

DutaLand Berhad

(Company No: 7296-V)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014**

| | As at 31-Dec-14 RM'000 (Unaudited) | As at 30-Jun-14 RM'000 (Audited) |
|--|---|---|
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 437,057 | 438,114 |
| Biological assets | 224,783 | 224,310 |
| Land held for property development | 238,501 | 238,468 |
| | <u>900,341</u> | <u>900,892</u> |
| Current assets | | |
| Property development costs | 61,768 | 60,996 |
| Inventories | 12,304 | 12,582 |
| Receivables | 56,130 | 64,838 |
| Tax recoverable | 1,500 | 1,500 |
| Short term deposits | 513 | 530 |
| Cash and bank balances | 4,357 | 5,110 |
| | <u>136,572</u> | <u>145,556</u> |
| Non-current assets held for sale | 3,534 | 3,534 |
| | 140,106 | 149,090 |
| TOTAL ASSETS | <u><u>1,040,447</u></u> | <u><u>1,049,982</u></u> |
| EQUITY AND LIABILITIES | | |
| Equity attributable to owners of the parent | | |
| Share capital | 846,118 | 846,118 |
| Reserves | 92,899 | 92,899 |
| Accumulated losses | (101,735) | (90,788) |
| | 837,282 | 848,229 |
| Non-controlling interests | 49,259 | 50,301 |
| Total equity | <u>886,541</u> | <u>898,530</u> |
| Non-current liabilities | | |
| Borrowings | 549 | 1,017 |
| Deferred tax liabilities | 40,909 | 40,909 |
| | <u>41,458</u> | <u>41,926</u> |
| Current liabilities | | |
| Borrowings | 70,393 | 63,358 |
| Payables | 41,132 | 44,570 |
| Current tax payable | 923 | 1,598 |
| | <u>112,448</u> | <u>109,526</u> |
| Total liabilities | 153,906 | 151,452 |
| TOTAL EQUITY AND LIABILITIES | <u><u>1,040,447</u></u> | <u><u>1,049,982</u></u> |
| Net assets per share (RM) | 0.99 | 1.00 |

**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE PERIOD ENDED 31 DECEMBER 2014**

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|--|--|---|--|--|
| | Current quarter 31-Dec-14 RM'000 | Preceding year corresponding quarter 31-Dec-13 RM'000 | Current financial year-to-date 31-Dec-14 RM'000 | Preceding year corresponding period 31-Dec-13 RM'000 |
| Revenue | 11,694 | 20,013 | 21,345 | 32,189 |
| Expenses | (13,268) | (14,314) | (27,501) | (27,266) |
| Other income | 97 | 240 | 286 | 48,980 |
| Depreciation / amortisation | (798) | (985) | (1,682) | (2,003) |
| (Loss)/profit from operations | (2,275) | 4,954 | (7,552) | 51,900 |
| Interest income | 15 | 4 | 72 | 13 |
| Interest expense | (2,079) | (2,691) | (4,089) | (6,356) |
| (Loss)/profit before taxation | (4,339) | 2,267 | (11,569) | 45,557 |
| Income tax expense | (254) | (2,128) | (420) | (2,619) |
| (Loss)/profit for the period | (4,593) | 139 | (11,989) | 42,938 |
| Attributable to: | | | | |
| Owners of the parent | (4,096) | 619 | (10,947) | 43,957 |
| Non-controlling interests | (497) | (480) | (1,042) | (1,019) |
| | (4,593) | 139 | (11,989) | 42,938 |
| Earnings per share attributable to owners of the parent (sen): | | | | |
| Basic | (0.48) | 0.07 | (1.29) | 5.20 |
| Diluted | (0.48) | 0.07 | (1.29) | 5.20 |

