



**SARAWAK PLANTATION BERHAD**  
(Incorporated in Malaysia - 451377- P)

# INTERIM REPORT FOR 3RD QUARTER ENDED 30 SEPTEMBER 2018



**SARAWAK PLANTATION BERHAD**  
(Incorporated in Malaysia - 451377- P)

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**INTERIM REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018**  
(The figures have not been audited)

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**Condensed Consolidated Statement of Financial Position**  
(The figures have not been audited)

Notes	As At End Of Current Financial Period 30/9/2018 (Unaudited) RM'000	As At End Of Preceding Financial Year 31/12/2017 Restated RM'000	As At End Of Preceding Financial Year 1/1/2017 Restated RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	368,847	369,364	384,586
Plantation development expenditure	303,829	287,890	285,303
Investment properties	4,330	4,455	4,621
<b>Total non-current assets</b>	<b>677,006</b>	<b>661,709</b>	<b>674,510</b>
<b>Current assets</b>			
Inventories	20,414	16,975	18,092
Biological Assets	27,111	24,707	37,184
Trade and other receivables	12,103	22,392	24,700
Prepayments and other assets	4,791	4,448	4,593
Current tax recoverable	6,530	3,306	156
Other investments	6,892	9,678	9,466
Cash and cash equivalents	80,472	104,400	100,397
	158,313	185,906	194,588
Assets classified as held for sale	949	949	949
<b>Total current assets</b>	<b>159,262</b>	<b>186,855</b>	<b>195,537</b>
<b>TOTAL ASSETS</b>	<b>836,268</b>	<b>848,564</b>	<b>870,047</b>

**Condensed Consolidated Statement of Financial Position (continued)**

(The figures have not been audited)

	Notes	As At End Of Current Financial Period 30/9/2018 (Unaudited) RM'000	As At End Of Preceding Financial Year 31/12/2017 Restated RM'000	As At End Of Preceding Financial Year 1/1/2017 Restated RM'000
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital	A5	340,969	340,969	280,000
Share premium		-	-	60,969
Reserves		204,012	207,989	201,685
<b>Equity attributable to Owners of the Company</b>		<b>544,981</b>	<b>548,958</b>	<b>542,654</b>
<b>Non-controlling interests</b>		<b>(10,336)</b>	<b>(10,102)</b>	<b>(9,844)</b>
<b>Total equity</b>		<b>534,645</b>	<b>538,856</b>	<b>532,810</b>
<b>Non-current liabilities</b>				
Deferred tax liabilities		116,520	114,089	117,362
Loans and borrowings	B7	99,433	110,291	89,943
<b>Total non-current liabilities</b>		<b>215,953</b>	<b>224,380</b>	<b>207,305</b>
<b>Current liabilities</b>				
Trade and other payables		54,488	55,720	86,991
Loans and borrowings	B7	31,181	29,577	42,925
Current tax payable		1	31	16
<b>Total current liabilities</b>		<b>85,670</b>	<b>85,328</b>	<b>129,932</b>
<b>Total liabilities</b>		<b>301,623</b>	<b>309,708</b>	<b>337,237</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>836,268</b>	<b>848,564</b>	<b>870,047</b>
<b>Net assets per share attributable to Owners of the Company (RM)</b>		<b>1.95</b>	<b>1.96</b>	<b>1.94</b>

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017 and the accompanying explanatory notes attached to this report)



**Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income**  
(The figures have not been audited)

	Notes	Individual Quarter (Q3)		Cumulative Quarter (9 Months)	
		Current Year Quarter 30/9/2018 (Unaudited) RM'000	Preceding Year Corresponding Quarter (Restated) 30/9/2017 (Unaudited) RM'000	Current Year - Period To Date 30/9/2018 (Unaudited) RM'000	Preceding Year - Period To Date (Restated) 30/9/2017 (Unaudited) RM'000
Revenue		83,620	106,478	221,504	299,058
Cost of sales		(61,366)	(87,751)	(180,618)	(235,463)
<b>Gross profit</b>		22,254	18,727	40,886	63,595
Other income		753	671	1,418	2,026
Distribution expenses		(4,749)	(5,643)	(12,338)	(15,664)
Administrative expenses		(4,623)	(6,058)	(13,564)	(14,243)
<b>Results from operating activities</b>		13,635	7,697	16,402	35,714
Finance income		600	1,012	2,384	2,634
Finance costs		(1,547)	(1,784)	(4,972)	(4,648)
<b>Net finance costs</b>		(947)	(772)	(2,588)	(2,014)
<b>Operating profit before tax</b>		12,688	6,925	13,814	33,700
<b>Change in fair value of biological assets</b>		(274)	5,507	2,404	(2,202)
<b>Profit before tax</b>	A15	12,414	12,432	16,218	31,498
Taxation	B5	(3,178)	(3,493)	(6,450)	(8,457)
<b>Profit after tax</b>		9,236	8,939	9,768	23,041
<b>Other comprehensive income, net of tax</b>		-	-	-	-
<b>Profit and total comprehensive income for the period</b>		9,236	8,939	9,768	23,041



**Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income (continued)**  
(The figures have not been audited)

	Notes	Individual Quarter (Q3)		Cumulative Quarter (9 Months)	
		Current Year Quarter 30/9/2018 (Unaudited) RM'000	Preceding Year Corresponding Quarter (Restated) 30/9/2017 (Unaudited) RM'000	Current Year - Period To Date 30/9/2018 (Unaudited) RM'000	Preceding Year - Period To Date (Restated) 30/9/2017 (Unaudited) RM'000
<b>Profit/(Loss) attributable to:</b>					
Owners of the Company		9,344	9,000	10,002	23,213
Non-controlling interests		(108)	(61)	(234)	(172)
<b>Profit for the period</b>		<b>9,236</b>	<b>8,939</b>	<b>9,768</b>	<b>23,041</b>
<b>Profit/(Loss) and total comprehensive income/(loss) attributable to:</b>					
Owners of the Company		9,344	9,000	10,002	23,213
Non-controlling interests		(108)	(61)	(234)	(172)
<b>Profit and total comprehensive income for the period</b>		<b>9,236</b>	<b>8,939</b>	<b>9,768</b>	<b>23,041</b>
<b>Basic earnings per ordinary share attributable to Owners of the Company (sen):</b>					
<b>Basic</b>	B12	3.34	3.22	3.58	8.30
<b>Diluted</b>	B12	N/A	N/A	N/A	N/A

(The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017 and the accompanying explanatory notes attached to this report)



**Condensed Consolidated Statement of Changes in Equity**  
(The figures have not been audited)

	Notes	Attributable to Owners of the Company				Total RM'000	Non- controlling interests RM'000	Total equity RM'000
		Non-distributable		Distributable				
		Share capital RM'000	Equity reserve RM'000	Treasury shares RM'000	Retained earnings RM'000			
<b>At 1 January 2018</b>		340,969	493	(1,223)	288,340	628,579	(10,102)	618,477
<b>Effect of MFRS adoption and changes in accounting policies</b>		-	-	-	(79,621)	(79,621)	-	(79,621)
<b>At 1 January 2018, restated</b>		340,969	493	(1,223)	208,719	548,958	(10,102)	538,856
<b>Profit and total comprehensive income for the period</b>		-	-	-	10,002	10,002	(234)	9,768
<b>Less: First interim, single tier exempt dividend in respect of the financial year ending 31 December 2018</b>	A6	-	-	-	(13,979)	(13,979)	-	(13,979)
<b>At 30 September 2018</b>		340,969	493	(1,223)	204,742	544,981	(10,336)	534,645

