

GREENYIELD BERHAD

(Company No. 582216-T)

(Incorporated in Malaysia)

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income for the first quarter ended 31 October 2018

(The figures have not been audited)

	Individual Quarter 3 months ended 31 October		Cumulative Quarter 3 months ended 31 October	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Revenue	8,726	9,265	8,726	9,265
Cost of sales	(5,708)	(7,156)	(5,708)	(7,156)
Gross profit	3,018	2,109	3,018	2,109
Other operating income	200	135	200	135
Distribution expenses	(117)	(465)	(117)	(465)
Administrative expenses	(1,916)	(1,999)	(1,916)	(1,999)
Other operating expenses	(19)	(191)	(19)	(191)
Profit/(Loss) from operations	1,166	(411)	1,166	(411)
Finance costs	(186)	(183)	(186)	(183)
Interest income	25	28	25	28
Operating profit/(loss)	1,005	(566)	1,005	(566)
Share of (loss)/profit in associates, net of tax	(3)	-	(3)	-
Profit/(Loss) before taxation	1,002	(566)	1,002	(566)
Income tax expense	(242)	(2)	(242)	(2)
Net profit/(loss) for the period	760	(568)	760	(568)
Other comprehensive income for the period	14	(22)	14	(22)
Total comprehensive income/(loss) for the period	774	(590)	774	(590)
Profit/(Loss) attributable to:				
Owners of the company	760	(568)	760	(568)
Non-controlling interests	-	-	-	-
Profit/(Loss) for the period	760	(568)	760	(568)
Total comprehensive income/(loss) attributable to:				
Owners of the company	774	(590)	774	(590)
Non-controlling interests	-	-	-	-
Total comprehensive income /(loss) for the period	774	(590)	774	(590)

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Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income for the first quarter ended 31 October 2018

(Cont'd)

(The figures have not been audited)

	Individual Quarter		Cumulative Quarter	
	3 months ended		3 months ended	
	31 October		31 October	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Earnings/(loss) per share[^]				
Basic earnings/(loss) per ordinary share (sen)	0.23	(0.17)	0.23	(0.17)

Note:

[^] Please refer to Note 30 for details of the computations.

The condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 July 2018 and the accompanying explanatory notes attached to the interim financial report.

GREENYIELD BERHAD

(Company No. 582216-T)

(Incorporated in Malaysia)

Condensed Consolidated Statement of Financial Position as at 31 October 2018

(The figures have not been audited)

	As at 31.10.2018 RM'000	Audited As at 31.07.2018 RM'000
Assets		
Property, plant and equipment	32,608	32,559
Intangible assets	77	79
Prepaid lease payments	2,983	2,975
Investment in associates	15,471	15,209
Total non-current assets	<u>51,139</u>	<u>50,822</u>
Inventories	9,148	9,031
Trade and other receivable	9,533	11,972
Current tax recoverable	309	645
Cash and cash equivalents	7,272	5,608
Total current assets	<u>26,262</u>	<u>27,256</u>
Total assets	<u><u>77,401</u></u>	<u><u>78,078</u></u>
Equity		
Share capital	33,374	33,374
Reserves	378	364
Retained earnings	21,439	20,679
Total equity attributable to owners of the Company	<u>55,191</u>	<u>54,417</u>
Liabilities		
Borrowings	15,234	15,356
Finance Lease Liabilities	278	504
Deferred tax liabilities	1,377	1,371
Total non-current liabilities	<u>16,889</u>	<u>17,231</u>
Trade and other payables	3,671	5,013
Borrowings	1,366	1,218
Finance Lease Liabilities	109	158
Tax Payable	175	41
Total current liabilities	<u>5,321</u>	<u>6,430</u>
Total liabilities	<u>22,210</u>	<u>23,661</u>
Total equity and liabilities	<u><u>77,401</u></u>	<u><u>78,078</u></u>
Net Tangible Assets (“NTA”) per share attributable to Shareholders of the Company (sen)	<u>16.5</u>	<u>16.3</u>

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

GREENYIELD BERHAD

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Condensed Consolidated Statement of Changes in Equity for the first quarter ended 31 October 2018

(The figures have not been audited)

