GENTING
PLANTATIONS

PRESS RELEASE **For Immediate Release**

GENTING PLANTATIONS REPORTS FIRST HALF 2018 FINANCIAL RESULTS

KUALA LUMPUR, Aug 28 – Genting Plantations Berhad today reported its financial results for the first half ended 30 June 2018 ("1H 2018"). Group revenue of RM931.7 million was a 10% year-on-year increase attributable to the higher offtake for refinery products from the Downstream Manufacturing segment. However, the Plantation segment recorded lower revenue as the impact of weaker palm products selling prices outweighed the higher fresh fruit bunch ("FFB") production.

Overall, the Group achieved crude palm oil ("CPO") and palm kernel ("PK") price of RM2,336 per metric tonne (mt) and RM1,908 per mt respectively in 1H 2018.

For Group FFB production, the growth in Indonesia from increased harvesting areas and higher yields more than compensated for the drop in Malaysia due to a shift in cropping pattern along with its replanting activities, and this gave rise to an overall 12% year-on-year increase in 1H 2018.

EBITDA for the Plantation segment, covering both Malaysia and Indonesia operations, declined year-on-year in 1H 2018, as the effect of weaker palm products selling prices outpaced the higher FFB production.

The Property segment recorded lower EBITDA year-on-year in 1H 2018 as projects were at their early stages of completion along with the inclusion of lower margin products.

The Biotechnology segment's results remained stable year-on-year, reflective of its consistent research and development activities.

The Downstream Manufacturing segment posted a higher EBITDA year-on-year as overall its biodiesel and refinery operations recorded higher capacity utilisation from higher offtake.

Changes in the "Others" category mainly reflect the impact of changes in the foreign currency translation position of the Group's U.S Dollar denominated cash reserves and borrowings arising from foreign exchange movements.

The Group's results for the second half of 2018 is mainly guided by the performance of its mainstay Plantation segment, which in turn is contingent upon the direction of palm products prices and the Group's FFB production volume.

The Group's year-on-year FFB production growth is expected to continue into the second half of 2018, driven by its Indonesian estates with the progression of existing mature areas into higher yielding brackets along with higher harvesting areas. However, the output from its Malaysian estates is expected to be moderated by the escalation of replanting activities.

Given the prevailing soft property market sentiments, the Group will continue with offerings that are aligned to market demands. With the sustained success of the Johor Premium Outlets, a third phase is scheduled to be opened by the end of this year. Genting Highlands Premium Outlets is expected to continue performing well as it registers its first full year of operations.

The Group's Biotechnology segment is progressing with its development of commercial solutions and applications to increase the yield and productivity of oil palm.

The Downstream Manufacturing segment will focus on improving its refinery operation's offtake and capacity utilisation. The Segment will continue supplying for the local B7 biodiesel requirements and has also seen a renewed demand for discretionary biodiesel blending, given the prevailing favourable spread between palm oil and gas oil.

The Board of Directors declared an interim single-tier dividend of 4.75 sen per ordinary share. In comparison, the interim single-tier dividend declared for the corresponding period of 2017 amounted to 5.5 sen per ordinary share.

A summary of the quarterly results is shown in Table 1.

TABLE 1:

RM' Million	2Q 2018	2Q 2017 Restated	%	1H 2018	1H 2017 Restated	%
Revenue						
Plantation						
- Malaysia	166.3	225.3	*-26*	372.9	446.7	*-17*
- Indonesia	122.0	120.5	*+1*	246.7	259.8	*-5*
Property	25.3	28.7	*-12*	51.9	49.5	*+5*
Downstream Manufacturing	194.6	196.6	*-1*	476.5	322.5	*+48*
	508.2	571.1	*-11*	1,148.0	1,078.5	*+6*
Inter segment	(105.6)	(124.8)	*+15*	(216.3)	(232.0)	*+7*
Revenue - external	402.6	446.3	*-10*	931.7	846.5	*+10*
Adjusted EBITDA						
Plantation						
- Malaysia	56.9	101.6	*-44*	177.0	188.6	*-6*
- Indonesia	40.3	40.7	*-1*	72.8	99.7	*-27*
Property	4.1	5.7	*-28*	8.9	10.4	*-14*
Biotechnology	(3.3)	(2.3)	*-43*	(6.2)	(5.4)	*-15*
Downstream Manufacturing	4.6	2.7	*+70*	5.0	2.3	*>100*
Others*	(6.6)	(0.3)	*>100*	11.6	1.8	*>100*
	96.0	148.1	*-35*	269.1	297.4	*-10*
EBITDA	95.7	147.5	*-35*	282.7	296.5	*-5*
Profit before tax	37.2	103.2	*-64*	167.8	210.5	*-20*
Profit for the financial period	24.8	75.6	*-67*	119.2	153.4	*-22*
Basic EPS (sen)	3.25	8.87	*-63*	15.82	17.91	*-12*

**Changes in the "Others" category mainly reflect the impact from foreign currency translation position arising from foreign exchange movements.*

About Genting Plantations Berhad

Genting Plantations, a subsidiary of Genting Berhad, commenced operations in 1980. It has a landbank of about 64,600 hectares in Malaysia and some 183,000 hectares (including the *Plasma* scheme) in Indonesia held through joint ventures. It owns seven oil mills in Malaysia and four in Indonesia, with a total milling capacity of 550 metric tonnes per hour. In addition, the Group has ventured into the manufacturing of downstream palm-based products.

Genting Plantations has also diversified into property development to unlock the value of its strategically-located landbank and has invested significantly in biotechnology in a major effort to apply genomics-based solutions to increase crop productivity and sustainability.

For more information, visit www.gentingplantations.com.

~ END OF RELEASE ~

SECOND QUARTERLY REPORT

Quarterly report on consolidated results for the second quarter ended 30 June 2018. The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	Current Year Quarter 30/06/2018 RM'000	Preceding Year Corresponding Quarter 30/06/2017 RM'000 Restated	Current Year To-Date 30/06/2018 RM'000	Preceding year Corresponding Period 30/06/2017 RM'000 Restated
Revenue	**402,649**	446,245	**931,723**	846,469
Cost of sales	**(304,434)**	(305,798)	**(685,610)**	(562,032)
Gross profit	**98,215**	140,447	**246,113**	284,437
Other income	**4,518**	23,020	**51,061**	45,810
Other expenses	**(47,833)**	(51,143)	**(95,385)**	(101,323)
Profit from operations	**54,900**	112,324	**201,789**	228,924
Finance cost	**(28,183)**	(16,678)	**(54,284)**	(31,961)
Share of results in joint ventures and associates	**10,486**	7,567	**20,308**	13,608
Profit before taxation	**37,203**	103,213	**167,813**	210,571
Taxation	**(12,378)**	(27,612)	**(48,636)**	(57,185)
Profit for the financial period	**24,825**	75,601	**119,177**	153,386
Profit/(loss) attributable to:				
Equity holders of the Company	**26,138**	70,544	**127,116**	143,283
Non-controlling interests	**(1,313)**	5,057	**(7,939)**	10,103
	24,825	75,601	**119,177**	153,386
Earnings per share (sen) for profit attributable to equity holders of the Company:				
- Basic	**3.25**	8.87	**15.82**	17.91
- Diluted	**3.17**	8.55	**15.42**	17.27