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017 and the accompanying explanatory notes attached to this report)



**Condensed Consolidated Statement of Changes in Equity (continued)**  
(The figures have not been audited)

Notes	Attributable to Owners of the Company						Total RM'000	Non- controlling interests RM'000	Total equity RM'000
	Non-distributable			Distributable					
	Share capital RM'000	Share premium RM'000	Equity reserve RM'000	Treasury shares RM'000	Retained earnings RM'000				
<b>At 1 January 2017</b>	280,000	60,969	493	(1,223)	298,592	638,831	(9,844)	628,987	
<b>Effect of MFRS adoption and changes in accounting policies</b>	-	-	-	-	(96,177)	(96,177)	-	(96,177)	
<b>At 1 January 2017, restated</b>	280,000	60,969	493	(1,223)	202,415	542,654	(9,844)	532,810	
<b>Transfer in accordance with Section 618(2) of the Companies Act 2016</b>	60,969	(60,969)	-	-	-	-	-	-	
<b>Profit and total comprehensive profit for the period</b>	-	-	-	-	23,213	23,213	(172)	23,041	
<b>At 30 September 2017, restated</b>	340,969	-	493	(1,223)	225,628	565,867	(10,016)	555,851	

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017 and the accompanying explanatory notes attached to this report)





**Condensed Consolidated Statement of Cash Flows**  
(The figures have not been audited)

	Cumulative Quarter (9 Months)	
	Current Year - Period To Date 30/9/2018 (Unaudited) RM'000	Preceding Year - Period To Date 30/9/2017 (restated) (Unaudited) RM'000
<b>Cash flows from operating activities</b>		
<b>Profit before tax</b>	<b>16,218</b>	<b>31,498</b>
<i>Adjustments for:</i>		
Change in fair value of other investments	297	(38)
Change in fair value of biological assets	(2,404)	2,202
Depreciation of property, plant and equipment	11,286	18,588
Depreciation of plantation development expenditure	7,673	12,194
Depreciation of investment properties	125	125
Dividend income from other investments	(47)	(43)
Loss/(gain) on disposal of:		
- other investments	(26)	(42)
- property, plant and equipment	-	(451)
- plantation development expenditure	-	829
Inventories written off	70	-
Asset written off	13	-
Finance income	(2,384)	(2,634)
Finance costs	4,972	4,648
<b>Operating profit before changes in working capital</b>	<b>35,793</b>	<b>66,876</b>
Change in inventories	(3,509)	3,182
Change in trade and other receivables, deposits and prepayments	9,580	(952)
Change in trade and other payables	(2,667)	(19,776)
<b>Cash generated from operations</b>	<b>39,197</b>	<b>49,330</b>
Tax paid	(7,291)	(8,349)
Interest/Profit paid	(5,203)	(5,029)
Finance lease profit paid	(194)	(115)
Interest received	2,760	2,511
<b>Net cash from operating activities</b>	<b>29,269</b>	<b>38,348</b>
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(6,314)	(16,210)
Dividend received	35	29
Net movement of deposits with original maturities exceeding three months	872	(923)

**Condensed Consolidated Statement of Cash Flows (continued)**

(The figures have not been audited)

	Cumulative Quarter (9 Months)	
	Current Year - Period To Date 30/9/2018 (Unaudited) RM'000	Preceding Year - Period To Date 30/9/2017 (restated) (Unaudited) RM'000
<b>Cash flows from investing activities (continued)</b>		
Plantation development expenditure (net of depreciation)	(18,686)	(21,238)
Proceed from sale of quoted investments	1,661	-
Proceed from sale of property, plant and equipment	-	521
Proceed from sale of plantation development expenditure	-	447
<b>Net cash used in investing activities</b>	<b>(22,432)</b>	<b>(37,374)</b>
<b>Cash flows from financing activities</b>		
Net proceeds from term loans and revolving credits	16,490	20,790
Repayment of borrowings	(33,276)	(9,517)
Dividends paid to owners of the Company	(13,979)	-
<b>Net cash (used in)/from financing activities</b>	<b>(30,765)</b>	<b>11,273</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(23,928)</b>	<b>12,247</b>
<b>Cash and cash equivalents as at 1 January</b>	<b>104,400</b>	<b>100,397</b>
<b>Cash and cash equivalents as at 30 September</b>	<b>80,472</b>	<b>112,644</b>
<b>Represented by:</b>		
Deposits with original maturities not exceeding three months	68,361	111,905
Cash and bank balances	12,111	739
<b>Cash and cash equivalents</b>	<b>80,472</b>	<b>112,644</b>

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017 and the accompanying notes attached to this report)

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**Part A – Explanatory Notes Pursuant to Malaysian Financial Reporting Standards (“MFRS”) 134**

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**A1. Basis of preparation**

**1. Statement of compliance**

The condensed consolidated interim financial statements of the Group are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standard (“MFRS”) 134, *Interim Financial Reporting* and Chapter 9, Part K of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The condensed consolidated financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2017.

**2. Significant accounting policies**

**2.1 Adoption of new/revised Standards, Amendments and Interpretations**

The Group’s financial statements for annual period beginning on 1 January 2018 is prepared in accordance with the Malaysian Financial Reporting Standards (“MFRSs”) issued by the MASB.

The Group adopted following accounting standards, amendments and interpretations where applicable:

**Standards / Amendments / Interpretations**

MFRS 1	<ul style="list-style-type: none"> <li>• First-time Adoption of Malaysian Financial Reporting Standards</li> <li>• Amendments to MFRS 1 <i>First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2014-2016 Cycle)</i></li> </ul>
MFRS 2	<ul style="list-style-type: none"> <li>• Share-based Payment</li> <li>• <i>Classification and Measurement of Share-based Payment Transactions (Amendments to MFRS 2)</i></li> </ul>
MFRS 3	<ul style="list-style-type: none"> <li>• Business Combinations</li> </ul>
MFRS 4	<ul style="list-style-type: none"> <li>• Insurance Contracts</li> <li>• MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts (Amendments to MFRS 4)</li> </ul>
MFRS 5	<ul style="list-style-type: none"> <li>• Non-current Assets Held for Sale and Discontinued Operations</li> <li>• Amendment to MFRS 5 Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements to MFRSs 2012–2014 Cycle)</li> </ul>
MFRS 7	<ul style="list-style-type: none"> <li>• Financial Instruments: Disclosures</li> <li>• Mandatory Effective Date of MFRS 9 and Transition Disclosures</li> <li>• Amendment to MFRS 7 Financial Instruments: Disclosures (Annual Improvements to MFRSs 2012–2014 Cycle)</li> </ul>
MFRS 8	<ul style="list-style-type: none"> <li>• Operating Segments</li> </ul>
MFRS 9	<ul style="list-style-type: none"> <li>• MFRS 9, <i>Financial Instruments</i> (2014)</li> </ul>
MFRS 10	<ul style="list-style-type: none"> <li>• Consolidated Financial Statements</li> <li>• Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 10 and MFRS 128)</li> <li>• Investment Entities: Applying the Consolidation Exception (Amendments to MFRS 10, MFRS 12 and MFRS 128)</li> </ul>



