



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

| | (UNAUDITED) | (RESTATED) | (UNAUDITED) | (RESTATED) |
|--|----------------------|--------------------------------------|----------------------|-------------------------------------|
| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
| | CURRENT YEAR QUARTER | PRECEDING YEAR CORRESPONDING QUARTER | CURRENT YEAR TO DATE | PRECEDING YEAR CORRESPONDING PERIOD |
| | 31/10/2018 | 31/10/2017 | 31/10/2018 | 31/10/2017 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | 86,914 | 110,932 | 86,914 | 110,932 |
| Cost of sales | (67,980) | (92,422) | (67,980) | (92,422) |
| Gross Profit | 18,934 | 18,510 | 18,934 | 18,510 |
| Other income | 5,856 | 6,172 | 5,856 | 6,172 |
| Administrative expenses | (9,496) | (9,740) | (9,496) | (9,740) |
| Selling and distribution expenses | (11,668) | (11,032) | (11,668) | (11,032) |
| Fair value change in biological assets | 673 | 381 | 673 | 381 |
| Finance costs | (3,798) | (3,495) | (3,798) | (3,495) |
| Profit before tax | 501 | 796 | 501 | 796 |
| Income tax expenses | (271) | (2,384) | (271) | (2,384) |
| Profit/(Loss) after taxation | 230 | (1,588) | 230 | (1,588) |
| Other Comprehensive Income | | | | |
| Items that will not be reclassified subsequently to profit or loss | | | | |
| Fair value changes of financial assets measured at fair value through other comprehensive income | (6,743) | (1,620) | (6,743) | (1,620) |
| Total comprehensive income for the period | (6,513) | (3,208) | (6,513) | (3,208) |
| Profit/(Loss) after taxation attributable to: | | | | |
| Owners of the Company | 120 | (1,626) | 120 | (1,626) |
| Non-controlling interests | 110 | 38 | 110 | 38 |
| | 230 | (1,588) | 230 | (1,588) |
| Total comprehensive income attributable to: | | | | |
| Owners of the Company | (6,623) | (3,246) | (6,623) | (3,246) |
| Non-controlling interests | 110 | 38 | 110 | 38 |
| | (6,513) | (3,208) | (6,513) | (3,208) |
| | Sen | Sen | Sen | Sen |
| Earnings/(Loss) per share: | | | | |
| - Basic | 0.06 | (0.86) | 0.06 | (0.86) |
| - 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 2018 and the accompanying explanatory notes attached to the quarterly report.