(The Condensed Consolidated Income Statement should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	Current Year Quarter 30/06/2018 RM'000	Preceding Year Corresponding Quarter 30/06/2017 RM'000 Restated	Current Year To-Date 30/06/2018 RM'000	Preceding year Corresponding Period 30/06/2017 RM'000 Restated
Profit for the financial period	**24,825**	75,601	**119,177**	153,386
Other comprehensive (loss)/income, net of tax:				
Items that will be reclassified subsequently to profit or loss:				
Cash flow hedge	**(2,597)**	(1,276)	**(3,529)**	322
Foreign currency translation differences	**(50,457)**	(40,838)	**(149,410)**	(33,926)
	(53,054)	(42,114)	**(152,939)**	(33,604)
Total comprehensive (loss)/income for the financial period	**(28,229)**	33,487	**(33,762)**	119,782
Total comprehensive (loss)/income attributable to:				
Equity holders of the Company	**(13,754)**	30,943	**(12,737)**	112,233
Non-controlling interests	**(14,475)**	2,544	**(21,025)**	7,549
	(28,229)	33,487	**(33,762)**	119,782

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017)

GENTING PLANTATIONS

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

	AS AT 30/06/2018 RM'000	AS AT 31/12/2017 RM'000 Restated	AS AT 01/01/2017 RM'000 Restated
ASSETS			
Non-current assets			
Property, plant and equipment	**4,299,338**	4,392,549	3,811,281
Land held for property development	**247,201**	254,655	250,112
Investment properties	**24,799**	25,115	25,517
Leasehold land use rights	**635,387**	641,053	495,758
Intangible assets	**31,798**	32,189	34,628
Joint ventures	**127,300**	108,096	77,894
Associates	**12,349**	12,871	12,501
Financial assets at fair value through profit or loss	**2,841**	-	-
Financial assets at fair value through other comprehensive income	**90,379**	-	-
Available-for-sale financial assets	**-**	94,548	143,170
Other non-current assets	**12,897**	12,897	14,361
Deferred tax assets	**100,828**	133,472	91,533
	5,585,117	5,707,445	4,956,755
Current assets			
Property development cost	**50,515**	31,218	50,006
Inventories	**209,105**	232,843	174,278
Produce growing on bearer plants	**6,232**	6,095	9,122
Tax recoverable	**7,676**	6,965	13,112
Trade and other receivables	**444,626**	397,318	504,758
Amounts due from joint ventures, associates and other related companies	**3,608**	4,569	4,139
Derivative financial assets	**1,138**	3,441	424
Financial assets at fair value through profit or loss	**500,001**	-	-
Available-for-sale financial assets	**-**	500,001	500,006
Restricted cash	**-**	357,300	-
Cash and cash equivalents	**1,136,001**	1,221,674	1,260,266
	2,358,902	2,761,424	2,516,111
Assets classified as held for sale	**-**	-	6,034
	2,358,902	2,761,424	2,522,145
TOTAL ASSETS	**7,944,019**	8,468,869	7,478,900

(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)

GENTING PLANTATIONS

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018 *(Continued)*

	AS AT 30/06/2018 RM'000	AS AT 31/12/2017 RM'000 Restated	AS AT 01/01/2017 RM'000 Restated
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital	**856,442**	841,340	397,019
Reserves	**3,320,130**	3,500,335	3,894,006
	4,176,572	4,341,675	4,291,025
Non-controlling interests	**213,484**	235,646	255,983
Total equity	**4,390,056**	4,577,321	4,547,008
Non-current liabilities			
Borrowings	**2,297,319**	2,559,068	2,315,708
Provisions	**23,733**	14,292	12,469
Derivative financial liability	**-**	128	2,073
Deferred tax liabilities	**303,513**	309,627	145,014
Deferred income	**8,493**	8,493	8,493
	2,633,058	2,891,608	2,483,757
Current liabilities			
Trade and other payables	**351,195**	357,957	403,376
Amounts due to ultimate holding and other related companies	**2,739**	2,260	2,072
Borrowings	**561,525**	625,312	29,097
Derivative financial liabilities	**1,363**	9	574
Taxation	**4,083**	14,402	13,016
	920,905	999,940	448,135
Total liabilities	**3,553,963**	3,891,548	2,931,892
TOTAL EQUITY AND LIABILITIES	**7,944,019**	8,468,869	7,478,900
NET ASSETS PER SHARE (RM)	**5.19**	5.40	5.40

(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)

GENTING PLANTATIONS

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018

	Share Capital RM'000	Warrants Reserve RM'000	Re-valuation Reserve RM'000	Fair Value Reserve RM'000	Reserve on Exchange Differences RM'000	Cash Flow Hedge Reserve RM'000	Treasury Shares RM'000	Retained Earnings RM'000	Total RM'000	Non-controlling Interests RM'000	Total Equity RM'000
At 1 January 2018, as previously reported	**841,340**	**155,624**	**18,063**	**9,573**	**(132,411)**	**3,733**	**(1,372)**	**3,439,606**	**4,334,156**	**235,315**	**4,569,471**
Effect of transition to MFRS Framework and adoption of new MFRSs (see Note I(a))	**-**	**-**	**(18,063)**	**-**	**23**	**-**	**-**	**25,559**	**7,519**	**331**	**7,850**
At 1 January 2018, as restated	**841,340**	**155,624**	**-**	**9,573**	**(132,388)**	**3,733**	**(1,372)**	**3,465,165**	**4,341,675**	**235,646**	**4,577,321**
Total comprehensive (loss)/income for the financial period	**-**	**-**	**-**	**-**	**(135,848)**	**(4,005)**	**-**	**127,116**	**(12,737)**	**(21,025)**	**(33,762)**
Issue of shares upon exercise of warrants	**15,102**	**(2,642)**	**-**	**-**	**-**	**-**	**-**	**-**	**12,460**	**-**	**12,460**
Dividend paid to non-controlling interest	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(1,137)**	**(1,137)**
Appropriation:											
- Special single-tier dividend paid for the financial year ended 31 December 2017 (11 sen)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(88,367)**	**(88,367)**	**-**	**(88,367)**
- Final single-tier dividend paid for the financial year ended 31 December 2017 (9.5 sen)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(76,459)**	**(76,459)**	**-**	**(76,459)**
	-	**-**	**-**	**-**	**-**	**-**	**-**	**(164,826)**	**(164,826)**	**-**	**(164,826)**
Balance at 30 June 2018	**856,442**	**152,982**	**-**	**9,573**	**(268,236)**	**(272)**	**(1,372)**	**3,427,455**	**4,176,572**	**213,484**	**4,390,056**

(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)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018 *(Continued)*

	Share Capital RM'000	Share Premium RM'000	Warrants Reserve RM'000	Re-valuation Reserve RM'000	Fair Value Reserve RM'000	Reserve on Exchange Differences RM'000	Cash Flow Hedge Reserve RM'000	Treasury Shares RM'000	Retained Earnings RM'000	Total RM'000	Non-controlling Interests RM'000	Total Equity RM'000
At 1 January 2017, as previously reported	397,019	356,384	171,015	18,063	40,679	2,944	(1,279)	(1,372)	3,297,472	4,280,925	255,380	4,536,305
Effect of transition to MFRS Framework and adoption of new MFRSs (see Note I(a))	-	-	-	(18,063)	-	(16)	-	-	28,179	10,100	603	10,703
At 1 January 2017, as restated	397,019	356,384	171,015	-	40,679	2,928	(1,279)	(1,372)	3,325,651	4,291,025	255,983	4,547,008
Total comprehensive (loss)/income for the financial period	-	-	-	-	-	(31,479)	429	-	143,283	112,233	7,549	119,782
Issue of shares upon exercise of warrants	73,353	14,008	(15,290)	-	-	-	-	-	-	72,071	-	72,071
Transfer from share premium	370,392	(370,392)	-	-	-	-	-	-	-	-	-	-
Effects arising from changes in composition of the Group	-	-	-	-	-	-	-	-	-	-	(1,345)	(1,345)
Dividend paid to non-controlling interest	-	-	-	-	-	-	-	-	-	-	(1,798)	(1,798)
Appropriation:												
- Special single-tier dividend paid for the financial year ended 31 December 2016 (11 sen)	-	-	-	-	-	-	-	-	(87,805)	(87,805)	-	(87,805)
- Final single-tier dividend paid for the financial year ended 31 December 2016 (8 sen)	-	-	-	-	-	-	-	-	(64,254)	(64,254)	-	(64,254)
	-	-	-	-	-	-	-	-	(152,059)	(152,059)	-	(152,059)
Balance at 30 June 2017	840,764	-	155,725	-	40,679	(28,551)	(850)	(1,372)	3,316,875	4,323,270	260,389	4,583,659