Attributable to shareholders of the Company

	← Non-distributable →		Distributable	Total equity RM'000
	Share capital RM'000	Translation reserve RM'000	Retained earnings RM'000	
3 months ended 31 October 2018				
Balance as at 1 August 2018	33,374	364	20,679	54,417
Foreign currency translation differences for foreign operations	-	14	-	14
Profit for the period	-	-	760	760
Total comprehensive income for the period	-	14	760	774
Dividends to owners of the company	-	-	-	-
At 31 October 2018	33,374	378	21,439	55,191

3 months ended 31 October 2017

Balance as at 1 August 2017	33,374	424	22,077	55,875
Foreign currency translation differences for foreign operations	-	(22)	-	(22)
Loss for the period	-	-	(568)	(568)
Total comprehensive loss for the period	-	(22)	(568)	(590)
Dividends to owners of the company	-	-	-	-
At 31 October 2017	33,374	402	21,509	55,285

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

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Condensed Consolidated Statement of Cash Flows for the first quarter ended 31 October 2018

(The figures have not been audited)

	Current period to date 31.10.2018 RM'000	Previous period to date 31.10.2017 RM'000
Cash flows from operating activities		
Profit/(Loss) before taxation	1,002	(566)
Adjustments for:		
Depreciation of property, plant and equipment	480	452
Amortisation of prepaid lease payments	4	5
Amortisation of intangible assets	5	5
Interest income	(25)	(28)
Finance costs	186	183
Property, plant and equipment written off	1	2
Share of (loss)/profit in associates	3	-
Operating profit before working capital changes	<u>1,656</u>	<u>53</u>
Changes in working capital:		
Inventories	(113)	(335)
Trade and other receivables	1,487	(770)
Trade and other payables	(542)	652
Cash used in operations	<u>2,488</u>	<u>(400)</u>
Tax paid	(188)	(367)
Tax refund	416	658
Net cash used in operating activities	<u>2,716</u>	<u>(109)</u>
Cash flows for investing activities		
Acquisition of property, plant and equipment	(390)	(664)
Acquisition of intangible assets	(4)	(10)
Acquisition of prepaid lease payments	9	-
Investment in associates	(333)	-
Interest received	25	28
Net cash used in investing activities	<u>(693)</u>	<u>(646)</u>

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Condensed Consolidated Statement of Cash Flows for the first quarter ended 31 October 2018

(Cont'd)

(The figures have not been audited)

	Current period to date 31.10.2018 RM'000	Previous period to date 31.10.2017 RM'000
Cash flows for financing activities		
Repayment of term loans (net)	(81)	(67)
Repayment of finance lease liabilities (net)	(39)	(40)
Interest paid	(243)	(228)
Net cash used in financing activities	(363)	(335)
Net decrease in cash and cash equivalents	1,660	(1,090)
Effect of exchange rate fluctuation on cash & cash equivalents	4	(18)
Cash and cash equivalents at beginning of the period	3,459	6,786
Cash and cash equivalents at end of the period	5,123	5,678

	Current period to date 31.10.2018 RM'000	Previous period to date 31.10.2017 RM'000
Cash and cash equivalents comprise of:		
Deposits with licensed banks	2,159	2,090
Cash and bank balances	5,113	5,668
	7,272	7,758
Less: Deposits pledged	(2,149)	(2,080)
	5,123	5,678

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

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Notes to the Condensed Consolidated Interim Financial Statements

1. Basis of preparation

The interim financial report is unaudited and has been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”), International Financial Reporting Standards (“IFRSs”) and the requirements of the Companies Act, 2016 in Malaysia.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 July 2018. These explanatory notes provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 July 2018.

2. Significant accounting policies

The significant accounting policies adopted in preparing these condensed consolidated financial statements are consistent with those in the audited financial statements for the year ended 31 July 2018.