Condensed Consolidated Statements of Financial Position
As At 31 October 2018

| | (UNAUDITED) AS AT END OF CURRENT QUARTER 31/10/2018 RM'000 | (RESTATED) AS AT PRECEDING FINANCIAL YEAR END 31/07/2018 RM'000 | (RESTATED) AS AT PRECEDING FINANCIAL YEAR END 01/08/2017 RM'000 |
|--|--|---|---|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 1,078,185 | 914,727 | 862,671 |
| Land held for property development | 6,628 | 6,628 | 6,437 |
| Investment properties | 104,241 | 104,241 | 84,085 |
| Investment securities | 18,578 | 25,321 | 33,156 |
| Intangible assets | 2,720 | 2,720 | 2,720 |
| Long term receivable | 1,888 | 3,042 | 3,156 |
| Deferred tax assets | 10,365 | 10,365 | 11,378 |
| | 1,222,605 | 1,067,044 | 1,003,603 |
| Current assets | | | |
| Inventories | 126,759 | 110,736 | 136,752 |
| Biological assets | 3,263 | 2,590 | 2,956 |
| Trade receivables | 43,839 | 28,226 | 48,735 |
| Other receivables, deposits and prepayments | 71,755 | 97,910 | 96,312 |
| Current tax assets | 7,164 | 5,692 | 4,739 |
| Deposits with licensed banks | 2,179 | 4,091 | 16,003 |
| Cash and bank balances | 22,447 | 7,131 | 12,305 |
| | 277,406 | 256,376 | 317,802 |
| TOTAL ASSETS | 1,500,011 | 1,323,420 | 1,321,405 |
| EQUITY AND LIABILITIES | | | |
| Equity attributable to owners of the parent: | | | |
| Share capital | 268,680 | 268,680 | 268,680 |
| Treasury shares | (55,168) | (55,166) | (55,165) |
| Reserves | 383,410 | 390,033 | 417,253 |
| Equity attributable to owners of the Company | 596,922 | 603,547 | 630,768 |
| Non-controlling interests | 3,896 | 3,786 | 2,493 |
| Total equity | 600,818 | 607,333 | 633,261 |
| Non-current liabilities | | | |
| Loans and borrowings | 213,176 | 82,240 | 92,906 |
| Deferred tax liabilities | 40,192 | 39,978 | 32,961 |
| | 253,368 | 122,218 | 125,867 |
| Current liabilities | | | |
| Loans and borrowings | 472,423 | 461,349 | 414,628 |
| Trade payables | 145,370 | 112,139 | 110,838 |
| Other payables, deposits and accruals | 28,032 | 20,326 | 36,098 |
| Income tax payable | - | 55 | 713 |
| | 645,825 | 593,869 | 562,277 |
| Total liabilities | 899,193 | 716,087 | 688,144 |
| TOTAL EQUITY AND LIABILITIES | 1,500,011 | 1,323,420 | 1,321,405 |
| Net assets per share attributable to ordinary equity holders of the Parent (RM) | 3.19 | 3.23 | 3.37 |
| Number of shares net of treasury shares ('000) | 188,116 | 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 2018 and the accompanying explanatory notes attached to the quarterly report.



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

| | Share Capital RM'000 | Treasury Shares RM'000 | Non- Distributable Other Reserves RM'000 | Distributable Retained Earnings RM'000 | Attributable to Owners of the Company RM'000 | Non- controlling Interests RM'000 | Total Equity RM'000 |
|---|----------------------------|------------------------------|--|---|---|--|---------------------------|
| Three Months Ended 31 October 2018 | | | | | | | |
| Balance as at 1 August 2018 | 268,680 | (55,166) | (35,844) | 423,932 | 601,602 | 3,763 | 605,365 |
| Effect of MFRS adoption | - | - | - | 1,945 | 1,945 | 23 | 1,968 |
| Balance as at 1 August 2018, as restated | 268,680 | (55,166) | (35,844) | 425,877 | 603,547 | 3,786 | 607,333 |
| Profit for the financial period | - | - | - | 120 | 120 | 110 | 230 |
| Other comprehensive income:- | | | | | | | |
| - Fair value changes of financial assets measured at fair value through other comprehensive income | - | - | (6,743) | - | (6,743) | - | (6,743) |
| Total comprehensive income | - | - | (6,743) | 120 | (6,623) | 110 | (6,513) |
| Contributions by and distributions to owners of the Company:- | | | | | | | |
| - Purchase of treasury shares | - | (2) | - | - | (2) | - | (2) |
| Total transactions with owners | - | (2) | - | - | (2) | - | (2) |
| Balance as at 31 October 2018 | <u>268,680</u> | <u>(55,168)</u> | <u>(42,587)</u> | <u>425,997</u> | <u>596,922</u> | <u>3,896</u> | <u>600,818</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 2018 and the accompanying explanatory notes attached to the quarterly report.



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

| | Share Capital | Treasury Shares | Non- Distributable Other Reserves | Distributable Retained Earnings | Attributable to Owners of the Company | Non- controlling Interests | Total Equity |
|---|------------------|--------------------|--|---------------------------------------|---|----------------------------------|-----------------|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Three Months <u>Ended 31 October 2017</u> | | | | | | | |
| Balance as at 1 August 2017 | 268,680 | (55,165) | (28,032) | 443,042 | 628,525 | 2,489 | 631,014 |
| Effect of MFRS adoption | - | - | - | 2,243 | 2,243 | 4 | 2,247 |
| Balance as at 1 August 2017, as restated | 268,680 | (55,165) | (28,032) | 445,285 | 630,768 | 2,493 | 633,261 |
| (Loss)/Profit for the financial period | - | - | - | (1,626) | (1,626) | 38 | (1,588) |
| Other comprehensive income:- | | | | | | | |
| - Fair value changes of financial assets measured at fair value through other comprehensive income | - | - | (1,620) | - | (1,620) | - | (1,620) |
| Total comprehensive income | - | - | (1,620) | (1,626) | (3,246) | 38 | (3,208) |
| Balance as at 31 October 2017 | <u>268,680</u> | <u>(55,165)</u> | <u>(29,652)</u> | <u>443,659</u> | <u>627,522</u> | <u>2,531</u> | <u>630,053</u> |