(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)

GENTING PLANTATIONS

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018

		Current Year To-Date 30/06/2018 RM'000		Preceding year Corresponding Period 30/06/2017 RM'000 Restated
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation		**167,813**		210,571
Adjustments for:				
Depreciation and amortisation	**101,537**		87,783	
Finance cost	**54,284**		31,961	
Interest income	**(20,589)**		(20,196)	
Investment income	**(9,149)**		(8,731)	
Net unrealised exchange (gain)/loss	**(3,649)**		7,554	
Share of results in joint ventures and associates	**(20,308)**		(13,608)	
Gain on disposal of subsidiaries	**-**		(640)	
Fair value gain arising from produce growing on bearer plants	**(161)**		(55)	
Write off of receivables	**-**		2,711	
Write down of land held for property development	**-**		373	
Net surplus arising from Government acquisition	**(14,358)**		-	
Other adjustments	**1,703**		2,559	
		89,310		89,711
Operating profit before changes in working capital		**257,123**		300,282
Changes in working capital:				
Net change in current assets	**(52,931)**		127,704	
Net change in current liabilities	**27,901**		(39,310)	
		(25,030)		88,394
Cash generated from operations		**232,093**		388,676
Tax paid *(net of tax refund)*		**(46,023)**		(40,497)
Net cash flows generated from operating activities		**186,070**		348,179
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	**(139,741)**		(153,848)	
Purchase of leasehold land use rights	**(9,849)**		(44,955)	
Land held for property development	**(4,169)**		(4,341)	
Interest received	**20,589**		20,196	
Investment income	**9,149**		8,731	
Proceeds received from disposal of subsidiaries	**-**		14,507	
Proceeds from disposal of investment in associate	**1,250**		-	
Proceeds from disposal of property, plant and equipment	**29**		93	
Proceeds received from Government in respect of acquisition of land	**14,712**		-	
Dividend received from associates	**-**		2,000	
Net cash flows used in investing activities		**(108,030)**		(157,617)

(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)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018 *(Continued)*

	Current Year To-Date 30/06/2018 RM'000	Preceding year Corresponding Period 30/06/2017 RM'000 Restated
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from bank borrowings	**55,814**	177,044
Proceeds from issue of shares upon exercise of warrants	**12,460**	72,071
Repayment of bank borrowings and transaction costs	**(348,169)**	(11,010)
Finance cost paid	**(63,930)**	(46,577)
Dividend paid	**(164,826)**	(152,059)
Movement in restricted cash	**357,300**	-
Dividend paid to non-controlling interests	**(1,137)**	(1,798)
Net cash flows (used in)/generated from financing activities	**(152,488)**	37,671
Net (decrease)/increase in cash and cash equivalents	**(74,448)**	228,233
Cash and cash equivalents at beginning of financial period	**1,221,674**	1,260,266
Effect of currency translation	**(11,225)**	(10,333)
Cash and cash equivalents at end of financial period	**1,136,001**	1,478,166

(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)

GENTING PLANTATIONS BERHAD
NOTES TO THE INTERIM FINANCIAL REPORT
- SECOND QUARTER ENDED 30 JUNE 2018

I) Compliance with Financial Reporting Standard ("FRS") 134: Interim Financial Reporting

(a) Accounting Policies and Methods of Computation

The interim financial report is unaudited and has been prepared in accordance with MFRS 134 "Interim Financial Reporting" and paragraph 9.22 of Bursa Malaysia Securities Berhad ("Bursa Securities") Listing Requirements. The financial information for the current quarter and six months ended 30 June 2018 have been reviewed by the Company's auditor in accordance with the International Standards on Review Engagements ("ISRE") 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2017. For the periods up to and including the year ended 31 December 2017, the Group prepared its financial statements in accordance with Financial Reporting Standards ("FRS"). The accounting policies and methods of computation adopted for the interim financial report are consistent with those adopted for the annual audited financial statements for the financial year ended 31 December 2017. The effect of the transition from FRSs to MFRSs and the adoption of new MFRSs, amendments to standards and IC Interpretations are disclosed below.

The interim financial report of the Group for the current quarter and six months ended 30 June 2018 is prepared in accordance with the MFRS Framework, including MFRS 1 "First-time Adoption of Malaysian Financial Reporting Standards". Subject to certain transition elections and effects of adoption of MFRS 141 "Agriculture" as disclosed below, the Group has consistently applied the same accounting policies in its opening MFRS statement of financial position as at 1 January 2017, being the transition date, and throughout all periods presented, as if these policies had always been in effect.

(A) <u>Transition from FRSs to MFRS</u>

(i) MFRS 1 exemption options

As provided in MFRS 1, first time adopters of MFRS can elect optional exemptions from full retrospective application of MFRSs. The Group has elected the following exemptions:

(a) Exemption for business combinations

The Group has elected to apply MFRS 3 "Business Combinations" prospectively from the date FRS 3 "Business Combinations" was adopted, i.e. 1 January 2011. Business combinations that occurred prior to that date have not been restated. In addition, the Group has also applied MFRS 10 "Consolidated Financial Statements" on the same date as FRS 3. This election does not have any impact to the Group.

(b) Property, plant and equipment – previous revaluation as deemed cost exemption

Under FRS, valuation adjustments on certain property, plant and equipment were incorporated into the financial statements. The Group have elected to use the previous revaluation as deemed cost under MFRS. Accordingly, the carrying amounts of these property, plant and equipment of RM46.6 million as at 1 January 2017 have not been restated. The revaluation reserve of RM18.1 million as at 1 January 2017 was reclassified to retained earnings.

(a) **Accounting Policies and Methods of Computation** *(Continued)*

(A) Transition from FRSs to MFRS *(Continued)*

(i) MFRS 1 exemption options *(Continued)*

(c) MFRS 9 "Financial Instruments"

The Group has elected the exemption in MFRS 1 which allows the Group not to restate comparative information in the year of initial application. The Group continues to apply FRS 139 "Financial Instruments: Recognition and Measurement" and FRS 7 "Financial Instruments: Disclosures" for the comparative information. Any adjustments to align the carrying amounts of financial assets and financial liabilities under the previous FRS 139 with MFRS 9 are recognised in retained earnings and other reserves as at 1 January 2018.

(d) MFRS 15 "Revenue from Contracts with Customers"

The Group has elected the exemption in MFRS 1 which allows the Group not to restate any contracts that are completed as at the date of transition of 1 January 2017.