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**Part A – Explanatory Notes Pursuant to MFRS 134**

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**A1. Basis of preparation (continued)**

**2. Significant accounting policies (continued)**

**2.1 Adoption of new/revised Standards, Amendments and Interpretations (continued)**

**Standards / Amendments / Interpretations**

MFRS 11	<ul style="list-style-type: none"><li>• Joint Arrangements</li><li>• Accounting for Acquisitions of Interests in Joint Operations (Amendments to MFRS 11)</li><li>• Disclosure of Interests in Other Entities</li></ul>
MFRS 12	<ul style="list-style-type: none"><li>• Investment Entities: Applying the Consolidation Exception (Amendments to MFRS 10, MFRS 12 and MFRS 128)</li><li>• Amendments to MFRS 12 Disclosure of Interests in Other Entities (Annual Improvements to MFRS Standards 2014-2016 Cycle)</li></ul>
MFRS 13	<ul style="list-style-type: none"><li>• Fair Value Measurement</li></ul>
MFRS 14	<ul style="list-style-type: none"><li>• Regulatory Deferral Accounts</li></ul>
MFRS 15	<ul style="list-style-type: none"><li>• Revenue from Contracts with Customers</li><li>• Classification as to MFRS 15</li></ul>
MFRS 101	<ul style="list-style-type: none"><li>• Presentation of Financial Statements</li><li>• Disclosure Initiative (Amendments to MFRS 101)</li></ul>
MFRS 102	<ul style="list-style-type: none"><li>• Inventories</li></ul>
MFRS 107	<ul style="list-style-type: none"><li>• Statement of Cash Flows</li><li>• Disclosure Initiative (Amendments to MFRS 107)</li></ul>
MFRS 108	<ul style="list-style-type: none"><li>• Accounting Policies, Changes in Accounting Estimates and Errors</li></ul>
MFRS 110	<ul style="list-style-type: none"><li>• Event after the Reporting Period</li></ul>
MFRS 112	<ul style="list-style-type: none"><li>• Income Taxes</li><li>• Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to MFRS 112)</li></ul>
MFRS 116	<ul style="list-style-type: none"><li>• Property, Plant and Equipment</li><li>• Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to MFRS 116 and MFRS 138)</li><li>• Agriculture: Bearer Plants (Amendments to MFRS 116 and MFRS 141)</li></ul>
MFRS 117	<ul style="list-style-type: none"><li>• Leases</li></ul>
MFRS 123	<ul style="list-style-type: none"><li>• Borrowing Costs</li></ul>
MFRS 124	<ul style="list-style-type: none"><li>• Related Party Disclosures</li></ul>
MFRS 127	<ul style="list-style-type: none"><li>• Separate Financial Statements</li><li>• Equity Method in Separate Financial Statements (Amendments to MFRS 127)</li><li>• Investments in Associates and Joint Ventures</li><li>• Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 10 and MFRS 128)</li></ul>
MFRS 128	<ul style="list-style-type: none"><li>• Investment Entities: Applying the Consolidation Exception (Amendments to MFRS 10, MFRS 12 and MFRS 128)</li><li>• Investments in Associates and Joint Ventures (<i>Annual Improvements to MFRS Standards 2014-2016 Cycle</i>)</li></ul>
MFRS 132	<ul style="list-style-type: none"><li>• Financial Instruments: Presentation</li></ul>



**Part A – Explanatory Notes Pursuant to MFRS 134**

**A1. Basis of preparation (continued)**

**2. Significant accounting policies (continued)**

**2.1 Adoption of new/revised Standards, Amendments and Interpretations (continued)**

**Standards / Amendments / Interpretations**

MFRS 133	<ul style="list-style-type: none"> <li>Earnings per Share</li> </ul>
MFRS 134	<ul style="list-style-type: none"> <li>Interim Financial Reporting</li> <li>Amendment to MFRS 134, Interim Financial Reporting (<i>Annual Improvements to MFRSs 2012–2014 Cycle</i>)</li> </ul>
MFRS 136	<ul style="list-style-type: none"> <li>Impairment of Assets</li> </ul>
MFRS 137	<ul style="list-style-type: none"> <li>Provisions, Contingent Liabilities and Contingent Assets</li> </ul>
MFRS 138	<ul style="list-style-type: none"> <li>Intangible Assets</li> <li>Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to MFRS 116 and MFRS 138)</li> </ul>
MFRS 139	<ul style="list-style-type: none"> <li>Financial Instruments: Recognition and Measurement</li> </ul>
MFRS 140	<ul style="list-style-type: none"> <li>Investment Property</li> <li>Transfers of Investment Property (Amendments to MFRS 140)</li> </ul>
MFRS 141	<ul style="list-style-type: none"> <li>Agriculture</li> <li>Agriculture: Bearer Plants (Amendments to MFRS 116 and MFRS 141)</li> </ul>

**2.2 Financial effect arising from the adoption of Amendments to MFRS 116, Property, Plant and Equipment and MFRS 141, Agriculture - Agriculture: Bearer Plants**

Accordingly, the financial statements for the previous financial period and years have been revised as follows:

**(a) Condensed Consolidated Statement of Financial Position**

	As previously reported RM'000	Effect of adoption of MFRS 141 RM'000	Restated RM'000
<b>As at 1/1/2017</b>			
Property, plant and equipment	384,586	-	384,586
Plantation development expenditure	354,742	(69,439)	285,303
Biological Assets	-	37,184	37,184
Reserves	297,862	(96,177)	201,685
Deferred tax liabilities	53,440	63,922	117,362
<b>As at 31/12/2017</b>			
Property, plant and equipment	368,092	1,272	369,364
Plantation development expenditure	330,734	(42,844)	287,890
Biological Assets	-	24,707	24,707
Reserves	287,610	(79,621)	207,989
Deferred tax liabilities	51,333	62,756	114,089



**Part A – Explanatory Notes Pursuant to MFRS 134**

**A1. Basis of preparation (continued)**

**2. Significant accounting policies (continued)**

**2.2 Financial effect arising from the adoption of Amendments to MFRS 116, Property, Plant and Equipment and MFRS 141, Agriculture - Agriculture: Bearer Plants (continued)**

**(b) Statement of profit or loss and other comprehensive income**

	As previously reported RM'000	Effect of adoption of MFRS 141 RM'000	Restated RM'000
<b>Quarter ended 30/9/2017</b>			
Cost of sales	(83,741)	(4,010)	(87,751)
Change in fair value of biological assets	-	5,507	5,507
Replanting expenditure	(2,747)	2,747	-
Taxation	(1,822)	(1,671)	(3,493)
Profit for the period	6,366	2,573	8,939
<b>Period ended 30/9/2017</b>			
Cost of sales	(223,435)	(12,028)	(235,463)
Change in fair value of biological assets	-	(2,202)	(2,202)
Replanting expenditure	(10,249)	10,249	-
Taxation	(7,615)	(842)	(8,457)
Profit for the period	27,864	(4,823)	23,041
<b>Year ended 31/12/2017</b>			
Cost of sales	(301,427)	(16,037)	(317,464)
Change in fair value of biological assets	-	(12,477)	(12,477)
Replanting expenditure	(13,387)	13,387	-
Other non-operating expenses	(43,408)	30,517	(12,891)
Taxation	(8,964)	1,167	(7,797)
(Loss)/Profit for the year	(10,510)	16,556	6,046



**Part A – Explanatory Notes Pursuant to MFRS 134**

**A1. Basis of preparation (continued)**

**2. Significant accounting policies (continued)**

**2.3 Financial effect arising from the adoption of MFRS 9, *Financial Instruments***

MFRS 9 replaces the guidance in FRS 139, *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets and financial liabilities, and on hedge accounting.

