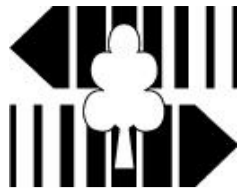


**Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income**  
**For the quarter ended 31 July 2018**

	(UNAUDITED)		(AUDITED)	
	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31/07/2018 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/07/2017 RM'000	CURRENT YEAR TO DATE 31/07/2018 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/07/2017 RM'000
<b>Revenue</b>	70,398	115,273	322,187	492,636
Cost of sales	(59,611)	(80,632)	(273,598)	(388,568)
<b>Gross Profit</b>	10,787	34,641	48,589	104,068
Other income	11,734	3,501	44,699	15,071
Administrative expenses	(9,395)	(9,688)	(39,183)	(48,473)
Selling and distribution expenses	(10,196)	(13,911)	(39,087)	(48,546)
Other expenses	(5,600)	-	(5,600)	(1,621)
Finance costs	(5,372)	(5,945)	(16,398)	(15,744)
<b>(Loss)/Profit before tax</b>	(8,042)	8,598	(6,980)	4,755
Income tax expenses	(4,986)	(16,867)	(12,349)	(21,215)
<b>Loss for the period</b>	(13,028)	(8,269)	(19,329)	(16,460)
<b>Other Comprehensive Income</b>				
Other comprehensive income, net of tax, will not be reclassified to profit or loss in subsequent periods:				
Changes in fair value of equity instruments	(2,395)	(2,959)	(7,849)	(3,593)
<b>Total comprehensive income for the period</b>	(15,423)	(11,228)	(27,178)	(20,053)
<b>(Loss)/Profit net of tax attributable to:</b>				
Owners of the parent	(13,173)	(8,592)	(19,580)	(16,748)
Non-controlling interests	145	323	251	288
	(13,028)	(8,269)	(19,329)	(16,460)
<b>Total comprehensive income attributable to:</b>				
Owners of the parent	(15,568)	(11,551)	(27,429)	(20,341)
Non-controlling interests	145	323	251	288
	(15,423)	(11,228)	(27,178)	(20,053)
	Sen	Sen	Sen	Sen
Loss per share attributable to Owners of the parent:				
- Basic	(7.00)	(4.56)	(10.41)	(8.90)
- Diluted	N/A	N/A	N/A	N/A

Note: N/A: Not Applicable

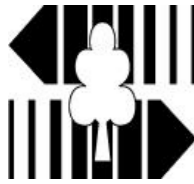
The condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 July 2017 and the accompanying explanatory notes attached to the quarterly report.



**Condensed Consolidated Statements of Financial Position**  
**As At 31 July 2018**

	(UNAUDITED) AS AT END OF CURRENT QUARTER 31/07/2018 RM'000	(AUDITED) AS AT PRECEDING FINANCIAL YEAR END 31/07/2017 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant & equipment	582,107	617,908
Land held for property development	6,628	6,437
Biological assets	332,614	244,856
Investment properties	104,241	84,085
Investment securities	25,321	33,156
Intangible assets	2,720	2,720
Long term receivable	3,042	3,156
Deferred tax assets	10,365	11,378
	1,067,038	1,003,696
<b>Current assets</b>		
Inventories	110,704	136,752
Trade receivables	28,327	48,735
Other receivables, deposits and prepayments	97,734	96,258
Current tax assets	6,055	4,739
Cash and bank balances	11,223	28,308
	254,043	314,792
<b>TOTAL ASSETS</b>	1,321,081	1,318,488
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the parent:</b>		
Share capital	268,680	268,680
Treasury shares	(55,166)	(55,165)
Retained earnings	423,462	443,042
Other reserves	(35,881)	(28,032)
	601,095	628,525
Non-controlling interests	3,740	2,489
<b>Total equity</b>	604,835	631,014
<b>Non-current liabilities</b>		
Loans and borrowings	82,318	92,906
Deferred tax liabilities	39,908	32,252
	122,226	125,158
<b>Current liabilities</b>		
Loans and borrowings	460,479	414,628
Trade and other payables	114,777	110,791
Other payables, deposits and accruals	18,304	36,184
Income tax payable	460	713
	594,020	562,316
<b>Total liabilities</b>	716,246	687,474
<b>TOTAL EQUITY AND LIABILITIES</b>	1,321,081	1,318,488
<b>Net assets per share attributable to ordinary equity holders of the Parent (RM)</b>	3.22	3.35
Number of shares net of treasury shares ('000)	188,118	188,120

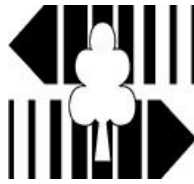
The condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the year ended 31 July 2017 and the accompanying explanatory notes attached to the quarterly report.