The following accounting standards, amendments and interpretations have been issued by the Malaysian Accounting Standards Board (“MASB”) but have not been adopted by the Group:

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018

- Amendments to MFRS 1, *First-Time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2014-2016 Cycle)*
- Amendments to MFRS 128, *Investment in Associates and Joint Ventures (Annual Improvements 2014-2016 Cycle)*
- Amendments to MFRS 140, *Transfer of Investment Property*
- Amendments to MFRS 4, *Applying MFRS 9 Financial Instruments with MFRS 4: Insurance Contracts*
- Amendments to MFRS 2, *Classification and Measurement of Share-based Payment Transactions*
- MFRS 9, *Financial Instruments*
- MFRS 15, *Revenue from Contracts with Customers*
- MFRS 15, *Classification to MFRS 15*
- IC Interpretation 22, *Foreign Currency Translation and Advance Consideration*

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Notes to the Condensed Consolidated Interim Financial Statements (Cont'd)

2. Significant accounting policies (Cont'd)

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2019

- MFRS 16, Leases
- Amendments to MFRS 3, Business Combinations (Annual Improvements 2015-2017 Cycle)
- Amendments to MFRS 9, Prepayment Features with Negative Compensation
- Amendments to MFRS 11, Joint Arrangements (Annual Improvements 2015-2017 Cycle)
- Amendments to MFRS 112, Income Taxes (Annual Improvements 2015-2017 Cycle)
- Amendments to MFRS 119, Plan Amendment, Curtailment or Settlement
- Amendments to MFRS 123, Borrowing Costs (Annual Improvements 2015-2017 Cycle)
- Amendments to MFRS 128, Long-Term Interests in Associates and Joint Ventures
- IC Interpretation 23 - Uncertainty Over Income Tax Treatments

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2020

- Amendments to MFRS 2, Share-based payments
- Amendments to MFRS 3, Business Combination
- Amendments to MFRS 6, Exploration for and Evaluation of Mineral Resources
- Amendments to MFRS 101, Presentation of Financial Statements
- Amendments to MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors
- Amendments to MFRS 134, Interim Financial Reporting
- Amendments to MFRS 137, Provisions, Contingent Liabilities and Contingent Assets
- Amendments to MFRS 138, Intangible Assets
- IC Interpretation 132, Amendments to IC Interpretation 132, Intangible Assets - Web Site Costs.

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2021

- MFRS 17, Insurance Contracts

MFRS and amendments effective for a date yet to be confirmed

- Amendments to MFRS 10 and MFRS 128 – Sale or Contribution of Assets Between an Investor and Its Associates or Joint Venture

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Notes to the Condensed Consolidated Interim Financial Statements (Cont'd)

2. Significant accounting policies (Cont'd)

MFRS 9, *Financial instruments*

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

There are no change in measurement of financial assets of the Group and the Company based on assessment undertaken to date.

In respect of impairment of financial assets, MFRS 9 replaces the “incurred loss” model in MFRS 139 with an “expected credit loss” (“ECL”) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debts investments measured at fair value through other comprehensive income, but not to investments in equity instruments.

The Group and the Company have assessed the estimated impact that the initial application of ECL model will have on the financial statements as at 1 August 2018 and based on assessment undertaken to date, the Group and the Company do not expect the impact to be material.

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. Upon adoption of MFRS 15, it is expected that the timing of revenue recognition might be different as compared with current practices.

This standard will come into effect on or after 1 January 2018 with early adoption permitted. The adoption of MFRS 15 will result in a change in accounting policy. The Group expects no significant impact on its statements of financial position.

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Notes to the Condensed Consolidated Interim Financial Statements (Cont'd)

2. Significant accounting policies (Cont'd)

MFRS 16, *Leases*

- MFRS 16 replaces MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 117. The standard includes two recognition exemptions for lessees – leases of ‘low-value’ assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under MFRS 16 is substantially unchanged from today’s accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases.

MFRS 16 also requires lessees and lessors to make more extensive disclosures than under MFRS 117.

This standard will come into effect on or after 1 January 2019 with early adoption permitted. The adoption of MFRS 16 will result in a change in accounting policy. The Group is currently assessing the financial impact of adopting MFRS 16.

3. Estimates

There were no material changes to financial estimates made in respect of the current financial period that have been previously announced or disclosed.

4. Operational seasons and cycles

The plantation industry is subject to seasonal and cyclical factors such as weather and commodity prices.

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Notes to the Condensed Consolidated Interim Financial Statements (Cont'd)

5. Unusual items affecting the assets, liabilities, equity, net income or cash flows

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group for the current financial quarter.

6. Achievement of financial estimates or forecasts

There have been no financial estimates or forecasts previously announced or disclosed in a public document in respect of the current financial quarter.