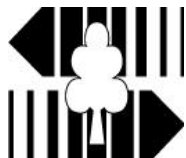
The condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 July 2018 and the accompanying explanatory notes attached to the quarterly report.



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

| | (UNAUDITED) CURRENT YEAR-TO-DATE 31/10/2018 RM'000 | (RESTATED) CORRESPONDING YEAR-TO-DATE 31/10/2017 RM'000 |
|--|--|---|
| Cash Flows from Operating Activities | | |
| Profit before taxation | 501 | 796 |
| Adjustments for : | | |
| Depreciation and amortisation | 10,752 | 11,314 |
| Fair value change in biological assets | (673) | (381) |
| Interest expense | 3,798 | 3,495 |
| Interest income | (69) | (175) |
| Gain on disposal of property, plant and equipment | (5,037) | (3,687) |
| Property, plant and equipment written off | 65 | 1 |
| Unrealised (gain)/loss on foreign exchange | (76) | 20 |
| Allowance for slow-moving inventories | 296 | - |
| Operating profit before working capital changes | <u>9,557</u> | <u>11,383</u> |
| Changes in working capital : | | |
| (Increase)/decrease in inventories | (16,319) | 13,174 |
| Decrease in trade and other receivables | 23,452 | 11,116 |
| Increase in other current assets | (11,682) | (8,746) |
| Increase/(decrease) in trade and other payables | <u>40,939</u> | <u>(2,604)</u> |
| Cash from operations | 45,947 | 24,323 |
| Taxes paid, net of refund | (1,584) | (268) |
| Interest paid | (3,798) | (3,495) |
| Interest received | 69 | 175 |
| Net cash from operating activities | <u>40,634</u> | <u>20,735</u> |
| Cash Flows from Investing Activities | | |
| Proceeds from disposal of property, plant and equipment | 6,946 | 5,871 |
| Purchase of property, plant and equipment | <u>(174,781)</u> | <u>(18,180)</u> |
| Net cash for investing activities | <u>(167,835)</u> | <u>(12,309)</u> |
| Cash Flows from Financing Activities | | |
| Net of drawdown/(repayment) of bankers' acceptance | 16,519 | (9,680) |
| Net of drawdown/(repayment) of revolving credit | (3,500) | 20,000 |
| Proceeds from drawdown of term loans | 134,505 | 1,680 |
| Repayment of term loans | (3,793) | (4,218) |
| Purchase of treasury shares | (2) | - |
| Repayment of hire purchase obligations | <u>(2,223)</u> | <u>(6,495)</u> |
| Net cash from financing activities | <u>141,506</u> | <u>1,287</u> |
| Net change in cash and cash equivalents | 14,305 | 9,713 |
| Cash and cash equivalents at beginning of period | <u>10,321</u> | <u>28,308</u> |
| Cash and cash equivalents at end of period | <u><u>24,626</u></u> | <u><u>38,021</u></u> |
| Cash and cash equivalents included in the Condensed Consolidated Statements of Cash Flows comprise:- | | |
| Cash and bank balances | 2,179 | 28,397 |
| Deposits with licensed banks | <u>22,447</u> | <u>9,624</u> |
| | <u><u>24,626</u></u> | <u><u>38,021</u></u> |

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 July 2018 and the accompanying explanatory notes attached to the quarterly financial report.