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

	← Attributable to Equity Holders of the Parent →				Distributable	Total	Non- controlling interests	Total Equity
	Non-Distributable							
	Share capital	Share premium	Treasury shares	Other reserves	Retained earnings	Total	RM'000	RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		RM'000
Twelve Months Ended 31 July 2018								
Balance as at 1 August 2017	268,680	-	(55,165)	(28,032)	443,042	628,525	2,489	631,014
(Loss)/Profit for the financial period	-	-	-	-	(19,580)	(19,580)	251	(19,329)
Other comprehensive income:-								
- Fair value changes of financial assets measured at fair value through other comprehensive income	-	-	-	(7,849)	-	(7,849)	-	(7,849)
Total comprehensive income	-	-	-	(7,849)	(19,580)	(27,429)	251	(27,178)
Contributions by and distributions to owners of the Company:-								
- Purchase of treasury shares	-	-	(1)	-	-	(1)	-	(1)
- Additional investments in an existing subsidiary by non-controlling interests	-	-	-	-	-	-	1,000	1,000
Total transactions with owners	-	-	(1)	-	-	(1)	1,000	999
Balance as at 31 July 2018	<u>268,680</u>	<u>-</u>	<u>(55,166)</u>	<u>(35,881)</u>	<u>423,462</u>	<u>601,095</u>	<u>3,740</u>	<u>604,835</u>

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.

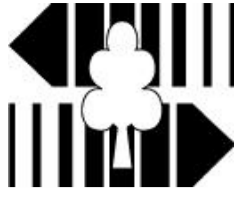


**Condensed Consolidated Statements of Changes in Equity**  
**For the quarter ended 31 July 2017**

	← Attributable to Equity Holders of the Parent →						Non-controlling interests	Total Equity
	← Non-Distributable →			Distributable				
	Share capital	Share premium	Treasury shares	Other reserves	Retained earnings	Total	RM'000	RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		RM'000
Twelve Months Ended 31 July 2017								
Balance as at 1 August 2016	209,000	59,680	(55,162)	(24,439)	459,790	648,869	951	649,820
(Loss)/Profit for the financial period	-	-	-	-	(16,748)	(16,748)	288	(16,460)
Other comprehensive income:-								
- Fair value changes of financial assets measured at fair value through other comprehensive income	-	-	-	(3,593)	-	(3,593)	-	(3,593)
Total comprehensive income	-	-	-	(3,593)	(16,748)	(20,341)	288	(20,053)
Contributions by and distributions to owners of the Company:-								
- Purchase of treasury shares	-	-	(3)	-	-	(3)	-	(3)
- Additional investments in an existing subsidiary by non-controlling interests	-	-	-	-	-	-	1,250	1,250
Total transactions with owners	-	-	(3)	-	-	(3)	1,250	1,247
Transfer of share capital upon implementation of the Companies Act 2016*	59,680	(59,680)	-	-	-	-	-	-
Balance as at 31 July 2017	<u>268,680</u>	<u>-</u>	<u>(55,165)</u>	<u>(28,032)</u>	<u>443,042</u>	<u>628,525</u>	<u>2,489</u>	<u>631,014</u>