There are no material financial impacts on the financial statements for the current financial period and past years upon initial application of MFRS 9.

**2.4 Financial effect arising from the adoption of MFRS 15, *Revenue from Contracts with Customers and Clarifications to MFRS 15, Revenue from Contracts with Customers***

MFRS 15 replaces the guidance in MFRS 111, *Construction Contracts*, MFRS 118, *Revenue*, IC Interpretation 13, *Customer Loyalty Programmes*, IC Interpretation 15, *Agreements for Construction of Real Estate*, IC Interpretation 18, *Transfers of Assets from Customers* and IC Interpretation 131, *Revenue – Barter Transactions Involving Advertising Services*.

The Group recognised revenue from contracts with customers in accordance with the accounting policies as described in Note 2(m) of the financial statements for the financial year ended 31 December 2017. Upon adoption of MFRS 15, the Group recognises the revenue from contracts with customers when the Group transfers controls of goods or services to its customers at the amount to which the Group expects to be entitled. Revenue is recognised over time or at a point in time, when control of goods or services is transferred to the customers.

There are no material financial impacts on the financial statements for the current financial period and past years upon initial application of MFRS 15.

**2.5 Standards issued but not yet effective**

<b>Standards / Amendments / Interpretations</b>	<b>Effective date</b>
MFRS 16, <i>Leases</i>	1 January 2019
IC Interpretation 23, <i>Uncertainty over Income Tax Treatments</i>	1 January 2019
Amendments to MFRS 3, <i>Business Combinations (Annual Improvements to MFRS Standards 2015 – 2017 Cycle)</i>	1 January 2019
Amendments to MFRS 9, <i>Financial Instruments (2014)</i> – <i>Prepayment Features with Negative Compensation</i>	1 January 2019
Amendments to MFRS 112, <i>Income Taxes (Annual Improvements to MFRS Standards 2015 – 2017 Cycle)</i>	1 January 2019
Amendments to MFRS 123, <i>Borrowing Costs (Annual Improvements to MFRS Standards 2015 – 2017 Cycle)</i>	1 January 2019
Amendments to MFRS 128, <i>Investment in Associates and Joint Ventures – Long-term Interest in Associates and Joint Ventures</i>	1 January 2019
Amendments to MFRS 11, <i>Joint Arrangements (Annual Improvements to MFRS Standards 2015-2017 Cycle)</i>	1 January 2019



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**Part A – Explanatory Notes Pursuant to MFRS 134**

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**A1. Basis of preparation (continued)**

**2. Significant accounting policies (continued)**

**2.5 Standards issues but not yet effective (continued)**

The Group will adopt the above when they become effective in the respective financial periods.

Material impacts of the initial application of the abovementioned accounting standards, amendments or interpretations, which are or likely to be applicable to the Group, are discussed below:

**(i) MFRS 16, Leases**

MFRS 16 replaces the guidance in MFRS 117, *Lease*, IC Interpretation 4, *Determining Whether an Arrangement contains a Lease*, IC Interpretation 115, *Operating Leases – Incentives* and IC Interpretation 127, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

The Group is currently assessing the financial impact that may arise from the adoption of MFRS 16.

**(ii) Amendment to MFRS 128, *Investment in Associates and Joint Ventures (Annual Improvements to MFRS Standards 2014 – 2016 Cycle)***

The amendments clarify that an entity, which is a venture capital organization, or a mutual fund, unit trust or similar entities, has an investment-by-investment choice to measure its investments in associates and joint ventures at fair value.

There will be no significant impact on the Group from the adoption of Amendments to MFRS 128.





**Part A – Explanatory Notes Pursuant to MFRS 134**

**A2. Seasonality or Cyclicity of Interim Operations**

The Group's performance is affected by the cropping pattern of fresh fruit bunches ("FFB") which normally reaches its peak in the second half of the year, that will be reflected accordingly in the crude palm oil ("CPO") and palm kernel ("PK") production of the Group. The performance is also affected by the prices of CPO and PK which are determined by global supply and demand situation for edible oils and fats.

**A3. Unusual Items Affecting Assets, Liabilities, Equity, Net income or Cash Flows**

There were no items affecting assets, liabilities, equity, net income, or cash flows, which were unusual in nature, size or incidence during the current financial period.

**A4. Material Changes in Estimates**

There were no changes in the estimates of amounts reported in prior financial years and preceding interim periods, which have a material effect in the current interim financial period except for revision in useful lives and residual values of certain categories of property, plant and equipment with effect from the financial year ending 31 December 2018. Such revision is accounted for as a change in accounting estimate and is applied prospectively from financial year 2018.

**A5. Issuances, Cancellations, Repurchases, Resale and Repayments of Debt and Equity Securities**

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity in the current interim financial period.

**A6. Dividends Paid**

	<b>Cumulative Quarter (9 Months)</b>	
	<b>Current Year - Period To Date 30/09/2018 RM'000</b>	<b>Preceding Year - Period To Date 30/09/2017 RM'000</b>
First interim, single tier exempt dividend in respect of the financial year ending 31 December 2018		
- 5 sen per ordinary share	13,979	-
<b>Total</b>	13,979	-

**A7. Segment Information**

The Group's business segments mainly comprise the following three major business segments:-

- (i) **Investment holding**  
Investment holding company
- (ii) **Oil palm operations**
  - Estate operations (Cultivation of oil palm)
  - Mill operations (processing of fresh fruit bunches)
- (iii) **Management services and rental**  
Provision of management service and rental of investment properties