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 DECEMBER 2014**

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|--|---|---|--|--|
| | Current quarter 31-Dec-14 RM'000 | Preceding year corresponding quarter 31-Dec-13 RM'000 | Current financial year-to-date 31-Dec-14 RM'000 | Preceding year corresponding period 31-Dec-13 RM'000 |
| (Loss)/profit for the period | (4,593) | 139 | (11,989) | 42,938 |
| Other comprehensive income for the period | - | - | - | - |
| Total comprehensive income for the period | (4,593) | 139 | (11,989) | 42,938 |
| Total comprehensive income attributable to: | | | | |
| Owners of the parent | (4,096) | 619 | (10,947) | 43,957 |
| Non-controlling interests | (497) | (480) | (1,042) | (1,019) |
| | (4,593) | 139 | (11,989) | 42,938 |

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(Company No: 7296-V)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2014**

| | ← Attributable to owners of the parent → | | | | | |
|---|--|---|---------------------------------|--|--|---------------------------|
| | Share capital RM'000 | -- Non- distributable -- Reserves RM'000 | Accumulated losses RM'000 | Total shareholders' equity RM'000 | Non- controlling interests RM'000 | Total equity RM'000 |
| <u>6 months ended 31 December 2014</u> | | | | | | |
| At 1 July 2014 | 846,118 | 92,899 | (90,788) | 848,229 | 50,301 | 898,530 |
| Loss for the period | - | - | (10,947) | (10,947) | (1,042) | (11,989) |
| Other comprehensive income for the period | - | - | - | - | - | - |
| Total comprehensive income for the period | - | - | (10,947) | (10,947) | (1,042) | (11,989) |
| At 31 December 2014 | 846,118 | 92,899 | (101,735) | 837,282 | 49,259 | 886,541 |
| <u>6 months ended 31 December 2013</u> | | | | | | |
| At 1 July 2013 | 846,118 | 108,967 | (165,863) | 789,222 | 52,260 | 841,482 |
| Profit for the period | - | - | 43,957 | 43,957 | (1,019) | 42,938 |
| Other comprehensive income for the period | - | - | - | - | - | - |
| Total comprehensive income for the period | - | - | 43,957 | 43,957 | (1,019) | 42,938 |
| At 31 December 2013 | 846,118 | 108,967 | (121,906) | 833,179 | 51,241 | 884,420 |

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 DECEMBER 2014**

| | Year-to-date 31-Dec-14 RM'000 | Year-to-date 31-Dec-13 RM'000 |
|---|--|--|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| (Loss)/profit before taxation | (11,569) | 45,557 |
| Adjustments for : | | |
| Depreciation / amortisation | 1,682 | 2,003 |
| Gain on disposal of a subsidiary | - | (48,441) |
| Unrealised foreign exchange loss, net | - | 1 |
| Interest expense | 4,089 | 6,356 |
| Interest income | (72) | (13) |
| Allowance for impairment on receivables | 1,481 | 152 |
| Property, plant and equipment written off | - | 1 |
| Operating (loss)/profit before working capital changes | (4,389) | 5,616 |
| Changes in working capital | 1,295 | (10,549) |
| Cash used in operations | (3,094) | (4,933) |
| Tax paid | (1,095) | (1,119) |
| Net cash used in operating activities | (4,189) | (6,052) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Expenditure incurred on biological assets | (473) | (673) |
| Expenditure incurred on land held for property development | (33) | (12) |
| Purchase of property, plant and equipment | (624) | (79) |
| Interest received | 72 | 13 |
| Net proceeds from disposal of a subsidiary with retention of associate status | - | 35,000 |
| Net cash (used in)/generated from investing activities | (1,058) | 34,249 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Drawdown/(repayment) of borrowings, net | 6,965 | (22,700) |
| Repayment of hire purchase and lease payables, net | (398) | (324) |
| Interest paid | (2,090) | (4,574) |
| Withdrawal of fixed deposits pledged with licensed banks | 17 | - |
| Net cash generated from/(used in) financing activities | 4,494 | (27,598) |
| NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS | (753) | 599 |
| EFFECTS OF EXCHANGE RATE CHANGES | - | (1) |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD | 5,191 | 2,981 |
| CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD | 4,438 | 3,579 |