\* 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 July 2018**

	(UNAUDITED) CURRENT YEAR-TO-DATE 31/07/2018 RM'000	(AUDITED) CORRESPONDING YEAR-TO-DATE 31/07/2017 RM'000
<b>Cash Flows from Operating Activities</b>		
(Loss)/Profit before taxation	(6,980)	4,755
Adjustments for :		
Amortisation of biological assets	4,077	5,981
Amortisation of intangible assets	-	1,621
Bad debts written off	-	3
Depreciation of property, plant and equipment	37,109	39,662
Dividend income	(19)	(32)
Fair value gain on investment securities	-	(13)
Impairment of property, plant and equipment	5,600	-
Interest expense	16,398	15,744
Interest income	(589)	(799)
Fair value gain on investment properties	(17,357)	(4,595)
Gain on disposal of property, plant and equipment	(19,564)	(5,758)
Property, plant and equipment written off	74	68
Reversal of inventory written down	-	(355)
Unrealised loss on foreign exchange	188	232
Write-down of inventories	1,066	1,282
Operating profit before working capital changes	<u>20,003</u>	<u>57,796</u>
Changes in working capital :		
Decrease in inventories	24,983	30,142
Decrease/(increase) in trade and other receivables	18,857	(44,921)
(Decrease)/increase in trade and other payables	(13,893)	32,665
Cash from operations	<u>49,950</u>	<u>75,682</u>
Taxes paid, net of refund	(5,249)	(1,859)
Interest paid	(16,398)	(22,058)
Interest received	589	799
Net cash from operating activities	<u>28,892</u>	<u>52,564</u>
<b>Cash Flows from Investing Activities</b>		
Additional investments in an existing subsidiary by non-controlling interests	250	500
Costs incurred on biological assets	(85,950)	(44,272)
Dividend received	5	32
Proceeds from disposal of property, plant and equipment	35,472	9,181
Purchase of investment securities	-	(14)
Purchase of land held for property held for development	(191)	(432)
Purchase of property, plant and equipment	(27,173)	(48,756)
Net cash for investing activities	<u>(77,587)</u>	<u>(83,761)</u>
<b>Cash Flows from Financing Activities</b>		
Decrease in pledge fixed deposits with licence banks	-	(31)
Net of drawdown/(repayment) of bankers' acceptance	3,010	14,799
Net of drawdown/(repayment) of revolving credit	56,000	38,500
Proceeds from drawdown of term loans	8,850	24,000
Repayment of term loans	(18,732)	(15,219)
Purchase of treasury shares	(1)	(3)
Repayment of hire purchase obligations	(17,626)	(50,230)
Net cash from financing activities	<u>31,501</u>	<u>11,816</u>
<b>Net change in cash and cash equivalents</b>	<u>(17,194)</u>	<u>(19,381)</u>
Effects of exchange rate changes on cash and cash equivalents	-	131
<b>Cash and cash equivalents at beginning of period</b>	<u>28,308</u>	<u>47,558</u>
<b>Cash and cash equivalents at end of period</b>	<u>11,114</u>	<u>28,308</u>
Cash and cash equivalents included in the Condensed Consolidated Statements of Cash Flows comprise:-		
Cash and bank balances	7,879	12,305
Deposits with licensed banks	3,344	16,003
Bank overdrafts	(109)	-
	<u>11,114</u>	<u>28,308</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.

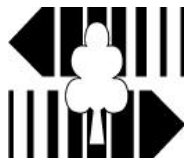
The quarterly report should be read in conjunction with the Group’s audited financial statements for the year ended 31 July 2017. These explanatory notes attached to the quarterly report provide an explanation of events and transactions that are significant to an understanding of the changes in financial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

<b>FRSs and/or IC Interpretations (Including the Consequential Amendments)</b>	<b>Effective for annual periods beginning on or after</b>
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 10 and FRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to FRS 140 – Transfers of Investment Property	1 January 2018
Annual Improvements to FRS Standards 2014 – 2016 Cycles: <ul style="list-style-type: none"><li>• Amendments to FRS 1: Deletion of Short-term Exemptions for First-time Adopters</li><li>• Amendments to FRS 128: Measuring an Associate or Joint Venture at Fair Value</li></ul>	1 January 2018

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 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. 1,500 shares of RM1.00 each were purchased and retained as treasury shares. The monthly breakdown of shares bought back were as follows:

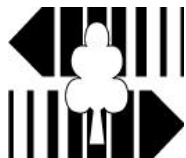
Month	No. of shares	Purchase price per share		Average price per share RM	Total cost RM
		Lowest RM	Highest RM		
March 2018	500	1.06	1.06	1.06	570
June 2018	1,000	0.91	0.91	0.91	945
<b>TOTAL</b>	<b>1,500</b>	<b>0.91</b>	<b>1.06</b>	<b>0.96</b>	<b>1,515</b>

As at 31 July 2018, the number of shares retained as treasury shares amounted to 20,881,700.

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/(loss) 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			
	31.07.2018		31.07.2017	
	Revenue	Profit/(Loss)	Revenue	Profit/(Loss)
		Before Tax		Before Tax
	RM'000	RM'000	RM'000	RM'000
Plantation	102,655	28,119	90,513	36,692
Timber	214,299	(46,187)	400,826	(31,833)
Others	5,233	11,088	1,297	(104)
	<u>322,187</u>	<u>(6,980)</u>	<u>492,636</u>	<u>4,755</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

Investment properties are stated at fair value, which have been determined based on valuations performed by independent professional valuers at the end of the reporting date using the market comparison approach. Sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size, location and market trends. The most significant input into this valuation approach is price per acre of comparable properties. There has been no change to the valuation technique during the financial year.

The fair values of the investment properties are within level 2 of the fair value hierarchy.