**Part A – Explanatory Notes Pursuant to MFRS 134**

**A7. Segment Information  
Individual Quarter (Q3)**

	Investment holding	Management services and rental	Oil palm operations		Consolidated	
	RM'000	RM'000	Estate operations RM'000	Mill operations RM'000	Total RM'000	RM'000
<b>30/9/2018</b>						
<b>Revenue</b>						
Segment revenue	-	652	27,909	78,522	106,431	107,083
Inter-segment	-	(430)	-	-	(23,033)	(23,463)
External revenue	-	222	27,909	78,522	83,398	83,620
<b>Cost of sales</b>						
Segment cost of sales	-	(490)	(14,830)	(69,113)	(83,943)	(84,433)
Inter-segment	-	45	-	-	23,022	23,067
External cost of sales	-	(445)	(14,830)	(69,113)	(60,921)	(61,366)
<b>Gross (loss)/profit</b>	-	(223)	13,079	9,409	22,477	22,254
Distribution expenses	-	-	-	(4,749)	(4,749)	(4,749)
<b>Segment (loss)/profit</b>	-	(223)	13,079	4,660	17,728	17,505
Other income including finance income	766	100			1,124	1,990
Inter-segment	(402)	(22)			(213)	(637)
External other income	364	78			911	1,353
Other expenses including finance costs	(658)	(394)			(6,059)	(7,111)
Inter-segment	41	259			641	941
External other expenses	(617)	(135)			(5,418)	(6,170)
<b>Operating (loss)/profit before tax</b>	(253)	(280)			13,221	12,688
Change in fair value of biological assets	-	-			(274)	(274)
<b>(Loss)/Profit before tax</b>	(253)	(280)			12,947	12,414



**Part A – Explanatory Notes Pursuant to MFRS 134**

**A7. Segment Information (continued)**

**Individual Quarter (Q3)**

	<b>Investment holding RM'000</b>	<b>Management services, rental and others RM'000</b>	<b>Oil palm operations RM'000</b>	<b>Consolidated RM'000</b>
<b>30/09/2017 (restated)</b>				
<b>Revenue</b>				
Segment revenue	-	1,072	106,195	107,267
Inter-segment revenue	-	(789)	-	(789)
External revenue	-	283	106,195	106,478
<b>Cost of sales</b>				
Segment cost of sales	-	(479)	(87,359)	(87,838)
Inter-segment cost of sales	-	45	42	87
External cost of sales	-	(434)	(87,317)	(87,751)
<b>Gross (loss)/profit</b>	-	(151)	18,878	18,727
Other income including finance income	650	67	863	1,580
Inter-segment	(59)	(3)	165	103
External other income	591	64	1,028	1,683
Other expenses including finance costs	(806)	(464)	(13,141)	(14,411)
Inter-segment	101	190	635	926
External other expenses	(705)	(274)	(12,506)	(13,485)
<b>Operating Profit/(loss) before tax</b>	(114)	(361)	7,400	6,925
Change in fair value of biological assets	-	-	5,507	5,507
<b>Profit/(Loss) before tax</b>	(114)	(361)	12,907	12,432



**Part A – Explanatory Notes Pursuant to MFRS 134**

**A7. Segment Information (continued)**  
**Cumulative Quarter (9 Months)**

	Investment holding	Management services and rental	Oil palm operations		Consolidated	
	RM'000	RM'000	Estate operations RM'000	Mill operations RM'000	Total RM'000	RM'000
<b>30/9/2018</b>						
<b>Revenue</b>						
Segment revenue	7,200	2,647	72,030	210,998	283,028	292,875
Inter-segment	(7,200)	(1,992)	-	-	(62,179)	(71,371)
External revenue	-	655	72,030	210,998	220,849	221,504
<b>Cost of sales</b>						
Segment cost of sales	-	(1,421)	(53,164)	(188,433)	(241,597)	(243,018)
Inter-segment	-	135	-	-	62,265	62,400
External cost of sales	-	(1,286)	(53,164)	(188,433)	(179,332)	(180,618)
<b>Gross (loss)/profit</b>	-	(631)	18,866	22,565	41,517	40,886
Distribution expenses	-	-	-	(12,338)	(12,338)	(12,338)
<b>Segment (loss)/profit</b>	-	(631)	18,866	10,227	29,179	28,548
Other income including finance income	2,170	434			2,409	5,013
Inter-segment	(576)	(42)			(593)	(1,211)
External other income	1,594	392			1,816	3,802
Other expenses including finance costs	(2,081)	(1,492)			(17,601)	(21,174)
Inter-segment	231	602			1,805	2,638
External other expenses	(1,850)	(890)			(15,796)	(18,536)
<b>Operating (loss)/profit before tax</b>	(256)	(1,129)			15,199	13,814
Change in fair value of biological assets	-	-			2,404	2,404
<b>(Loss)/Profit before tax</b>	(256)	(1,129)			17,603	16,218



**Part A – Explanatory Notes Pursuant to MFRS 134**

**A7. Segment Information (continued)**  
**Cumulative Quarter (9 Months)**

	Investment holding RM'000	Management services, rental and others RM'000	Oil palm operations RM'000	Consolidated RM'000
<b>30/09/2017 (restated)</b>				
<b>Revenue</b>				
Segment revenue	-	3,001	298,333	301,334
Inter-segment revenue	-	(2,276)	-	(2,276)
External revenue	-	725	298,333	299,058
<b>Cost of sales</b>				
Segment cost of sales	-	(1,449)	(234,201)	(235,650)
Inter-segment cost of sales	-	135	52	187
External cost of sales	-	(1,314)	(234,149)	(235,463)
<b>Gross (loss)/profit</b>	-	(589)	64,184	63,595
Other income including finance income	1,903	377	3,014	5,294
Inter-segment	(161)	(9)	(464)	(634)
External other income	1,742	368	2,550	4,660
Other expenses including finance costs	(2,236)	(1,232)	(33,810)	(37,278)
Inter-segment	297	565	1,861	2,723
External other expenses	(1,939)	(667)	(31,949)	(34,555)
<b>Operating (loss)/profit before tax</b>	(197)	(888)	34,785	33,700
Change in fair value of biological assets	-	-	(2,202)	(2,202)
<b>(Loss)/Profit before tax</b>	(197)	(888)	32,583	31,498

The segment results for Estate and Mill operations for individual and cumulative quarter ended 30 September 2017 were not presented as the Company changed its segment reporting in 2018.



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**Part A – Explanatory Notes Pursuant to MFRS 134**

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**A7. Segment Information (continued)****Segment assets and liabilities**

	<b>As At End Of Current Financial Period 30/9/2018 RM'000</b>
<b>Segment assets:</b>	
Investment holding	397,720
Oil palm operations	757,590
Management services/Rental	37,227
Others	44
	<hr/> 1,192,581
Elimination	(356,313)
<b>Total assets</b>	<hr/> <b>836,268</b> <hr/>
<b>Segment liabilities:</b>	
Investment holding	9,852
Oil palm operations	356,377
Management services/Rental	15,169
Others	177
	<hr/> 381,575
Elimination	(79,952)
<b>Total liabilities</b>	<hr/> <b>301,623</b> <hr/>

**A8. Impairment of Assets**

There was neither impairment loss nor reversal of such impairment loss recognised during the current interim financial period.

**A9. Material Events Subsequent to the End of the Interim Period**

There were no material events subsequent to the end of the current interim financial period that have not been reflected in the financial statements for the current interim financial period.



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**Part A – Explanatory Notes Pursuant to MFRS 134**

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**A10. Changes in the Composition of the Group**

As at 30 September 2018, there were no changes in the composition of the Group arising from business combinations, acquisition or disposal of subsidiary companies and long-term investments, restructurings and discontinued operations.