NOTES :

Note 1 Basis of Preparation

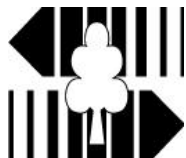
The quarterly report is unaudited and has been prepared in accordance with MFRS 134 “Interim Financial Reporting” and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The quarterly report should be read in conjunction with the Group’s audited financial statements for the year ended 31 July 2018. 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 2018.

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 2018. 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.

| MFRSs and/or IC Interpretations (Including the Consequential Amendments) | Effective for annual periods beginning on or after |
|---|---|
| MFRS 16: Leases | 1 January 2019 |
| IC Interpretation 23 Uncertainty Over Income Tax Treatments | 1 January 2019 |
| Amendments to MFRS 9: Prepayment Features with Negative Compensation | 1 January 2019 |
| Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement | 1 January 2019 |
| Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures | 1 January 2019 |
| Annual Improvements to MFRS Standards 2015 – 2017 Cycles | 1 January 2019 |
| Amendments to References to the Conceptual Framework in MFRS Standards | 1 January 2020 |
| MFRS 17 Insurance Contracts | 1 January 2021 |
| Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | Deferred |



Note 2 Changes in Accounting Policies (cont'd)

For the financial period beginning 1 August 2018, the Group has adopted the Malaysian Financial Reporting Standards ("MFRS") Framework for the first time. The date of transition to the MFRS Framework was on 1 August 2017.

The Group has consistently applied the same accounting policies in its opening MFRS statement of financial position as at 1 August 2017 and throughout all comparable interim periods presented, as if these policies had always been in effect. Comparative information in these interim financial statements have been restated to give effect to these changes and the financial impact on transition from FRS in Malaysia to MFRS as disclosed as follows:

a) Bearer plants

The amendments to MFRS 116 and MFRS 141 Agriculture: Bearer Plants change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will be within the scope of MFRS 116. After initial recognition, bearer plants will now be measured under MFRS 116 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). As the Group is currently measuring the bearer biological assets at cost less amortisation, the change in accounting policies is limited to reclassification of the bearer assets from biological assets to bearer plants and thus, the change will not impact comprehensive income or equity.

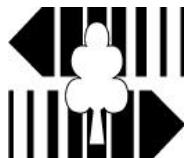
b) Biological assets

Prior to the adoption of the Amendments to MFRS 116 and MFRS 141 Agriculture: Bearer Plants, biological assets which form part of the bearer plants were not recognised. With the adoption of the Amendments to MFRS 116 and MFRS 141, the biological assets within the scope of MFRS 141 are measured at fair value less costs to sell. The change in fair value less costs to sell of the biological assets is recognised in profit or loss.

The effects of the changes in accounting policy on the comparative figures of the financial statements are as follows:

Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income

| Period ended 31.10.2017 | As previously reported RM'000 | Effect of MFRS 141 RM'000 | Restated RM'000 |
|---|--|--|----------------------------|
| Fair value change in biological assets | - | 381 | 381 |
| Income tax expenses | (2,292) | (92) | (2,384) |
| Profit/(Loss) after taxation | (1,877) | 290 | (1,587) |
| Profit/(Loss) after taxation attributable to: | | | |
| Owners of the parent | (1,887) | 261 | (1,626) |
| Non-controlling interests | 10 | 28 | 38 |
| | (1,877) | 290 | (1,587) |



Note 2 Changes in Accounting Policies (cont'd)