There were no transfers between level 1 and level 2 during the financial year.

The fair value measurements of the investment properties are based on the highest and best use which does not differ from their actual use.





## **Note 12 Subsequent Events**

There were no material events subsequent to the end of the current quarter that has not been reflected in the financial statement.

## **Note 13 Changes in the Composition of the Group**

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 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.

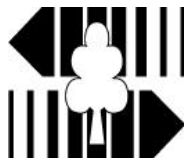
## **Note 15 Capital Commitments**

	<b>As at 31.07.2018 RM'000</b>	<b>As at 31.07.2017 RM'000</b>
Approved and contracted for	1,689	6,205
Approved but not contracted for	398	1,709
	<u>2,087</u>	<u>7,914</u>
Analysed as follows:		
Property, plant and equipment	1,942	7,914
Investment properties	145	-
	<u>2,087</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 RM70.4 million and RM322.2 million respectively as compared to RM115.3 million and RM492.6 million in the preceding year corresponding period. The Group reported loss before tax of RM8.0 million and RM7.0 million respectively in the current quarter and financial year-to-date as compared to profit before tax of RM8.6 million and RM4.8 million in the previous corresponding period.



**Note 16 Review of Performance (cont'd)**

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

Segmental performance:

	Individual Quarter			Cumulative Quarter		
	3 months ended		Changes	12 months ended		Changes
	31.07.2018	31.07.2017	%	31.07.2018	31.07.2017	%
	RM'000	RM'000	%	RM'000	RM'000	%
<b>Revenue</b>						
Oil Palm	25,155	27,091	-7%	102,655	90,513	13%
Timber	42,765	88,059	-51%	214,299	400,826	-47%
Others	2,478	123	1915%	5,233	1,297	303%
	<b>70,398</b>	<b>115,273</b>	<b>-39%</b>	<b>322,187</b>	<b>492,636</b>	<b>-35%</b>
<b>Profit/(Loss) Before Tax</b>						
Oil Palm	1,139	12,650	-91%	28,119	36,692	-23%
Timber	(12,571)	(8,612)	-46%	(46,187)	(31,833)	-45%
Others	3,390	4,560	-26%	11,088	(104)	10762%
	<b>(8,042)</b>	<b>8,598</b>	<b>-194%</b>	<b>(6,980)</b>	<b>4,755</b>	<b>-247%</b>

**Oil Palm**

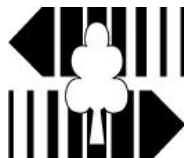
- Year-on-year revenue increased by 13% mainly contributed by 33% increase in fresh fruit bunch (“FFB”) sales volume due to increasing yield per hectare.
- However, quarter-on-quarter revenue decreased by 7% while profit decreased by 91% and 23% respectively as compared to corresponding quarter and financial year-to-date mainly caused by the lower FFB average selling price by 15%.

**Timber**

- Timber segment recorded loss in current quarter and financial year-to-date mainly due to decrease in revenue by 51% and 47% respectively resulting from lower export sales volume of timber and timber products.
- An impairment loss of RM5.6 million, representing the write-down of the power plant to the recoverable amount was recognized.

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

The Group’s revenue increased from RM57.7 million in the immediate preceding quarter to RM70.4 million in the current quarter. The Group reported loss before tax of RM8.0 million as compared to profit before tax of RM0.1 million in the immediate preceding quarter. The loss was mainly attributable to loss from timber segment.



**Note 17 Material Changes in Quarterly Results Compared to the Results of the Immediate Preceding Quarter (cont'd)**

Segmental performance:

	<b>Current Quarter 31.07.2018 RM'000</b>	<b>Immediate Preceding Quarter 30.04.2018 RM'000</b>	<b>Changes %</b>
<b><u>Revenue</u></b>			
Oil Palm	25,155	18,345	37%
Timber	42,765	38,392	11%
Others	2,478	1,011	145%
	<b>70,398</b>	<b>57,748</b>	<b>22%</b>
<b><u>Profit/(Loss) Before Tax</u></b>			
Oil Palm	1,139	3,090	-63%
Timber	(12,571)	(14,187)	11%
Others	3,390	11,232	-70%
	<b>(8,042)</b>	<b>135</b>	<b>-6057%</b>

**Oil Palm**

- Revenue increased by 37%, mainly contributed by 43% increase in FFB sales volume.
- However, the higher revenue and profit was partially offset by the 7% decrease in FFB average selling price.

**Timber**

- Revenue increased by 11% resulting in lower loss mainly contributed by higher export sales volume of logs and higher average selling price of timber products.