**A11. Changes in Contingent Liabilities and Contingent Assets**

As at 30 September 2018, there were no material contingent liabilities or contingent assets, which upon being enforced might have a material impact on the financial position or business of the Group, except as disclosed below:

	<b>At 30/9/2018</b>
	<b>RM'000</b>
As at that date, the Company has contingent liabilities as follows:	
Corporate guarantees for banking facilities granted to a subsidiary	230,000

**A12. Capital Expenditure Commitments**

As at 30 September 2018, there were no material capital commitments for capital expenditure, contracted for or known to be contracted for by the Group which might have a material impact on the financial position or business of the Group, except as disclosed below:

	<b>At 30/9/2018</b>
	<b>RM'000</b>
<b>Contracted but not provided for</b>	
Property, plant and equipment	3,432
Plantation development expenditure	547
	<u>3,979</u>

**A13. Unfulfilled Contract Obligation**

As at 30 September 2018, unfulfilled contract obligation of the Group is as disclosed below:

	<b>At 30/9/2018</b>
	<b>RM'000</b>
Sale Contracts	1,516



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**Part A – Explanatory Notes Pursuant to MFRS 134**

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**A14. Significant Related Party Transactions**

The significant related party transactions during the financial period as set out below represent significant transactions with companies having common directorship or in which certain Directors or person connected to a Director have interests.

	<b>Cumulative Quarter (9 Months)</b>	
	<b>Current Year - Period To Date 30/9/2018 RM'000</b>	<b>Preceding Year - Period To Date 30/9/2017 RM'000</b>
a. KUB Sepadu Sdn. Bhd.		
- Purchase of fresh fruit bunches	344	9,229
b. Danawa Resources Sdn. Bhd.		
- Rental and annual support for satellite broadband services	82	147
c. Intuitive Systems Sdn. Bhd.		
- Software support, customisation, maintenance and implementation costs	246	71
- Purchase of software	65	-
d. Stonehead sdn. Bhd.		
- Purchase of material	239	-
e. Ironhead Sdn. Bhd.		
- Purchase of assets	254	-
f. Manis Oil Sdn. Bhd.		
- Sale of fresh fruit bunches	(5,270)	(2,186)
- Purchase of fresh fruit bunches	1,968	-
g. Butrasemari Sdn. Bhd.		
- Purchase of fresh fruit bunches	3,020	-
h. Ta Ann Plywood Sdn. Bhd.		
- Field maintenance work and rental of machineries	386	-
- Purchase of assets	200	-
i. Ta Ann Pelita Igan Sdn. Bhd.		
- Laboratory services	-	(6)
j. Ta Ann Pelita Igan Plantation Sdn. Bhd.		
- Sales of stores items	(141)	-
- Transport services	35	-
k. Lik Shen Sawmill Sdn. Bhd.		
- Purchase of material	96	-

The Directors are of the opinion that all the transactions above have been entered into in the normal course of business and they are effected on terms not materially different from those obtainable in transactions with unrelated parties.





**Part A – Explanatory Notes Pursuant to MFRS 134**

**A15. Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income Disclosures**

	Individual Quarter (Q3)		Cumulative Quarter (9 Months)	
	Current Year Quarter 30/9/2018 RM'000	Preceding Year Corresponding Quarter 30/9/2017 (restated) RM'000	Current Year - Period To Date 30/9/2018 RM'000	Preceding Year - Period To Date 30/9/2017 (restated) RM'000
<b>Profit before tax is arrived at after charging:</b>				
Depreciation of property, plant and equipment	2,286	6,466	11,286	18,588
Depreciation of plantation development expenditure	283	4,066	7,673	12,194
Depreciation of investment properties	42	42	125	125
Change in fair value of biological assets	274	5,507	-	2,202
Change in fair value of other investments	-	-	297	-
Loss on disposal of plantation development expenditure	-	829	-	829
Inventories written off	-	-	70	-
Asset written off	-	-	13	-
Finance costs	1,547	1,784	4,972	4,648
<b>Profit before tax is arrived at after crediting:</b>				
Dividend income from other investments	-	3	47	43
Change in fair value of biological assets	-	-	2,404	-
Change in fair value of other investments	-	28	-	38
Gain on disposal of other - investments	13	3	26	42
- Property, plant and equipment	-	451	-	451
Other income	753	671	1,418	2,026
Finance income	600	1,012	2,384	2,634

Other items not applicable to the Group are foreign exchange gain or loss and gain or loss on derivatives.



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**Part B – Explanatory Notes Pursuant to Part A of Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad**

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**B1. Review of Performance**

**Quarter 3, 2018 vs Quarter 3, 2017**

The Group recorded revenue of RM83.6 million in the current interim quarter ended 30 September 2018 compared with RM106.5 million reported in the corresponding period of the preceding year. The Group's operating profit before tax was RM12.7 million for the current interim quarter as compared to RM7.0 million for the corresponding period of the preceding year. The increase in operating profits was principally due to the effect of lower cost of sales partially offsetted by lower realised average selling prices and sale volumes of CPO and PK during the current interim quarter.

The Group recognised a loss arising from changes in fair value of biological assets of RM0.3 million during the current interim quarter compared to a gain of RM5.5 million recognised in the corresponding period of preceding year.

The Group recorded a profit before tax of RM12.4 million for the current interim quarter, consistent with the corresponding period of the preceding year.

The performance of the respective major business segments of the Group are as follows:

Oil palm operations

The oil palm operations comprise estate and mill operations. During the current interim quarter, estate operations recorded a revenue and segment profit of RM27.9 million and RM13.1 million respectively, whereas mill operations recorded a revenue and segment profit of RM78.5 million and RM4.7 million respectively.

For the current financial period, the oil palm operations segment contributed 99.7% of the Group revenue of RM83.6 million.

Revenue of the oil palm operations decreased by RM22.8 million to RM83.4 million in the current interim quarter compared with RM106.2 million reported in the corresponding period of the preceding year. The decrease was principally attributed to the effect of lower realised average selling prices of CPO and PK and lower sales volumes of CPO and PK.

Both average selling prices of CPO and PK had decreased approximately by 18.4% and 24.3% whereas sales volumes of CPO and PK had decreased by approximately 3.2% and 19.3% respectively for the current interim quarter.

The operating profit before tax for the oil palm operations (after deducting administrative and finance cost) was RM13.2 million for the current interim quarter as compared to RM7.4 million for the corresponding period of the preceding year, was principally due to the effect of lower cost of sales partially offsetted by lower realised average selling prices and sale volumes of CPO and PK during the current interim quarter.

Other segments

Other segments' results for the current financial period are insignificant to the Group.



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**Part B – Explanatory Notes Pursuant to Part A of Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad**

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**B1. Review of Performance (continued)**

**Nine months ended 30 September 2018 vs Nine months ended 30 September 2017**

The Group recorded revenue of RM221.5 million in the current financial period ended 30 September 2018 compared with RM299.1 million reported in the corresponding period of the preceding year. The Group's operating profit before tax was RM13.8 million for the current financial period as compared to RM33.7 million for the corresponding period of the preceding year. The decrease in operating profits was principally due to the effect of lower realised average selling prices and lower sale volumes of CPO and PK during the current financial period.