(e) Assets and liabilities of subsidiaries, joint ventures and associates

The assets and liabilities of subsidiaries, joint ventures and associates which have adopted the MFRS Framework or International Financial Reporting Standards ("IFRS") earlier than the Group shall remain at the same carrying amounts as in the financial statements of these subsidiaries, joint ventures and associates, after adjusting for consolidation adjustments.

The optional exemptions elected by the Group that have an impact on the reported financial positions prepared in accordance with FRSs have been applied in the opening MFRS statement of financial position as at 1 January 2017 and throughout all periods presented in the interim financial report.

(ii) Effects of adoption of MFRS 141 "Agriculture"

Prior to the adoption of MFRS 141 "Agriculture" and the revised standard, Agriculture: Bearer Plants (Amendments to MFRS 116 "Property, Plant and Equipment" and MFRS 141 "Agriculture"), produce growing on bearer plants was not recognised. Following the adoption of these MFRSs, produce growing on bearer plants are measured at fair value less costs to sell with fair value changes recognised in profit or loss as the produce grows. The produce growing on bearer plants of the Group comprises fresh fruit bunches ("FFB") prior to harvest. Management has deliberated on the oil content of such unharvested FFB, which is unripe and concluded that since the oil content of unharvested FFB accrues exponentially up to 15 days prior to harvest, such unharvested FFB more than 15 days are excluded from the valuation as their fair values are considered negligible. The fair value of unharvested FFB is computed based on market approach which takes into consideration the market prices of such unharvested FFB less harvesting, transport and other costs to sell.

(a) **Accounting Policies and Methods of Computation** *(Continued)*

(B) Adoption of new MFRSs, amendments to standards and IC interpretations

Following the adoption of MFRS framework, the Group has adopted the following new accounting standards and amendments to standards which are applicable and effective for annual periods beginning on 1 January 2018:

- MFRS 9 “Financial Instruments”.
- MFRS 15 “Revenue from Contracts with Customers”.
- Amendments to MFRS 140 “Classification on Change in Use”.
- IC Interpretation 22 “Foreign Currency Transactions and Advance Consideration”.

The adoption of these new MFRSs, amendments and IC interpretations did not have any material impact on the interim financial report of the Group except for the following:

(i) MFRS 9 “Financial Instruments”

MFRS 9 replaces MFRS 139 and amends the previous requirements in three main areas: (a) classification and measurement of financial assets; (b) impairment of financial assets, mainly by introducing a forward looking expected loss impairment model; and (c) hedge accounting including removing some of the restrictions on applying hedge accounting in MFRS 139. The impact of MFRS 9 adoption is described below:

a) Classification and measurement

Under MFRS 9, financial assets are classified according to their cash flow characteristics and the business model which they are managed. The Group has categorised its financial assets as financial assets measured at amortised cost, fair value through profit or loss (“FVTPL”) and fair value through other comprehensive income (“FVOCI”).

The Group has made an irrevocable election to classify RM91.8 million of the Group’s equity investments previously classified as available-for-sale as FVOCI. Fair value changes on equity investments at FVOCI are presented in other comprehensive income (“OCI”) and are not subsequently transferred to profit or loss. Upon sale of equity investments at FVOCI, the cumulative gain or loss in OCI is reclassified to retained earnings.

Certain available-for-sale investments in debt instruments of RM2.7 million and income funds of RM500.0 million that do not meet the criteria for classification either as FVOCI or at amortised cost have been classified as FVTPL. Accordingly, RM502.7 million has been reclassified as financial assets at FVTPL.

The other financial assets held by the Group include trade and other receivables, other non-current assets, amounts due from joint ventures, associates and other related companies currently accounted for at amortised cost will continue to meet the conditions for classification as amortised cost under MFRS 9.

There is no impact on the Group for financial liabilities as the new requirements only affect the accounting for financial liabilities that are designated at FVTPL and the Group does not have such liabilities.

b) Impairment

MFRS 9 changes the recognition of impairment provision for financial assets by introducing an expected credit loss model. Upon the adoption of MFRS 9, the Group has revised its impairment methodology which depends on whether there has been a significant increase in credit risk. The Group assesses possible increase in credit risk for financial assets measured at amortised cost at the end of each reporting period. The impairment provision is estimated at an amount equal to a 12 months expected credit loss at the current reporting date if there has not been a significant increase in credit risk. Based on the assessment undertaken, the Group does not expect any significant impact arising from adopting this model under MFRS 9.

(a) **Accounting Policies and Methods of Computation** *(Continued)*

(B) <u>Adoption of new MFRSs, amendments to standards and IC interpretations</u> *(Continued)*

(i) <u>MFRS 9 "Financial Instruments"</u> *(Continued)*

c) Hedge accounting

The new hedge accounting guidance in MFRS 9 aligns the hedge accounting treatment more closely with the Group's risk management practices. The Group has applied the new hedge accounting requirements prospectively. The adoption of the new accounting requirements did not have any material impact on the reporting period.

The Group has elected the exemption in MFRS 1 which allows the Group not to restate comparative information in the year of initial application of MFRS 9.

(ii) <u>MFRS 15 "Revenue from Contracts with Customers"</u>

With the adoption of MFRS 15, revenue is recognised by reference to each distinct performance obligation in the contracts with customer. Transaction price is allocated to each performance obligation on the basis of the relative standalone selling prices of each distinct good or service promised in the contract. Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time. The Group has applied this standard retrospectively and has elected the exemption in MFRS 1 not to restate contracts that were completed before 1 January 2017.

The Group has also elected the following practical expedients upon the adoption of MFRS 15:

(a) completed contracts that began and ended in the same comparative reporting period as well as completed contracts at the beginning of the earliest period presented, are not restated; and

(b) for all reporting periods presented before the date of initial application, the amount of transaction price allocated to the remaining performance obligation and an explanation of when the Group expects to recognise the amount as revenue are not disclosed.

Upon adoption of MFRS 15, property development costs and land held for property development will be measured at the lower of costs and net realisable value in accordance with MFRS 102 "Inventories". The provision for foreseeable losses on the development of affordable housing previously recognised under FRSIC 17 "Development of Affordable Housing" had been reversed and the comparatives are restated accordingly.

(a) **Accounting Policies and Methods of Computation** *(Continued)*

The effects of transitioning from FRSs to MFRS, and adoption of MFRS 15 and MFRS 9 are as follows:

Condensed Consolidated Income Statement

	As previously stated under FRSs RM'000	Effect of transition from FRSs to MFRSs RM'000	Effects of adoption of MFRS 15 RM'000	30 June 2017, as restated RM'000
Quarter ended 30 June 2017				
Cost of sales	(305,473)	-	(325)	(305,798)
Other income	23,328	(308)	-	23,020
Profit before taxation	103,846	(308)	(325)	103,213
Taxation	(27,774)	84	78	(27,612)
Profit for the financial period	76,072	(224)	(247)	75,601
Profit attributable to:				
Equity holders of the Company	70,978	(187)	(247)	70,544
Non-controlling interests	5,094	(37)	-	5,057
Earnings per share (sen):				
- Basic	8.93	(0.03)	(0.03)	8.87
- Diluted	8.61	(0.03)	(0.03)	8.55
Six months ended 30 June 2017				
Cost of sales	(561,707)	-	(325)	(562,032)
Other income	45,755	55	-	45,810
Profit before taxation	210,841	55	(325)	210,571
Taxation	(57,264)	1	78	(57,185)
Profit for the financial period	153,577	56	(247)	153,386
Profit attributable to:				
Equity holders of the Company	143,508	22	(247)	143,283
Non-controlling interests	10,069	34	-	10,103
Earnings per share (sen):				
- Basic	17.94	-	(0.03)	17.91
- Diluted	17.29	-	(0.02)	17.27