**Note 18 Commentary on Prospects**

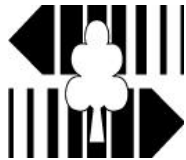
The oil palm segment performance would continue to contribute positively to the Group driven by the peak crop season of FFB production coupled with increasing area of more matured palm trees.

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

The Group is committed to strategic business transformation, optimization of available resources, improving FFB yield 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 (Loss)/Profit Before Taxation

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

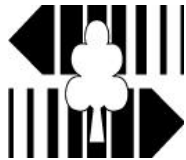
	Quarter ended		Financial year-to-date ended	
	31.07.2018	31.07.2017	31.07.2018	31.07.2017
	RM'000	RM'000	RM'000	RM'000
Amortisation and depreciation	7,231	6,420	41,186	47,264
Property, plant and equipment written off	15	9	74	68
Dividend income	(19)	(22)	(19)	(32)
Fair value gain on investment properties	(6,157)	(4,595)	(17,357)	(4,595)
Fair value gain on investment securities	-	(13)	-	(13)
Impairment on property, plant and equipment	5,600	-	5,600	-
Interest expenses	5,372	5,945	16,398	15,744
Interest income	(103)	(201)	(589)	(799)
Gain on disposal of property, plant and equipment	(2,880)	(868)	(19,564)	(5,758)
Rental income	(428)	(4)	(705)	(173)
Reversal of loss on derivative financial instrument	-	(55)	-	-
Write-down/(Reversal) of inventories	841	1,307	1,066	927
Loss on foreign exchange				
- realised	135	159	2,677	1,897
- unrealised	47	413	188	232

## Note 21 Taxation

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

	Quarter ended		Financial year-to-date ended	
	31.07.2018	31.07.2017	31.07.2018	31.07.2017
	RM'000	RM'000	RM'000	RM'000
Income tax:				
Current period provision	(512)	332	1,933	1,494
Under provision in prior year	1,151	31	1,747	504
Deferred tax:				
Current period provision	4,347	15,066	8,669	17,779
Under provision in prior year	-	1,438	-	1,438
	<u>4,986</u>	<u>16,867</u>	<u>12,349</u>	<u>21,215</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.

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 Remaining CPs.

On 10 July 2018, the Director of Forests vide a letter dated 6 July 2018 (which was received by the Company on 9 July 2018), accepted and approved the form and content of the deed of transfer to be executed between RSB and TMSB for the transfer of the Licence Rights (“Approval”) in place of a proposed deed of assignment, pursuant to the approval of the Minister on the application for absolute assignment of the Licence Rights from RSB to TMSB.

On 26 July 2018, the Agreement has become unconditional after fulfilling the following conditions precedent:-

1. RSB settling all its existing liabilities owing to trade creditors for the development of the oil palm plantation under the LPF and/or the Licence Rights; and
2. RSB procuring a redemption statement cum letter of undertaking from Hong Leong Bank Berhad 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 Licence and/or the Licence Rights.

Save as disclosed above, there were no corporate proposals announced but not completed as at 20 September 2018, being the latest practicable date.

## Note 23 Borrowings and Debt Securities

		<b>As at 31.07.2018 RM’000</b>	<b>As at 31.07.2017 RM’000</b>
<b>Short term borrowings:</b>			
Unsecured	- Bankers’ acceptance	42,398	40,739
	- Revolving credit	320,500	264,500
	- Bank overdrafts	109	-
Secured	- Bankers’ acceptance	6,033	4,682
	- Revolving credit	72,000	72,000
	- Term loans	12,955	15,518
	- Hire purchase obligations	6,484	17,189
		<u>460,479</u>	<u>414,628</u>
<b>Long term borrowings:</b>			
Secured	- Term loans	72,996	80,314
	- Hire purchase obligations	9,322	12,592
		<u>82,318</u>	<u>92,906</u>
<b>Total borrowings</b>		<u>542,797</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 July 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 July 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 20 September 2018 being the latest practicable date.

**Note 27 Dividend Payable**

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

**Note 28 Earnings/(Loss) Per Share**

- (a) Basic earnings/(loss) per share

Basic earnings/(loss) 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 31.07.2018	Financial year- to-date ended 31.07.2018
Loss for the period attributable to ordinary equity holders of the Company (RM'000)	(13,173)	(19,580)
Weighted average number of ordinary shares in issue excluding treasury shares ('000)	188,119	188,119
Basic loss per share (Sen)	(7.00)	(10.41)

- (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 27 September 2018.