The Group recognised a profit arising from changes in fair value of biological assets of RM2.4 million during the current interim period compared to a loss of RM2.2 million recognised in the corresponding period of preceding year.

As a result of the decrease in operating profits and fair value changes of biological assets as explained above, the Group recorded a profit before tax of RM16.2 million for the current financial period compared to RM31.5 million for the corresponding period of the preceding year.

The performance of the respective major business segments of the Group are as follows:

Oil palm operations

The oil palm operations comprise estate and mill operations. During the current financial period, estate operations recorded a revenue and segment profit of RM72.0 million and RM18.9 million respectively, whereas mill operations recorded a revenue and segment profit of RM211 million and RM10.2 million respectively.

For the current financial period, the oil palm operations segment contributed 99.7% of the Group revenue of RM221.5 million.

The revenue of the oil palm operations decreased by RM77.5 million to RM220.8 million in the current financial period compared with RM298.3 million reported in the corresponding period of the preceding year. The decrease was principally attributed to the effect of lower realised average selling prices of CPO and PK and lower sales volumes of CPO and PK.

The average selling prices of CPO and PK had decreased approximately by 18.5% and 24.4% respectively whereas the sales volumes of CPO and PK had decreased by approximately 9.0% and 12.2% respectively for the current financial period.

The operating profit before tax for the oil palm operations (after deducting administrative and finance cost) was RM15.2 million for the current financial period as compared to RM34.8 million for the corresponding period of the preceding year, in line with the decrease in revenue.

Other segments

Other segments' results for the current financial period are insignificant to the Group.

**Part B – Explanatory Notes Pursuant to Part A of Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad**

**B2. Material Changes in Profit Before Tax for the Current Quarter as compared with the Immediate Preceding Quarter**

For the quarter under review, the Group recorded an operating profit before tax of RM12.7 million compared to an operating profit before tax of RM5 million in the preceding quarter. This was mainly attributed to higher sales volumes of CPO and PK.

Revenue was higher mainly as a result of higher sales volumes offsetted by lower realised average selling prices of CPO. The sales volumes of CPO and PK had increased approximately by 34.9% and 7.8% respectively for the current quarter. The realised average selling price for PK had increased approximately 2.0% whereas the average selling price for CPO had decreased approximately by 7.6%.

The Group recorded a loss arising from changes in fair value of biological assets of RM0.3 million in the current quarter compared to a gain of RM0.5 million in the preceding quarter.

**B3. Prospects for the Current Financial Year**

The Group's current focus on transformation and reform of the management, strengthening and improving the standard operating procedures with the ultimate goal to achieve a better yield for the current financial year is starting to bear results.

The Group anticipates an improved production volume in the coming quarter following the improvement of field conditions.

Barring any unforeseen circumstances, the Board is confident that with these improvements in place, the Group will achieve satisfactory results in the current financial year.

**B4. Profit Forecast or Profit Guarantee**

Not applicable

**B5. Taxation**

	Individual Quarter (Q3)		Cumulative Quarter (9 Months)	
	Current Year Quarter 30/9/2018 RM'000	Preceding Year Corresponding Quarter 30/9/2017 (restated) RM'000	Current Year - Period To Date 30/9/2018 RM'000	Preceding Year - Period To Date 30/9/2017 (restated) RM'000
Current tax expense	1,691	2,530	4,019	10,023
Deferred tax income	1,487	963	2,431	(1,566)
	<u>3,178</u>	<u>3,493</u>	<u>6,450</u>	<u>8,457</u>

The Group's effective tax rate for the financial period ended 30 September 2018 is higher than the statutory tax rate principally due to higher non deductible expenditure.

**Part B – Explanatory Notes Pursuant to Part A of Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad****B6. Other Investments**

There was no material purchase or disposal of quoted securities for the current financial period except for the disposal of unit trust and portfolio investment during the current quarter under review.

The investments as at 30 September 2018 are as follows:

	<b>At 30/9/2018</b>
	<b>RM'000</b>
<u>Current</u>	
Deposits with original maturities exceeding three months	6,892

**B7. Loans and Borrowings**

		<b>At 30/9/2018</b>
		<b>RM'000</b>
<u>Non-current</u>		
Term Loan (Term Financing -i)	- secured	95,365
Finance lease liabilities (Hire purchase -i)		4,068
		<u>99,433</u>
<u>Current</u>		
Revolving credit	- secured	10,000
Term Loan (Term Financing -i)	- secured	18,000
Revolving credit - i	- secured	-
Finance lease liabilities (Hire purchase -i)		3,181
		<u>31,181</u>
		<u>130,614</u>

**Revolving Credit**

This revolving credit facility of RM50 million is secured by way of the Company's corporate guarantee and legal charge over certain land and buildings of a subsidiary.

The effective interest rate of revolving credit ranged from 4.96% to 5.23% per annum.

**Revolving Credit (Revolving Credits –i)**

The revolving credit facility of RM30 million is an Islamic facility under Bai' Inah contract, is secured by way of legal charge over certain land and buildings of a subsidiary and a corporate guarantee from the Company.

The Revolving Credit –i bears profit rate of 12% per annum, which is equivalent to effective profit rate of 0.60% per annum above the Bank's i-cost of funds.

**Term Loan (Term Financing – i)**

The term loan facility of RM150 million is an Islamic facility under Bai' Inah contract, is secured by way of legal charge over certain land and buildings of a subsidiary and a corporate guarantee from the Company. The loan is for a tenure of 8 years from the date of first drawdown in November 2014 and is repayable by 16 quarterly installments commencing 51th month after date of first drawdown of TF-i, which shall be on 12 February 2019.



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**Part B – Explanatory Notes Pursuant to Part A of Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad**

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**B7. Loans and Borrowings (continued)**

The Term Financing – *i*, bears profit rate of 12% per annum, which is equivalent to effective profit rate of 0.75% per annum above the Bank's *i*-cost of funds.

**Finance lease liabilities (Hire purchase - *i*)**

This finance lease liabilities are secured on property, plant and equipment under the finance lease.

Finance lease liabilities (Islamic) carry profit rates ranged between 4.94% - 5.13% per annum.

The above borrowings are denominated in Ringgit Malaysia.

**B8. Corporate Proposals**

**Status of Corporate Proposals Announced**

There was no corporate proposal being announced during the current interim financial period.

**B9. Gains/Losses from Fair Value Changes of Financial Liabilities**

There were no gains/losses arising from fair value changes of financial liabilities during the current interim financial period.

**B10. Changes in Material Litigation**

As at 16 November 2018 (*being the latest practicable date which is not earlier than 7 days from the date of the issue of this quarterly report*), there were no changes to the status of material litigation or arbitration in which the Company and/or any of its subsidiaries were involved either as plaintiff or defendant which has a material effect on the Group's financial position except as disclosed below:

- (a) A subsidiary of the Group, SPB Pelita Suai Sdn. Bhd. ("SP Suai") sued 6 individuals ("Defendants"), seeking injunctive and declaratory relief against the Defendants for various acts of trespass over 2 parcels of Native Communal Reserve Land which the Defendants had given consent for development into an oil palm estate. SP Suai also seeks to claim damages from the Defendants.