(a) **Accounting Policies and Methods of Computation** *(Continued)*

Condensed Consolidated Statement of Comprehensive Income

	As previously stated under FRSs	Effect of transition from FRSs to MFRSs	Effects of adoption of MFRS 15	30 June 2017, as restated
	RM'000	**RM'000**	**RM'000**	**RM'000**
Quarter ended 30 June 2017				
Profit for the financial period	76,072	(224)	(247)	75,601
Foreign currency translation differences	(40,810)	(28)	-	(40,838)
Other comprehensive loss for the financial period, net of tax	(42,086)	(28)	-	(42,114)
Total comprehensive income for the financial period	33,986	(252)	(247)	33,487
Total comprehensive income attributable to:				
Equity holders of the Company	31,407	(217)	(247)	30,943
Non-controlling interests	2,579	(35)	-	2,544
Six months ended 30 June 2017				
Profit for the financial period	153,577	56	(247)	153,386
Foreign currency translation differences	(33,959)	33	-	(33,926)
Other comprehensive loss for the financial period, net of tax	(33,637)	33	-	(33,604)
Total comprehensive income for the financial period	119,940	89	(247)	119,782
Total comprehensive income attributable to:				
Equity holders of the Company	112,431	49	(247)	112,233
Non-controlling interests	7,509	40	-	7,549

(a) **Accounting Policies and Methods of Computation** *(Continued)*

Condensed Consolidated Statement of Financial Position

	As previously stated under FRSs	Effects of transition from FRSs to MFRSs	Effects of adoption of MFRS 15	31 Dec 2017, as restated	Effects of adoption of MFRS 9	1 Jan 2018, as restated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
As at 31 December 2017/ 1 January 2018						
Non-current assets						
Land held for property development	260,226	-	(5,571)	254,655	-	254,655
Available-for-sale financial assets	94,548	-	-	94,548	(94,548)	-
Financial assets at fair value through profit or loss	-	-	-	-	2,740	2,740
Financial assets at fair value through other comprehensive income	-	-	-	-	91,808	91,808
Deferred tax assets	134,316	-	(844)	133,472	-	133,472
Current assets						
Produce growing on bearer plants	-	6,095	-	6,095	-	6,095
Available-for-sale financial assets	500,001	-	-	500,001	(500,001)	-
Financial assets at fair value through profit or loss	-	-	-	-	500,001	500,001
Non-current liability						
Deferred tax liabilities	308,709	918	-	309,627	-	309,627
Current liability						
Trade and other payables	367,045	-	(9,088)	357,957	-	357,957
Equity						
Reserves	3,492,816	4,846	2,673	3,500,335	-	3,500,335
Non-controlling interests	235,315	331	-	235,646	-	235,646
Net assets per share (RM)	5.40	-	-	5.40	-	5.40

(a) **Accounting Policies and Methods of Computation** *(Continued)*

Condensed Consolidated Statement of Financial Position

	As previously stated under FRSs	Effects of transition from FRSs to MFRSs	Effects of adoption of MFRS 15	1 Jan 2017, as restated
	RM'000		RM'000	RM'000
As at 1 January 2017				
Non-current assets				
Land held for property development	254,825	-	(4,713)	250,112
Deferred tax assets	92,556	-	(1,023)	91,533
Current asset				
Produce growing on bearer plants	-	9,122	-	9,122
Non-current liability				
Deferred tax liabilities	143,357	1,657	-	145,014
Current liability				
Trade and other payables	412,350	-	(8,974)	403,376
Equity				
Reserves	3,883,906	6,862	3,238	3,894,006
Non-controlling interests	255,380	603	-	255,983
Net assets per share (RM)	5.39	0.01	-	5.40

Condensed Consolidated Statement of Cash Flows

	As previously stated under FRSs	Effect of transition from FRSs to MFRSs	Effects of adoption of MFRS 15	Restated under MFRS
<u>Six months ended 30 June 2017</u>				
Cash flows from operating activities				
Profit before taxation	210,841	55	(325)	210,571
Fair value gain arising from produce growing on bearer plants	-	(55)	-	(55)
Write down of land held for property development	-	-	373	373
Changes in working capital:				
- Net change in current liabilities	(39,262)	-	(48)	(39,310)

b) Seasonal or Cyclical Factors

Fresh fruit bunches ("FFB") production is seasonal in nature. Production of FFB normally peaks in the second half of the year but this cropping pattern can be affected by changes in weather conditions.

c) Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flow

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group for the six months ended 30 June 2018.

d) Material Changes in Estimates

There were no significant changes made in estimates of amounts reported in previous financial year.

e) Changes in Debt and Equity Securities

During the six months ended 30 June 2018, the paid-up share capital of the Company was increased by RM15.1 million by way of allotment and issuance of 1,607,580 new ordinary shares arising from the exercise 1,607,580 warrants.

Other than the above, there were no other issuance, cancellation, repurchase, resale or repayment of debts or equity securities for the six months ended 30 June 2018.

f) Dividend Paid

Dividend paid during the six months ended 30 June 2018 are as follows:

		RM'Mil
i)	Special single-tier dividend paid on 29 March 2018 for the financial year ended 31 December 2017 - 11 sen per ordinary share	88.4
ii)	Final single-tier dividend paid on 26 June 2018 for the financial year ended 31 December 2017 - 9.5 sen per ordinary share	76.4

		164.8
		=====

g) Segment Information

The segments are reported in a manner that is consistent with the internal reporting provided to the chief operating decision maker whereby the Group's business is considered from both geographic and industry perspective. The performance of the operating segments is based on a measure of adjusted earnings before interest, tax, depreciation and amortisation ("EBITDA"). Items not forming part of the adjusted EBITDA include net fair value gain or loss on financial assets, gain or loss on disposal of assets, assets written off, gain or loss on derecognition/dilution of shareholding in associates and impairment losses.

g) ***Segment Information*** *(Continued)*

Segment analysis for the financial period ended 30 June 2018 is set out below:

	Plantation				**Downstream**			
	Malaysia RM'000	**Indonesia** RM'000	**Property** RM'000	**Biotechnology** RM'000	**Manufacturing** RM'000	**Others** RM'000	**Elimination** RM'000	**Total** RM'000
Revenue								
- External	**156,655**	**246,693**	**51,917**	**-**	**476,458**	**-**	**-**	**931,723**
- Inter segment	**216,242**	**-**	**-**	**-**	**-**	**-**	**(216,242)**	**-**
Total Revenue	**372,897**	**246,693**	**51,917**	**-**	**476,458**	**-**	**(216,242)**	**931,723**
Adjusted EBITDA	**177,083**	**72,778**	**8,913**	**(6,166)**	**4,977**	**11,559**	**-**	**269,144**
Loss on disposal of assets	**(23)**	**-**	**-**	**-**	**-**	**-**	**-**	**(23)**
Net surplus arising from Government acquisition	**9,740**	**-**	**4,618**	**-**	**-**	**-**	**-**	**14,358**
Loss on disposal of investment in associate	**(377)**	**-**	**-**	**-**	**-**	**-**	**-**	**(377)**
Assets written off	**(321)**	**(1)**	**(19)**	**(4)**	**(20)**	**-**	**-**	**(365)**
	186,102	**72,777**	**13,512**	**(6,170)**	**4,957**	**11,559**	**-**	**282,737**
Depreciation and amortisation	**(35,133)**	**(59,428)**	**(448)**	**(1,059)**	**(5,469)**	**-**	**-**	**(101,537)**
Share of results in joint ventures and associates	**1,106**	**-**	**19,200**	**-**	**-**	**2**	**-**	**20,308**
	152,075	**13,349**	**32,264**	**(7,229)**	**(512)**	**11,561**	**-**	**201,508**
Interest income								**20,589**
Finance cost								**(54,284)**
Profit before taxation								**167,813**
Main foreign currency exchange ratio of 100 units of foreign currency to RM	RM -	IDR 0.0286	RM -	RM -	RM -	RM -		
Assets								
Segment assets	**1,228,368**	**4,099,387**	**433,584**	**120,422**	**455,187**	**500,579**	**-**	**6,837,527**
Joint ventures	**-**	**-**	**127,300**	**-**	**-**	**-**	**-**	**127,300**
Associates	**12,145**	**-**	**344**	**-**	**-**	**(140)**	**-**	**12,349**
	1,240,513	**4,099,387**	**561,228**	**120,422**	**455,187**	**500,439**	**-**	**6,977,176**
Interest bearing instruments								**858,339**
Deferred tax assets								**100,828**
Tax recoverable								**7,676**
Total assets								**7,944,019**
Liabilities								
Segment liabilities	**78,211**	**152,399**	**130,816**	**1,855**	**18,156**	**6,086**	**-**	**387,523**
Interest bearing instruments								**2,858,844**
Deferred tax liabilities								**303,513**
Taxation								**4,083**
Total liabilities								**3,553,963**
Main foreign currency exchange ratio of 100 units of foreign currency to RM	RM -	IDR 0.0284	RM -	RM -	RM -	RM -		

g) Segment Information *(Continued)*

Revenue from the Group's sales of palm produce and its derivatives is recognised upon the delivery of goods at the point when control of the goods has been passed to the customers.

Revenue from property development projects is recognised upon the finalisation of sale and purchase agreements and is measured as the projects' activities progress over time by reference to the property development costs incurred to date as a percentage of the total estimated development costs of the respective projects.

Revenue from sales of completed properties is recognised upon delivery of properties at the point when control of the properties has been passed to the buyers.

h) Property, Plant and Equipment

During the six months ended 30 June 2018, acquisitions and disposals of property, plant and equipment by the Group were RM130.2 million and RM0.3 million respectively.

i) Material Events Subsequent to the End of Financial Year

There were no material events subsequent to the end of the six months ended 30 June 2018 that have not been reflected in this interim financial report.

j) Changes in the Composition of the Group

There were no material changes in the composition of the Group for the six months ended 30 June 2018.

k) Changes in Contingent Liabilities or Contingent Assets

There were no significant changes in contingent liabilities or contingent assets since the last financial year ended 31 December 2017.

l) Capital Commitments

Authorised capital commitments not provided for in the interim financial statements as at 30 June 2018 are as follows:

	Contracted RM'000	**Not Contracted** RM'000	**Total** RM'000
Property, plant and equipment	**69,925**	**1,252,764**	**1,322,689**
Leasehold land use rights	**718**	**18,956**	**19,674**
Intellectual property development	**13,487**	**-**	**13,487**
	84,130	**1,271,720**	**1,355,850**

m) Significant Related Party Transactions

Significant related party transactions which were entered into on agreed terms and prices for the current quarter and six months ended 30 June 2018 are set out below. The relationship of the related parties are as disclosed in the annual audited financial statements for the financial year ended 31 December 2017 and the approved shareholders' mandates for recurrent related party transactions.

		Current Quarter 2Q 2018 RM'000	**Current Financial Year-to-Date** RM'000
i)	Provision of shared services in relation to secretarial, tax, treasury and other services by Genting Berhad.	683	1,244
ii)	Letting of office space and provision of related services by Oakwood Sdn Bhd.	667	1,335
iii)	Purchase of air-tickets, hotel accommodation and other related services from Genting Malaysia Berhad.	344	362
iv)	Provision of information technology and system implementation services and rental of equipment by Genting Information Knowledge Enterprise Sdn Bhd and Genting Malaysia Berhad.	1,639	2,412
v)	Provision of management services to Genting Simon Sdn Bhd and Genting Highlands Premium Outlets Sdn Bhd by Genting Awanpura Sdn Bhd.	270	519
vi)	Sale of refined palm oil products by Genting MusimMas Refinery Sdn Bhd to Inter-Continental Oils & Fats Pte Ltd.	108,843	356,764
vii)	Sale of fresh fruit bunches by PT Agro Abadi Cemerlang to Sepanjang Group.	2,564	4,955
viii)	Provision of sequencing and bioinformatics services by Genting Laboratory Services Sdn Bhd to ACGT Sdn Bhd.	155	327

n) Fair Value of Financial Instruments

The Group uses the following hierarchy for determining the fair value of all financial instruments carried at fair value:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

As at 30 June 2018, the Group's financial instruments measured and recognised at fair value on a recurring basis are as follows:

RM'000	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets				
Financial assets at fair value through profit or loss	-	500,001	2,841	502,842
Financial assets at fair value through other comprehensive income	-	-	90,379	90,379
Derivative financial instruments	-	1,138	-	1,138
	-	501,139	93,220	594,359
Financial liabilities				
Derivative financial instruments	-	1,363	-	1,363

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared with the previous financial year ended 31 December 2017.

The following table presents the changes in financial instruments classified within Level 3:

	RM'000
As at 1 January 2018, as restated	94,548
Interest income	144
Foreign exchange differences	(1,472)
As at 30 June 2018	93,220

There have been no transfers between the levels of the fair value hierarchy during the six months ended 30 June 2018.

ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES – SECOND QUARTER ENDED 30 JUNE 2018

II) Compliance with Appendix 9(B) of Bursa Securities Listing Requirements

1) Performance Analysis

The results of the Group are tabulated below:

	CURRENT QUARTER 2018 RM'Mil	CURRENT QUARTER 2017 RM'Mil Restated	+/- RM'Mil	+/- %	FINANCIAL YEAR-TO-DATE 1H 2018 RM'Mil	FINANCIAL YEAR-TO-DATE 1H 2017 RM'Mil Restated	+/- RM'Mil	+/- %
Revenue								
Plantation - Malaysia	**166.3**	225.3	*-59.0*	*-26*	**372.9**	446.7	*-73.8*	*-17*
- Indonesia	**122.0**	120.5	*+1.5*	*+1*	**246.7**	259.8	*-13.1*	*-5*
Property	**25.3**	28.7	*-3.4*	*-12*	**51.9**	49.5	*+2.4*	*+5*
Downstream manufacturing	**194.6**	196.6	*-2.0*	*-1*	**476.5**	322.5	*+154.0*	*+48*
	508.2	571.1	*-62.9*	*-11*	**1,148.0**	1,078.5	*+69.5*	*+6*
Inter segment	**(105.6)**	(124.8)	*+19.2*	*+15*	**(216.3)**	(232.0)	*+15.7*	*+7*
Revenue - external	**402.6**	446.3	*-43.7*	*-10*	**931.7**	846.5	*+85.2*	*+10*
Profit before tax								
Plantation								
- Malaysia	**56.9**	101.6	*-44.7*	*-44*	**177.0**	188.6	*-11.6*	*-6*
- Indonesia	**40.3**	40.7	*-0.4*	*-1*	**72.8**	99.7	*-26.9*	*-27*
Property	**4.1**	5.7	*-1.6*	*-28*	**8.9**	10.4	*-1.5*	*-14*
Biotechnology	**(3.3)**	(2.3)	*-1.0*	*-43*	**(6.2)**	(5.4)	*-0.8*	*-15*
Downstream manufacturing	**4.6**	2.7	*+1.9*	*+70*	**5.0**	2.3	*+2.7*	*>100*
Others	**(6.6)**	(0.3)	*-6.3*	*>100*	**11.6**	1.8	*+9.8*	*>100*
Adjusted EBITDA	**96.0**	148.1	*-52.1*	*-35*	**269.1**	297.4	*-28.3*	*-10*
Gain on disposal of subsidiaries	**-**	-	-	-	**-**	0.6	*-0.6*	-
Loss on disposal of investment in associate	**-**	-	-	-	**(0.4)**	-	*-0.4*	-
Net surplus arising from government acquisition	**-**	-	-	-	**14.4**	-	*+14.4*	-
Write down of land held for property development	**-**	(0.4)	*+0.4*	-	**-**	(0.4)	*+0.4*	-
Assets written off and others	**(0.3)**	(0.2)	*-0.1*	*-50*	**(0.4)**	(1.1)	*+0.7*	*+64*
EBITDA	**95.7**	147.5	*-51.8*	*-35*	**282.7**	296.5	*-13.8*	*-5*
Depreciation and amortisation	**(50.9)**	(45.6)	*-5.3*	*-12*	**(101.5)**	(87.8)	*-13.7*	*-16*
Interest income	**10.1**	10.4	*-0.3*	*-3*	**20.6**	20.2	*+0.4*	*+2*
Finance cost	**(28.2)**	(16.7)	*-11.5*	*-69*	**(54.3)**	(32.0)	*-22.3*	*-70*
Share of results in joint ventures and associates	**10.5**	7.6	*+2.9*	*+38*	**20.3**	13.6	*+6.7*	*+49*
Profit before tax	**37.2**	103.2	*-66.0*	*-64*	**167.8**	210.5	*-42.7*	*-20*

1) Performance Analysis

The Group's revenue for the quarter ended 30 June 2018 ("2Q 2018") was lower against the corresponding period of last year mainly due to the effects of the softer palm products selling prices and lower FFB production impacting the Plantation-Malaysia segment. The Property and Downstream Manufacturing segments also posted a decline in revenue from projects that were at their early stages of completion and weaker selling prices for refined palm products respectively. On the other hand, the Plantation-Indonesia segment's revenue saw a marginal improvement as its higher FFB production negated the impact of weaker selling prices.

For the first half of 2018 ("1H 2018"), the Group's revenue improved year-on-year mainly due to higher offtake of refinery products from the Downstream Manufacturing segment. However, the Plantation segment recorded lower revenue as the impact of weaker palm products selling prices outweighed the higher FFB production.

Group FFB production in 2Q 2018 and 1H 2018 surpassed that of the previous year, spurred by the growth in Indonesia from increased harvesting areas and higher yields, which more than compensated for the drop in Malaysia, due to a shift in cropping pattern along with its replanting activities.

Palm products selling prices remain pressured by the extended weakness in the edible oils markets with expectations of higher crop output in the second half of 2018. Accordingly, the Group achieved lower year-on-year CPO prices of RM2,291/mt and RM2,336/mt in 2Q 2018 and 1H 2018 respectively. Likewise, PK prices were also lower compared to the corresponding periods of the previous year, averaging at RM1,723/mt and RM1,908/mt for 2Q 2018 and the year-to-date period respectively.

	Current Quarter			**Year-To-Date**		
	2018	**2017**	**Change %**	**2018**	**2017**	**Change %**
Average Selling Price/tonne (RM)						
o Crude Palm Oil	2,291	2,694	*-15*	2,336	2,861	*-18*
o Palm Kernel	1,723	2,003	*-14*	1,908	2,513	*-24*
Production (MT'000)						
o Fresh Fruit Bunches	479	457	*+5*	965	862	*+12*

EBITDA for the Plantation-Malaysia segment in 2Q 2018 and 1H 2018 declined year-on-year, from the impacts of the lower palm products selling prices and FFB production.

For the Indonesia operations, EBITDA declined year-on-year as the effect of weaker palm products selling prices outstripped the higher FFB production for both periods under review.

The Property segment registered higher property sales for 2Q 2018 and 1H 2018 respectively. However, its EBITDA for 2Q 2018 was lower year-on-year due to lower revenue recognition as mentioned above, whilst 1H 2018 also featured lower margin products.

The Biotechnology segment's results remained stable year-on-year, reflective of its consistent research and development activities.

The Downstream Manufacturing segment posted a higher year-on-year EBITDA as overall its biodiesel and refinery operations recorded higher capacity utilisation from higher offtake.

Changes in the "Others" category mainly reflect the impact of changes in the foreign currency translation position of the Group's U.S Dollar denominated cash reserves and borrowings arising from foreign exchange movements.

2) Material Changes in Profit before Taxation for the Current Quarter as Compared with the Immediate Preceding Quarter

	2Q 2018 RM'Mil	1Q 2018 RM'Mil	+/- RM'Mil	+/- %
Revenue				
Plantation - Malaysia	**166.3**	**206.6**	*-40.3*	*-20*
- Indonesia	**122.0**	**124.7**	*-2.7*	*-2*
Property	**25.3**	**26.6**	*-1.3*	*-5*
Downstream manufacturing	**194.6**	**281.9**	*-87.3*	*-31*
	508.2	**639.8**	*-131.6*	*-21*
Inter segment	**(105.6)**	**(110.7)**	*+5.1*	*+5*
	-----------	-----------		
Revenue – external	**402.6**	**529.1**	*-126.5*	*-24*
	======	======		
Profit before tax				
Plantation				
- Malaysia	**56.9**	**120.1**	*-63.2*	*-53*
- Indonesia	**40.3**	**32.5**	*+7.8*	*+24*
Property	**4.1**	**4.8**	*-0.7*	*-15*
Biotechnology	**(3.3)**	**(2.9)**	*-0.4*	*-14*
Downstream manufacturing	**4.6**	**0.4**	*+4.2*	*>100*
Others	**(6.6)**	**18.2**	*-24.8*	*-*
Adjusted EBITDA	**96.0**	**173.1**	*-77.1*	*-45*
Loss on disposal of investment in associate	**-**	**(0.4)**	*+0.4*	*-*
Net surplus arising from Government acquisition	**-**	**14.4**	*-14.4*	*-*
Assets written off and others	**(0.3)**	**(0.1)**	*-0.2*	*>100*
	---------	---------		
EBITDA	**95.7**	**187.0**	*-91.3*	*-49*
Depreciation and amortisation	**(50.9)**	**(50.6)**	*-0.3*	*-1*
Interest income	**10.1**	**10.5**	*-0.4*	*-4*
Finance cost	**(28.2)**	**(26.1)**	*-2.1*	*-8*
Share of results in joint ventures and associates	**10.5**	**9.8**	*+0.7*	*+7*
	---------	---------		
Profit before tax	**37.2**	**130.6**	*-93.4*	*-72*
	======	======		

Pre-tax profit for 2Q 2018 was lower than the immediate preceding quarter mainly due to the combined factors of lower palm products selling prices, lower FFB production from the Plantation-Malaysia segment and higher foreign currency translation losses.

On the other hand, the Plantation-Indonesia and Downstream Manufacturing segments posted higher profits on account of higher FFB production along with higher biodiesel sales respectively.