Condensed Consolidated Statements of Financial Position

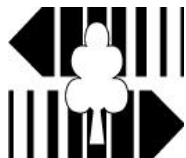
| As at 01.08.2017 | As previously reported RM'000 | Effect of MFRS 141 RM'000 | Restated RM'000 |
|--|--|--|----------------------------|
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 616,007 | 246,664 | 862,671 |
| Biological assets | 246,664 | (246,664) | - |
| CURRENT ASSETS | | | |
| Biological assets | - | 2,956 | 2,956 |
| EQUITY AND LIABILITIES | | | |
| Reserves | 415,010 | 2,243 | 417,253 |
| Total equity attributable to owners of the Company | 628,525 | 2,243 | 630,768 |
| Non-controlling interests | 2,489 | 4 | 2,493 |
| NON-CURRENT LIABILITIES | | | |
| Deferred tax liabilities | 32,252 | 709 | 32,961 |
| As at 31.07.2018 | | | |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 582,113 | 332,614 | 914,727 |
| Biological assets | 332,614 | (332,614) | - |
| CURRENT ASSETS | | | |
| Biological assets | - | 2,590 | 2,590 |
| EQUITY AND LIABILITIES | | | |
| Reserves | 388,088 | 1,945 | 390,033 |
| Total equity attributable to owners of the Company | 601,602 | 1,945 | 603,547 |
| Non-controlling interests | 3,763 | 23 | 3,786 |
| NON-CURRENT LIABILITIES | | | |
| Deferred tax liabilities | 39,356 | 622 | 39,978 |

Note 3 Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the year ended 31 July 2018 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 current quarter, 4,000 shares 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 | | |
| September 2018 | 3,000 | 0.79 | 0.79 | 0.79 | 2,436 |
| October 2018 | 1,000 | 0.75 | 0.75 | 0.75 | 790 |
| TOTAL | 4,000 | 0.75 | 0.79 | 0.78 | 3,226 |

In October 2018, 2,100 shares were resold in the open market with 2,000 shares at RM0.84 each and 100 shares at RM0.85 each, with average price of RM0.84 per share for a net consideration of RM1,674.

As at 31 October 2018, the number of shares retained as treasury shares amounted to 20,883,600.

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

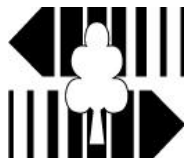
Note 8 Dividends Paid

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 | | | |
|------------|------------------------------|-----------------------------|----------------|-----------------------------|
| | 31.10.2018 | | 31.10.2017 | |
| | Revenue | Profit/(Loss) Before Tax | Revenue | Profit/(Loss) Before Tax |
| | RM'000 | RM'000 | RM'000 | RM'000 (Restated) |
| Plantation | 32,856 | 6,479 | 32,872 | 13,030 |
| Timber | 52,594 | (4,202) | 77,315 | (10,719) |
| Others | 1,464 | (1,776) | 745 | (1,515) |
| | <u>86,914</u> | <u>501</u> | <u>110,932</u> | <u>796</u> |



Note 9 Segmental Information (cont'd)

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, subcontractor for tree planting (reforestation), and the business of manufacturing and trading of plywood, veneer, raw and laminated particleboard, sawn timber, finger-joint moulding, charcoal and the supply of electricity for its manufacturing activities.

The plantation segment is involved in cultivation of oil palm and sale 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, tenure 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.

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

Note 12 Subsequent Events

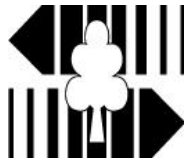
There were no material events subsequent to the end of the current quarter that has not been reflected in the financial statement.

Note 13 Changes in the Composition of the Group

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 31.10.2018 RM'000 | As at 31.07.2018 RM'000 |
|---|-------------------------------|-------------------------------|
| Purchase of property, plant and equipment | 3,131 | 4,203 |
| Construction of property, plant and equipment | 735 | 904 |
| | <u>3,866</u> | <u>5,107</u> |

Note 16 Review of Performance

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

For the current quarter ended 31 October 2018, the Group recorded revenue of RM86.9 million and profit before tax of RM0.5 million as compared to revenue of RM110.9 million and profit before tax of RM0.8 million in the preceding year corresponding period.