On 18 September 2013, the learned Judge decided as follows:

- (i) There is no concluded contract between the Defendants and SP Suai;
- (ii) It has not been shown by the parties that the Defendants were members of the Penan community for which the land was gazetted for their exclusive use;
- (iii) That the gazette to allow SP Suai to deal with native land has no retrospective effect;
- (iv) Generally, parties have not proven their case against each other.

SP Suai filed a Notice of Appeal against the whole of the learned Judge's decision on 14 October 2013. The Defendants also filed a Notice of Appeal against the whole of the learned Judge's decision on the same date. SP Suai had filed and served the Record of Appeal on 2 December 2013. The Court of Appeal heard the appeal on 10 December 2015, and ordered that the case be remitted back to the High Court (before a different Judge) for a retrial. They were of the view that there was a mistrial in respect of the High Court's finding. There was no order as to costs.

The retrial of the case proceeded on 26 July 2016.

At the conclusion of the proceedings, the Court directed as follows:

- (1) The parties are to file and exchange Written Submissions;
- (2) Thereafter, the parties are to file Written Reply; and
- (3) Counsels for the parties are to appear before the Court to go through their Submissions on 25 August 2016



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**Part B – Explanatory Notes Pursuant to Part A of Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad**

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**B10. Changes in Material Litigation (continued)**

The Court allowed the Counsel for the Defendants' application for an extension of 2 weeks from 27 October 2016 to file the Written Submission and the same has to be filed on or before 10 November 2016. Thereafter, the parties may file Reply (if any) by 17 November 2016. Hearing of the Submissions is fixed on 28 November 2016.

The Court delivered its Judgement on 23 February 2017 as follows:

- (i) Dismissed SP Suai's claim;
- (ii) Allowed part of the Defendants' claim, namely SP Suai is prohibited from entering the 2 parcels of NCR Land and SP Suai has to vacate and remove its machineries, equipments and structures existing on the Defendants' 2 parcels of NCR land.

SP Suai filed a Notice of Appeal against the whole of the learned Judge's decision on 9 March 2017 and an application for a stay of execution on 11 April 2017. The Court heard and allowed the application for a stay of execution on 9 June 2017. The Appeal came up for Case Management on 6 September 2017. The Court of Appeal fixed the hearing of the Appeal on 27 June 2018.

At the hearing of the Appeal on 27 June 2018, the Court adjourned the same for Case Management to 10 July 2018. On 10 July 2018, the Court directed the 1<sup>st</sup> Respondent's Advocates to file an application to substitute the deceased 1<sup>st</sup> Respondent within one month. The Court will then fix a date for hearing of the application. As of now, no date of hearing has been fixed by the Court of Appeal.

- (b) On 13 July 2016, the Company and SPAD were served with legal proceedings. Amongst other things, the Plaintiffs sought a declaration to the effect that they have acquired native customary rights and/or are the customary owners over land situated at/around all of the Kampung Melugu Sri Aman.

The Company and SPAD had on 20 July 2016 entered appearance. On 10 August 2016, an application to strike out the Plaintiffs' Writ and Statement of Claim was filed and served the Plaintiffs. On 17 October 2016, the Court dismissed SPAD's application to strike out the Plaintiff's Statement of Claim. SPAD filed its appeal against the Court's said decision on 9 November 2016.

On 14 July 2017, the Court Appeal dismissed the Company and SPAD's appeal with costs in the cause.

On 18 July 2017, the parties informed the Court of the verdict of the appeal hearing. The Company and SPAD also informed the Court of their intention to amend the 'Defence of the 1<sup>st</sup> and 2<sup>nd</sup> Defendants'.

The Court fixed 18 August 2017 as the next mention date to monitor the progress of the application for amendment of the Defence of the 1<sup>st</sup> and 2<sup>nd</sup> Defendants.

On 28 August 2017, the Court had allowed the 1<sup>st</sup> and 2<sup>nd</sup> Defendants' application for amendment of the Defence. The Court on 20 September 2017 had given directions for the parties to file the bundle of documents and documents pertinent to the trial. The Court fixed the case for trial from 21<sup>st</sup> May 2018 to 25<sup>th</sup> May 2018.

The Court gave its decision on 16 July 2018 as follows:-

1. The Plaintiffs' action against the 1<sup>st</sup>, 2<sup>nd</sup>, 3<sup>rd</sup> and 4<sup>th</sup> Defendants is dismissed.
2. Costs of RM40,000.00 is awarded to the 1<sup>st</sup> & 2<sup>nd</sup> Defendants and RM40,000.00 to the 3<sup>rd</sup> and 4<sup>th</sup> Defendants, all subject to payment of Allocatur fees.



**Part B – Explanatory Notes Pursuant to Part A of Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad**

**B10. Changes in Material Litigation (continued)**

- (b) On 3 August 2018, the Plaintiffs filed their appeal against the whole of the Court’s decision delivered on 16 July 2018. The said Notice of Appeal is now registered with the Court of Appeal Registry. As of now, no date of hearing has been fixed by the Court of Appeal.

The Directors, in consultation with the Company’s and SPAD’s advocates, are of the opinion that the Company and SPAD have strong merits in the case.

**B11. Dividend Declared**

On 15 May 2018, the Board of Directors declared a first interim, single tier dividend of 5 sen per share, totalling approximately RM14 million, in respect of the financial year ending 31 December 2018, which was paid to the shareholders on 11 June 2018.

**B12. Earnings per Share**

	Individual Quarter (Q3)		Cumulative Quarter (9 Months)	
	Current Year Quarter 30/9/2018 RM'000	Preceding Year Corresponding Quarter 30/9/2017 (restated) RM'000	Current Year - Period To Date 30/9/2018 RM'000	Preceding Year - Period To Date 30/9/2017 (restated) RM'000
Profit attributable to Owners of the Company (RM)	9,344	9,000	10,002	23,213
Weighted average number of ordinary shares in issue (unit)	279,564	279,564	279,564	279,564
Basic earnings per share (sen)	3.34	3.22	3.58	8.30
Diluted earnings per share (sen)	N/A	N/A	N/A	N/A

***Basic earnings per share***

The calculation of basic earnings per share for the interim quarter and financial period is based on the profit attributable to owners of the Company and on the weighted average number of ordinary shares in issue less the weighted average number of treasury shares held by the Company.

***Diluted earnings per share***

The diluted earnings per share for the interim quarter and financial period were not computed as the Company does not have any potentially dilutive ordinary shares as at 30 September 2018.

**B13. Auditors' Report on Preceding Annual Financial Statements**

The auditors' report on the financial statements for the financial year ended 31 December 2017 was unqualified.





**Part B – Explanatory Notes Pursuant to Part A of Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad**

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**B14. Review by External Auditors**

The condensed consolidated financial statements of Sarawak Plantation Berhad for the quarter ended 30 September 2018 has been reviewed by the Company's auditor in accordance with the International Standard on Review Engagements 2410, "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*".

**B15. Authorised for Issue**

The condensed consolidated interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Board on 22 November 2018.

*By Order of the Board*

Company Secretary  
Kuching  
22 November 2018