	2Q 2018	1Q 2018	Change %
Average Selling Price/tonne (RM)			
o Crude Palm Oil	2,291	2,375	*-4*
o Palm Kernel	1,723	2,083	*-17*
Production (MT'000)			
o Fresh Fruit Bunches	479	486	*-1*

3) Prospects

The Group’s results for the second half of 2018 is mainly guided by the performance of its mainstay Plantation segment, which in turn is contingent upon the direction of palm products prices and the Group’s FFB production volume. Whilst the demand and supply dynamics for edible oils remain fundamental to palm products prices, other factors that determine its direction include weather patterns, currency exchange movements, global economic conditions, as well as the relevant government policies covering import/export tax and duty regimes and biodiesel mandates.

The Group’s year-on-year FFB production growth is expected to continue into the second half of 2018, driven by its Indonesian estates with the progression of existing mature areas into higher yielding brackets along with higher harvesting areas. However, the output from its Malaysian estates is expected to be moderated by the escalation of replanting activities.

Given the prevailing soft property market sentiments, the Group will continue with offerings that are aligned to market demands. With the sustained success of the Johor Premium Outlets, a third phase is scheduled to be opened by the end of this year. Genting Highlands Premium Outlets is expected to continue performing well as it registers its first full year of operations.

The Group’s Biotechnology segment is progressing with its development of commercial solutions and applications to increase the yield and productivity of oil palm.

The Downstream Manufacturing segment will focus on improving its refinery operation’s offtake and capacity utilisation. The segment will continue supplying for the local B7 biodiesel requirements and has also seen a renewed demand for discretionary biodiesel blending, given the prevailing favourable spread between palm oil and gas oil.

4) Variance of Actual Profit from Forecast Profit

The Group did not issue any profit forecast or profit guarantee for the year.

5) Taxation

Tax charge for the current quarter and six months ended 30 June 2018 are set out below:

	Current Quarter 2Q 2018 RM’000	**Current Financial Year-To-Date** RM’000
Current taxation:		
- Malaysian income tax charge	**11,535**	**34,857**
- Foreign income tax charge	**181**	**181**
- Deferred tax charge	**662**	**13,598**
	-----------	-----------
	12,378	**48,636**
	======	======

The effective tax rate for the current quarter and six months ended 30 June 2018 were higher than the statutory tax rate mainly due to expenses not deductible for tax purposes and tax losses of certain subsidiaries where deferred tax assets have not been recognised.

However, the effective tax rate for the six months ended 30 June 2018 was partly moderated by income which is not subjected to tax and tax levied on gain on disposal of plantation land which is subjected to real property gains tax.

6) Profit before taxation

Profit before taxation has been determined after inclusion of the following charges and credits:

	Current Quarter 2Q 2018 RM'000	**Current Financial Year-To-Date** RM'000
Charges:		
Finance cost	**28,183**	**54,284**
Depreciation and amortisation	**50,950**	**101,537**
Loss on disposal of investment in associate	**-**	**377**
Loss on disposal of property, plant and equipment	**23**	**23**
	=======	=======
Credits:		
Interest income	**10,143**	**20,589**
Investment income	**4,589**	**9,149**
Net foreign exchange (loss)/gain	**(10,532)**	**3,244**
Net surplus arising from Government acquisition	**(9)**	**14,358**
	=======	=======

Other than the above, there were no provision for and write off of inventories, gain or loss on disposal of quoted investments, impairment of assets and gain or loss on derivatives for the current quarter and six months ended 30 June 2018.

7) Status of Corporate Proposals Announced

There was no corporate proposals announced but not completed as at 21 August 2018.

8) Group Borrowings and Debt Securities

The details of the Group's borrowings and debts securities as at 30 June 2018 are set out below:

	As at 30/06/2018				**As at 31/12/2017**
	Secured/ Unsecured	**Foreign Currency 'million**		**RM Equivalent '000**	**RM Equivalent '000**
Short term borrowings	Secured	IDR	14,167.9	4,021	4,264
	Secured	USD	118.0	473,865	511,740
	Secured	RM		245	-
	Unsecured	RM		83,394	109,308
				561,525	625,312
Long term borrowings	Secured	IDR	106,259.5	30,151	34,100
	Secured	USD	294.2	1,181,500	1,439,291
	Secured	RM		87,815	87,978
	Unsecured	RM		997,853	997,699
				2,297,319	2,559,068
Total borrowings	Secured	IDR	120,427.4	34,172	38,364
	Secured	USD	412.2	1,655,365	1,951,031
	Secured	RM		88,060	87,978
	Unsecured	RM		1,081,247	1,107,007
				2,858,844	3,184,380

9) Outstanding Derivatives

As at 30 June 2018, the maturity analysis of the outstanding derivatives of the Group are summarised as follows:

Types of Derivative	**Contract/Notional Value** RM'000	**Fair Value Assets/(Liabilities)** RM'000
Interest Rate Swaps		
USD	200,825	
- Less than 1 year		1,138
Forward Foreign Currency Exchange		
USD	80,983	
- Less than 1 year		(1,024)
Commodity Futures Contracts		
USD	37,523	
- Less than 1 year		(339)

There is no significant change for the financial derivatives in respect of the following since the previous financial year ended 31 December 2017:

(a) the credit risk, market risk and liquidity risk associated with those financial derivatives;

(b) the cash requirements of the financial derivatives; and

(c) the policy in place for mitigating or controlling the risks associated with those financial derivatives.

10) Fair Value Changes of Financial Liabilities

As at 30 June 2018, the Group does not have any financial liabilities measured at fair value through profit or loss.

11) Changes in Material Litigation

There are no pending material litigations as at 21 August 2018.

12) Dividend Proposed or Declared

a) i) An interim single-tier dividend of 4.75 sen per ordinary share in respect of the financial year ending 31 December 2018 has been declared by the Directors.

ii) The interim single-tier dividend declared and paid for the previous year's corresponding period was 5.5 sen per ordinary share.

iii) The interim single-tier dividend shall be payable on 8 October 2018.

iv) Entitlement to the interim single-tier dividend:-

A Depositor shall qualify for entitlement to the interim single-tier dividend only in respect of:

- Shares transferred into the Depositor's Securities Account before 4.00 p.m on 18 September 2018 in respect of ordinary transfer; and

- Shares bought on the Bursa Securities on a cum entitlement basis according to the Main Market Listing Requirements of Bursa Securities.

b) The total single-tier dividend payable for the financial year ending 31 December 2018 is 4.75 sen per ordinary share.

13) Earnings per Share

	Current Quarter 2Q 2018	Current Financial Year-To-Date
a) Basic earnings per share		
Profit for the financial period attributable to equity holders of the Company *(RM'000)*	**26,138**	**127,116**
Weighted average number of ordinary shares in issue *('000)*	**804,078**	**803,744**
Basic earnings per share *(sen)*	**3.25**	**15.82**
b) Diluted earnings per share		
Profit for the financial period attributable to equity holders of the Company *(RM'000)*	**26,138**	**127,116**
Adjusted weighted average number of ordinary shares in issue		
Weighted average number of ordinary shares in issue *('000)*	**804,078**	**803,744**
Adjustment for potential conversion of warrants *('000)*	**20,789**	**20,789**
	824,867	**824,533**
Diluted earnings per share *(sen)*	**3.17**	**15.42**

14) Disclosure of Audit Report Qualification and Status of Matters Raised

The audit report of the Group's annual financial statements for the financial year ended 31 December 2017 did not contain any qualification.

15) Authorisation of Financial Statements

The condensed consolidated financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 28 August 2018.