PART A : Notes Required by FRS 134

A1) Accounting policies and methods of computation

The interim financial report is unaudited and has been prepared in accordance with the requirements of Financial Reporting Standards (“FRS”) 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of the Bursa Malaysia Securities Berhad (“Bursa Securities”). The interim financial report should be read in conjunction with the audited financial statements for the year ended 30 June 2014.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the financial statements for the year ended 30 June 2014, except for the adoption of new FRSs, amendments and IC Interpretations that are mandatory for the Group for the financial year beginning 1 July 2014. The adoption of these FRSs, amendments and IC Interpretations do not have material impact on the interim financial report of the Group.

A2) Seasonal or cyclical factors

The business operations of the Group during the financial period under review have not been materially affected by any seasonal or cyclical factors.

A3) Nature and amount of items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size, or incidence

There were no items affecting assets, liabilities, equity, net income or cash flows of the Group that are unusual due to their nature, size or incidence for the current financial period, other than as disclosed in the financial statements.

A4) Nature and amount of changes in estimates of amounts reported in prior interim periods of the current financial year or changes in estimates of amounts reported in prior financial years, which give a material effect in the current interim period

There were no changes in the estimates of amounts, which give a material effect in the current financial period.

A5) Debt and equity securities

There were no issuance and repayments of debt and equity securities during the financial period.

A6) Dividends paid

No dividends have been paid for the current financial period.

A7) Segmental reporting

Segmental analysis for the current financial period by business segments is as follows:

| | Property Development | Plantation | Investment Holding and Others | Elimination | Total |
|--|---------------------------------|-------------------|--|--------------------|-----------------|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| 6 months ended 31 December 2014 | | | | | |
| Revenue | | | | | |
| External revenue | (70) | 21,415 | - | - | 21,345 |
| Inter-segment revenue | - | - | - | - | - |
| Total revenue | <u>(70)</u> | <u>21,415</u> | <u>-</u> | <u>-</u> | <u>21,345</u> |
| Results | | | | | |
| Segment results | (3,953) | 1,370 | (4,969) | - | (7,552) |
| Finance costs, net | | | | | (4,017) |
| Income tax expense | | | | | (420) |
| Loss for the period | | | | | <u>(11,989)</u> |
| 6 months ended 31 December 2013 | | | | | |
| Revenue | | | | | |
| External revenue | 9,713 | 22,476 | - | - | 32,189 |
| Inter-segment revenue | - | - | - | - | - |
| Total revenue | <u>9,713</u> | <u>22,476</u> | <u>-</u> | <u>-</u> | <u>32,189</u> |
| Results | | | | | |
| Segment results | 2,311 | 6,939 | 42,650 | - | 51,900 |
| Finance costs, net | | | | | (6,343) |
| Income tax expense | | | | | (2,619) |
| Profit for the period | | | | | <u>42,938</u> |

A8) Significant event occurring after the reporting date

There were no material transactions or events occurred subsequent to the end of the current period.

A9) Effect of changes in the composition of the Group

On 1 November 2014, a wholly-owned foreign subsidiary of the Company, Mycom Investments (BVI) Ltd (“Mycom INV”), had been struck off by the Registrar of British Virgin Islands (“BVI”) in accordance with the provisions of the BVI Companies Act, 2004.

As such, Mycom INV ceased to be a subsidiary of the Company on 1 November 2014. The striking-off of Mycom INV has no impact to the financial results of the Group.

A10) Changes in Contingent Liabilities and Contingent Assets

There were no material changes in contingent liabilities and contingent assets since the last annual statement of financial position as at 30 June 2014 to the date of this report.

A11) Capital commitments

There were no material capital commitments which have not been provided for in the financial statements as at 31 December 2014.