7. Issuances, cancellations, repurchases, resale and repayments of debt and equity securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities in the Company during the quarter under review.

8. Dividends paid

No dividend has been paid during the current financial quarter.

9. Operation segments

The Group has two reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and managing strategy. For each of the strategic business units, the Group's Managing Director reviews internal management reports on at least a quarterly basis. The following summary describes the operation in each Group's reportable segments.

- Plantation products Development, manufacturing and marketing of agricultural products and services based on agro-technology.
- Non-plantation products Manufacturing and marketing of plastic-related products.

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Notes to the Condensed Consolidated Interim Financial Statements (Cont'd)

9. Operation segments (Cont'd)

There are varying levels of integration between reportable segments, namely the plantation products and non-plantation products. This integration includes marketing activities and transfer of raw materials.

Performance is measured on segment revenue that is reviewed by the Group's Managing Director who is the Group's chief operating decision maker. Segment revenue is used to measure performance as management believes that such information is the most relevant in evaluating the results of the segments.

<i>RM('000)</i> <i>For the three</i> <i>months</i> <i>ended 31 October</i>	Plantation		Non-Plantation		Eliminations		Consolidated	
	2018	2017	2018	2017	2018	2017	2018	2017
<i>Business segments</i>								
Revenue from external customers	3,696	5,190	5,030	4,075	-	-	8,726	9,265
Inter-segment revenue	733	725	173	490	(906)	(1,215)	-	-
Total segment revenue	4,429	5,915	5,203	4,565	(906)	(1,215)	8,726	9,265
Segment results*							3,018	2,109
Depreciation and amortisation							(489)	(462)
Unallocated income							200	135
Unallocated expenses							(1,563)	(2,193)
Operating profit/(loss)							1,166	(411)
Finance costs							(186)	(183)
Interest income							25	28
Share of (loss)/profit in associates							(3)	-
Tax expenses							(242)	(2)
Profit/(Loss) for the period							760	(568)

* The breakdown of segment results between plantation and non-plantation is not available.

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Notes to the Condensed Consolidated Interim Financial Statements (Cont'd)

10. Profit for the period

Profit for the period is arrived at after charging:

	Individual Quarter 3 months ended 31 October		Cumulative Quarter 3 months ended 31 October	
	2018	2017	2018	2017
Amortisation of intangible assets	5	5	5	5
Amortisation of prepaid lease payments	4	5	4	5
Depreciation of property, plant and equipment	501	452	501	452
Finance cost	186	183	186	183
Net realised foreign exchange loss	61	-	61	-
Net unrealised foreign exchange loss	175	102	175	102

and after crediting:

Interest income	25	28	25	28
Net realised foreign exchange gain	362	46	362	46
Net unrealised foreign exchange gain	42	-	42	-

11. Property, plant and equipment

The valuations of land and buildings have been brought forward, without amendment from the previous annual report.

12. Subsequent events

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

13. Changes in composition of the Group

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

14. Changes in contingent assets and contingent liabilities

There were no material contingent liabilities or contingent assets as at the date of this report.

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Notes to the Condensed Consolidated Interim Financial Statements (Cont'd)

15. Related party transactions

There were no material related party transactions for the current quarter.

16. Capital commitments

	As at 31.10.2018 RM'000	As at 31.10.2017 RM'000
Contracted but not provided for		
- property, plant and equipment	<u>56</u>	<u>27</u>

17. Review of Group performance (Q1 FYE 2019 vs. Q1 FYE 2018)

For the first quarter ended 31 October 2018, the Group's revenue was RM8.7 million compared to RM9.3 million in the quarter ended 31 October 2017. The decrease of 6.5% was a result of lower sales from plantation products. However, the Group recorded profit before taxation of RM1.0 million compared to loss of RM0.6 million in the financial period ended 31 October 2017 due to increased margins.

18. Variation of results against immediate preceding quarter (Q1 FYE 2019 vs. Q4 FYE 2018)

The Group recorded a higher profit before taxation of RM1.0 million in the current quarter ended 31 October 2018 as compared to loss of RM0.6 million in the immediate preceding quarter ended 31 July 2018. This was mainly due to improved gross profit totaling RM3.0 million against RM1.5 million gross profit recorded in the immediate preceding quarter. Sales remain to be mainly export led.