Segmental performance:

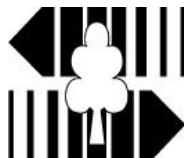
| | Individual Quarter | | Changes |
|--|--------------------|----------------|---------|
| | 3 months ended | | |
| | 31.10.2018 | 31.10.2017 | |
| | RM'000 | RM'000 | % |
| | | (Restated) | |
| <u>Revenue</u> | | | |
| Oil Palm | 32,856 | 32,872 | 0% |
| Timber | 52,594 | 77,315 | -32% |
| Others | 1,464 | 745 | 97% |
| | <u>86,914</u> | <u>110,932</u> | -22% |
| <u>Profit/(Loss) Before Tax</u> | | | |
| Oil Palm | 6,479 | 13,030 | -50% |
| Timber | (4,202) | (10,719) | 61% |
| Others | (1,776) | (1,515) | -17% |
| | <u>501</u> | <u>796</u> | -37% |

Oil Palm

- Profit before tax reduced mainly due to decline in fresh fruit bunch (“FFB”) average selling price in the current quarter as compared to the previous year corresponding quarter.
- The profit impact was alleviated by higher FFB sales volume attributable to increasing yield per hectare.

Timber

- Revenue decreased by 32% mainly due to lower export sales volume of timber and timber products.
- Loss reduced in current quarter mainly supported by improved average selling prices of timber and timber products.



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

The Group's revenue increased from RM70.4 million in the immediate preceding quarter to RM86.9 million in the current quarter. The Group reported profit before tax of RM0.5 million as compared to loss before tax of RM8.4 million in the immediate preceding quarter.

Segmental performance:

| | Current Quarter 31.10.2018 RM'000 | Immediate Preceding Quarter 31.07.2018 RM'000 (Restated) | Changes % |
|---------------------------------|--|---|----------------------|
| Revenue | | | |
| Oil Palm | 32,856 | 25,155 | 31% |
| Timber | 52,594 | 42,765 | 23% |
| Others | 1,464 | 2,452 | -40% |
| | 86,914 | 70,372 | 24% |
| Profit/(Loss) Before Tax | | | |
| Oil Palm | 6,479 | 1,086 | 497% |
| Timber | (4,202) | (12,608) | 67% |
| Others | (1,776) | 3,144 | -156% |
| | 501 | (8,378) | -106% |

Oil Palm

- Revenue and profit increased by RM7.7 million and RM5.4 million respectively, mainly contributed by 36% increase in FFB sales volume.
- However, the revenue and profit was partially offset by the 7% decrease in FFB average selling price.

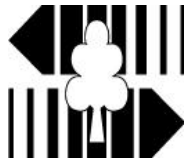
Timber

- Revenue increased by 23%, mainly contributed by higher export sales volume of plywood and particleboard.
- An impairment loss of RM5.6 million, representing the write-down of the power plant to the recoverable amount was recognised in the immediate preceding quarter.

Note 18 Commentary on Prospects

Crude palm oil ("CPO") price is expected to recover from current low CPO price in the light of the mandatory implementation of B10 biodiesel on 1 February 2019. The oil palm plantation segment performance would continue to contribute positively to the Group driven by the improving FFB yield, oil extraction rate and operational efficiency.

In view of lower production of logs and prevailing tight supply of logs in the market, timber and timber product prices are expected to sustain.



Note 18 Commentary on Prospects (cont'd)

The Group is committed to transform our operations via resource optimisation, yield improvement and 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 Before Taxation

Profit before taxation was derived after taking into consideration of the following:

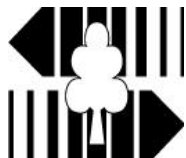
| | Quarter ended | | Financial year-to-date ended | |
|---|----------------------|------------------------------------|------------------------------|------------------------------------|
| | 31.10.2018 RM'000 | 31.10.2017 RM'000 (Restated) | 31.10.2018 RM'000 | 31.10.2017 RM'000 (Restated) |
| Depreciation of property, plant and equipment | 10,752 | 11,314 | 10,752 | 11,314 |
| Fair value change in biological assets | (673) | (381) | (673) | (381) |
| Interest expenses | 3,798 | 3,495 | 3,798 | 3,495 |
| Interest income | (69) | (175) | (69) | (175) |
| Gain on disposal of property, plant and equipment | (5,037) | (3,687) | (5,037) | (3,687) |
| Property, plant and equipment written off | 65 | 1 | 65 | 1 |
| Rental income | - | (103) | - | (103) |
| Allowance for slow-moving inventories | 296 | - | 296 | - |
| Loss on foreign exchange | | | | |
| - realised | 354 | 987 | 354 | 987 |
| - unrealised | (76) | 20 | (76) | 20 |