PART B : Notes Required by Bursa Malaysia Listing Requirements

B1) Review of performance

For the quarter under review (2Q FY2015), the Group recorded revenue of RM11.7 million, RM8.3 million lower as compared to the preceding year quarter (2Q FY2014) of RM20.0 million. The plantation division's revenue was lower by RM1.8 million (RM11.8 million vs RM13.6 million) mainly due to decrease in the average FFB price by 12% (RM408 / MT vs RM465 / MT). The production volume stood at 29,073 MT (2Q FY2014: 29,291 MT). The revenue for the property division was lower by RM6.5 million (2Q FY2014: RM6.5 million).

For the 6 months period under review (YTD FY2015), the Group recorded revenue of RM21.3 million, RM10.9 million lower as compared to the preceding year corresponding period (YTD FY2014) of RM32.2 million. The plantation division's revenue was lower by RM1.1 million (RM21.4 million vs RM22.5 million) mainly due to decrease in the average FFB price by 8% (RM408 / MT vs RM445 / MT). The production volume was higher at 52,539 MT (YTD FY2014: 50,557 MT, +4%). The revenue for the property division was lower by RM9.8 million (YTD FY2014: RM9.8 million) mainly due to lack of development activities.

Loss before tax for 2Q FY2015 was at RM4.3 million as compared to profit of RM2.3 million for 2Q FY2014. The variance of RM6.6 million was mainly due to lower profit recorded by the plantation division at RM0.7 million (2Q FY2014 : RM5.2 million). The plantation division recorded lower revenue by RM1.8 million and higher operating costs by RM2.7 million in 2Q FY2015 as compared to the preceding year quarter. Property division recorded loss of RM3.3 million in 2Q FY2015 (2Q FY2014: profit of RM1.3 million). The variance was mainly due to lower revenue recorded in the current year quarter.

Loss before tax for YTD FY2015 was at RM11.6 million as compared to profit of RM45.6 million for YTD FY2014. The variance of RM57.2 million was mainly due to gain from disposal of a subsidiary amounted to RM48.4 million recorded in the previous year period. The plantation division's profit was lower by RM5.4 million (RM1.3 million vs RM6.7 million) due to revenue decreased by RM1.1 million and operating costs increased by RM4.3 million. Property division recorded loss of RM6.4 million in the current year period (YTD 2014: RM1.6 million) mainly due to the lack of development activities.

B2) Material changes in quarterly results

The loss before tax for the current quarter under review was RM4.3 million as compared to RM7.2 million of the previous quarter. The variance was mainly due to lower operating expenses incurred by the Group in the current quarter.

B3) Commentary on:

(a) Current year prospects

The Company announced on 6th February 2015 that its subsidiary, UNP Plywood Sdn Bhd ("UNP") had entered into a Settlement Agreement for the litigation involving UNP and Sabah Forest Industries Sdn Bhd ("SFI").

In accordance with the terms and conditions of the Settlement Agreement, SFI shall pay UNP a settlement sum of RM85.0 million as full and final settlement of the said litigation. UNP had received the settlement sum of RM85.0 million on 9th February 2015.

The settlement is expected to increase the earnings of DutaLand Group for the financial year ending 30th June 2015 by approximately RM70.0 million after deduction of estimated tax and expenses.

The above transaction will be reflected in the results for the third quarter ending 31st March 2015.

The results of the Group for the financial year ending 30th June 2015 is expected to show marked improvement with the inclusion of the gain arising from the settlement.

(b) Progress to achieve the revenue or profit estimate, forecast, projection or internal targets which were previously announced or disclosed in public document

There were no revenue or profit estimate, forecast, projection or internal targets, which were previously announced or disclosed in public document.

B4) Statement of the board of directors' opinion whether the revenue or profit estimate, forecast, projection or internal targets which was previously announced or disclosed in public document are likely to be achieved

Not applicable.

B5) Variance from profit forecast and shortfall in profit guarantee

Not applicable.

B6) Taxation

Tax charges comprise of the following:

| | Current Quarter 31-Dec-14 RM'000 | Current Financial Year-To-Date 31-Dec-14 RM'000 |
|--------------------|---|--|
| Income tax expense | 254 | 420 |

The disproportionate tax charge is due principally to certain expenses being disallowed for taxation purposes during the financial period.