19. Future prospects

The performance for plantation and non-plantation segments continue to be influenced by commodity prices and varied consumer sentiments across many geographical regions. In mitigating this, the Group is focusing on product diversification and market penetration strategies.

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Notes to the Condensed Consolidated Interim Financial Statements (Cont'd)

20. Variance of actual profit from profit forecast

The Group has not announced or disclosed any profit forecast in public documents.

21. Tax expense

The taxation figures are as follows:

	Individual Quarter		Cumulative Quarter	
	3 months ended		3 months ended	
	31 October		31 October	
	2018	2017	2018	2017
Current tax expense				
Inside Malaysia				
- current financial year	244	-	244	-
Outside Malaysia				
- prior financial year	-	4	-	4
Deferred tax expense	(2)	(2)	(2)	(2)
	<u>242</u>	<u>2</u>	<u>242</u>	<u>2</u>

The Group effective tax rate is higher than the statutory tax rate mainly due to loss incurred by subsidiaries are not permitted to offset with taxable profit generated by another subsidiary.

22. Unquoted investments and properties

There was no purchase or sale of unquoted investments and/or properties for the current quarter.

23. Quoted investments

There was no purchase or disposal of quoted securities for the current quarter.

24. Status of corporate proposals announced but not completed

On 21 September 2018, Gim Triple Seven Sdn Bhd, a wholly-owned subsidiary of Greenyeld Berhad has entered into a Share Sale Agreement with Palmers Advisory Sdn Bhd to dispose 30% equity interest comprising 783,738 Ordinary Shares in Melati Aman Sdn Bhd for a total cash consideration of RM11,800,000.

On 21 September 2018, Gim Triple Seven Sdn Bhd, a wholly-owned subsidiary of Greenyeld Berhad has entered into an Agreement with Seri Sanjung Development Sdn Bhd to acquire 70% equity interest comprising (i) 7 Ordinary Shares in SND Teguh Enterprise Sdn Bhd and (ii) 7 Ordinary Shares in Pullah PC Daud Sdn Bhd for a total cash consideration of RM1,566,330 and assumption of liabilities of RM11,483,670.

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Notes to the Condensed Consolidated Interim Financial Statements (Cont'd)

25. Borrowing and debt securities

	As at 31.10.2018 RM'000	As at 31.7.2018 RM'000
Current		
Finance lease liabilities	109	158
Term loans (secured)	1,366	1,218
	<u>1,475</u>	<u>1,376</u>
Non-current		
Finance lease liabilities	278	504
Term loans (secured)	15,234	15,356
	<u>15,512</u>	<u>15,860</u>
	<u>16,987</u>	<u>17,236</u>

All of the Group's borrowings are denominated in Ringgit Malaysia.

26. Off balance sheet financial instruments

As at 19 December 2018, the Group does not have any off balance sheet financial instruments.

27. Material litigation

There was no material litigation which would materially and adversely affect the financial position of the Group for the current quarter under review.

28. Proposed dividend

No dividend has been proposed during the current quarter under review.

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Notes to the Condensed Consolidated Interim Financial Statements (Cont'd)

29. Earnings per ordinary share

(a) *Basic earnings per ordinary share*

The calculation of the basic earnings per share for the current period is based on the net profit attributable to shareholders divided by the number of weighted average number of ordinary shares.

	Individual Quarter		Cumulative Quarter	
	3 months ended		3 months ended	
	31 October		31 October	
	2018	2017	2018	2017
Profit/(Loss) after taxation (RM'000)	760	(568)	760	(568)
Number of ordinary shares in issue ('000)	333,740	333,740	333,740	333,740
Basic earnings/(loss) per share (sen)	0.23	(0.17)	0.23	(0.17)

(b) *Diluted earnings per share*

There are no diluted earnings per share during the current and previous financial year as the Group do not have any convertible financial instruments.

30. Status of utilisation of proceeds

Not applicable as the Group does not have any corporate proposal to raise funds for the period under review.

31. Auditors' report on preceding annual financial statements

The auditors have expressed an unqualified opinion on the Group's statutory financial statements for the year ended 31 July 2018 in their report dated 8 November 2018.

32. Authorisation for issue

The condensed consolidated interim financial statements were authorised for issue by the Board of Directors on 19 December 2018.