Note 21 Taxation

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

| | Quarter ended | | Financial year-to-date ended | |
|--------------------------|----------------------|------------------------------------|------------------------------|------------------------------------|
| | 31.10.2018 RM'000 | 31.10.2017 RM'000 (Restated) | 31.10.2018 RM'000 | 31.10.2017 RM'000 (Restated) |
| Income tax: | | | | |
| Current period provision | 57 | 1,137 | 57 | 1,137 |
| Deferred tax: | | | | |
| Current period provision | 214 | 1,247 | 214 | 1,247 |
| | <u>271</u> | <u>2,384</u> | <u>271</u> | <u>2,384</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, entered into a conditional agreement with Rimbunan Sawit Berhad (“RSB”) to acquire all the rights, titles and interests in relation to an oil palm plantation estate via an absolute assignment, development costs, biological assets, commercial rights and all the fixtures and fittings relating thereto (“Proposed Acquisition”) for a purchase consideration of RM150.0 million to be satisfied in cash.

The Proposed Acquisition is conditional upon the fulfilment of the followings:-

- (a) RSB obtaining the approval of the Director of Forests and/or the Minister for the absolute assignment of the rights to and in favour of TMSB and to the form and content of the assignment.

The Director of Forests had, via a letter dated 6 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 rights in place of a proposed deed of assignment, pursuant to the approval of the Minister on the application for absolute assignment of the rights from RSB to TMSB.

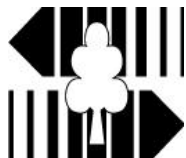
- (b) RSB settling all its existing liabilities owing to trade payables for the development of the oil palm plantation under the rights.

RSB had, via its letter dated 26 July 2018, confirmed that it had settled all its existing liabilities owing to trade payables for the development of the oil palm plantation under the rights.

- (c) 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.

RSB had, on 12 July 2018, received the 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.

With the fulfilment of the above conditions, TMSB was required to pay the balance of the consideration of RM135.0 million (“Balance Sum”) to RSB within 2 months from 26 July 2018, which was further extended to 25 October 2018. The Balance Sum was paid on 25 October 2018 to RSB, and the Proposed Acquisition was completed on the same date.



Note 23 Borrowings and Debt Securities

| | | As at 31.10.2018 RM'000 | As at 31.07.2018 RM'000 |
|-------------------------------|-----------------------------|-------------------------------|-------------------------------|
| Short term borrowings: | | | |
| Unsecured | - Bankers' acceptance | 64,950 | 48,431 |
| | - Revolving credit | 311,000 | 314,500 |
| | - Bank overdrafts | - | 109 |
| Secured | - Revolving credit | 78,000 | 78,000 |
| | - Term loans | 12,648 | 13,032 |
| | - Hire purchase obligations | 5,825 | 6,485 |
| | - Bank overdrafts | - | 792 |
| | | <u>472,423</u> | <u>461,349</u> |
| Long term borrowings: | | | |
| Secured | - Term loans | 204,015 | 72,918 |
| | - Hire purchase obligations | 9,161 | 9,322 |
| | | <u>213,176</u> | <u>82,240</u> |
| Total borrowings | | <u>685,599</u> | <u>543,589</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 October 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 2018:

- (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

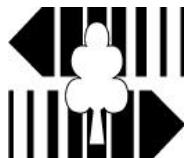
There were no gains or losses arising from fair value changes of financial liabilities for the current quarter ended 31 October 2018.

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 14 December 2018 being the latest practicable date.

Note 27 Dividend Payable

The Board of Directors did not declare any dividend for the quarter ended 31 October 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 and financial year- to-date ended 31.10.2018 |
|---|---|
| Profit for the period attributable to ordinary equity holders of the Company (RM'000) | 120 |
| Weighted average number of ordinary shares in issue excluding treasury shares ('000) | 188,117 |
| Basic earnings per share (Sen) | 0.06 |

(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 21 December 2018.