B7) Status of corporate proposals announced but not completed

There was no corporate proposal announced but not completed as at the date of this report.

B8) Group borrowings

The Group borrowings are as follows:

| | As at 31-Dec-14 RM'000 |
|-------------------------------|---------------------------------------|
| Short-term borrowings: | |
| Secured | 70,393 |
| Long-term borrowings: | |
| Secured | 549 |
| Total borrowings | <u>70,942</u> |

B9) Changes in material litigation (including status of any pending material litigation) since the last annual reporting date

The list of material litigation is attached as Annexure 1.

B10) Dividend declared

No dividend has been declared / recommended for the current financial period.

B11) Earnings per share

| | 3 months ended | | 6 months ended | |
|---|-----------------------|------------------|-----------------------|------------------|
| | 31-Dec-14 | 31-Dec-13 | 31-Dec-14 | 31-Dec-13 |
| (a) Basic | | | | |
| (Loss)/profit attributable to owners of the parent (RM'000) | (4,096) | 619 | (10,947) | 43,957 |
| Weighted average number of ordinary shares ('000) | 846,118 | 846,118 | 846,118 | 846,118 |
| Basic earnings per ordinary share for the period (sen) | <u>(0.48)</u> | <u>0.07</u> | <u>(1.29)</u> | <u>5.20</u> |
| (b) Diluted | | | | |
| (Loss)/profit attributable to owners of the parent (RM'000) | (4,096) | 619 | (10,947) | 43,957 |
| Adjusted weighted average number of ordinary shares in issue ('000) | 846,118 | 846,118 | 846,118 | 846,118 |
| Diluted earnings per ordinary share for the period (sen) | <u>(0.48)</u> | <u>0.07</u> | <u>(1.29)</u> | <u>5.20</u> |

The diluted EPS is the same as the basic EPS because the Group has no convertible financial instrument.

B12) Declaration of audit qualification

The audit report of the Company's preceding annual financial statements was not subject to qualification.

B13) (Loss)/profit before taxation

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|--|--|---|---|--|
| | Current quarter 31-Dec-14 RM'000 | Preceding year corresponding quarter 31-Dec-13 RM'000 | Current financial year-to-date 31-Dec-14 RM'000 | Preceding year corresponding period 31-Dec-13 RM'000 |
| (Loss)/profit before taxation is arrived at after (charging) / crediting: | | | | |
| (1) Provision for and write-off of receivables | (675) | (152) | (1,481) | (152) |
| (2) Provision for and write-off of inventories | - | - | - | - |
| (3) Gain on disposal of quoted or unquoted investments or properties, net | - | - | - | - |
| (4) Impairment of property, plant and equipment | - | - | - | - |
| (5) Foreign exchange loss, net: | | | | |
| - Realised | - | (3) | - | (3) |
| - Unrealised | - | - | - | (1) |
| (6) Gain / (loss) on derivatives | - | - | - | - |
| (7) Write-off of property, plant and equipment | - | (1) | - | (1) |
| (8) Gain on disposal of a subsidiary | - | - | - | 48,441 |

B14) Realised and unrealised accumulated losses

| | As at 31-Dec-14 RM'000 | As at 30-Jun-14 RM'000 |
|--|------------------------------|------------------------------|
| Total accumulated losses of DutaLand Berhad and its subsidiaries: | | |
| - Realised | (749,797) | (727,087) |
| - Unrealised | (31,078) | (30,897) |
| | <u>(780,875)</u> | <u>(757,984)</u> |
| Consolidation adjustments | 679,140 | 667,196 |
| Total Group's accumulated losses | <u>(101,735)</u> | <u>(90,788)</u> |

On behalf of the Board
DUTALAND BERHAD

Pang Siok Tieng
Chartered Secretary

Kuala Lumpur
25 February 2015