

DutaLand Berhad

(Company No: 7296-V)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016**

	As at 31-Dec-16 RM'000 (Unaudited)	As at 30-Jun-16 RM'000 (Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	430,954	432,319
Biological assets	261,710	261,542
Land held for property development	240,240	239,859
Receivables	73,080	-
	1,005,984	933,720
Current assets		
Property development costs	12,272	11,857
Inventories	11,931	11,890
Receivables	28,894	36,193
Tax recoverable	1,670	2,074
Short term deposits	443	542
Cash and bank balances	16,337	11,586
	71,547	74,142
Non-current assets held for sale	56,173	56,148
	127,720	130,290
TOTAL ASSETS	1,133,704	1,064,010
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	846,118	846,118
Share premium	18,495	18,495
Revaluation reserve	107,388	107,388
Accumulated losses	(43,904)	(45,737)
	928,097	926,264
Non-controlling interests	54,093	54,710
Total equity	982,190	980,974
Non-current liabilities		
Borrowings	4,211	1,525
Deferred tax liabilities	42,686	42,733
	46,897	44,258
Current liabilities		
Borrowings	617	646
Payables	103,526	36,808
Tax payable	474	1,324
	104,617	38,778
Total liabilities	151,514	83,036
TOTAL EQUITY AND LIABILITIES	1,133,704	1,064,010
Net assets per share (RM)	1.10	1.09

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**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE PERIOD ENDED 31 DECEMBER 2016**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current quarter 31-Dec-16 RM'000	Preceding year corresponding quarter 31-Dec-15 RM'000	Current financial year-to-date 31-Dec-16 RM'000	Preceding year corresponding period 31-Dec-15 RM'000
Revenue	14,934	10,590	28,374	20,647
Expenses	(12,373)	(13,464)	(24,261)	(27,919)
Other income	416	550	745	11,954
Depreciation / amortisation	(810)	(956)	(1,626)	(1,690)
Profit/(loss) from operations	2,167	(3,280)	3,232	2,992
Interest income	4	36	7	40
Interest expense	(114)	(24)	(143)	(49)
Profit/(loss) before taxation	2,057	(3,268)	3,096	2,983
Income tax (expense)/credit, net	(1,456)	491	(1,880)	(3,275)
Profit/(loss) for the period	601	(2,777)	1,216	(292)
Attributable to:				
Owners of the parent	901	(2,349)	1,833	181
Non-controlling interests	(300)	(428)	(617)	(473)
	601	(2,777)	1,216	(292)
Earnings per share attributable to owners of the parent (sen):				
Basic	0.11	(0.28)	0.22	0.02
Diluted	0.11	(0.28)	0.22	0.02

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 DECEMBER 2016**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current quarter 31-Dec-16 RM'000	Preceding year corresponding quarter 31-Dec-15 RM'000	Current financial year-to-date 31-Dec-16 RM'000	Preceding year corresponding period 31-Dec-15 RM'000
Profit/(loss) for the period	601	(2,777)	1,216	(292)
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	601	(2,777)	1,216	(292)
Total comprehensive income attributable to:				
Owners of the parent	901	(2,349)	1,833	181
Non-controlling interests	(300)	(428)	(617)	(473)
	601	(2,777)	1,216	(292)

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2016**

	← Attributable to owners of the parent →				Total shareholders' equity RM'000	Non- controlling interests RM'000	Total equity RM'000
	Share capital RM'000	--- Non-distributable --- Share premium RM'000	Revaluation reserve RM'000	Accumulated losses RM'000			
<u>6 months ended 31 December 2016</u>							
At 1 July 2016	846,118	18,495	107,388	(45,737)	926,264	54,710	980,974
Profit/(loss) for the period	-	-	-	1,833	1,833	(617)	1,216
Other comprehensive income for the period	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	1,833	1,833	(617)	1,216
At 31 December 2016	846,118	18,495	107,388	(43,904)	928,097	54,093	982,190
<u>6 months ended 31 December 2015</u>							
At 1 July 2015	846,118	18,495	107,388	(42,018)	929,983	53,975	983,958
Profit/(loss) for the period	-	-	-	181	181	(473)	(292)
Other comprehensive income for the period	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	181	181	(473)	(292)
At 31 December 2015	846,118	18,495	107,388	(41,837)	930,164	53,502	983,666

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 DECEMBER 2016**

	Year-to-date 31-Dec-16 RM'000	Year-to-date 31-Dec-15 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	3,096	2,983
Adjustments for :		
Depreciation / amortisation	1,626	1,690
Gain on disposal of property, plant and equipment	(28)	(11,469)
Interest expense	143	49
Interest income	(7)	(40)
Property, plant and equipment written off	7	43
Operating profit/(loss) before working capital changes	4,837	(6,744)
Changes in working capital	456	(4,595)
Cash generated from/(used in) operations	5,293	(11,339)
Tax paid	(2,373)	(2,404)
Net cash generated from/(used in) operating activities	2,920	(13,743)
CASH FLOWS FROM INVESTING ACTIVITIES		
Expenditure incurred on biological assets	(168)	(609)
Addition in land held for property development	(381)	(300)
Purchase of property, plant and equipment	(268)	(1,533)
Interest received	7	40
Proceeds from disposal of property, plant and equipment	28	15,212
Net cash (used in)/generated from investing activities	(782)	12,810
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of borrowings	3,000	-
Repayment of hire purchase and lease payables, net	(343)	(617)
Interest paid	(143)	(49)
Net cash generated from/(used in) financing activities	2,514	(666)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	4,652	(1,599)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	11,688	10,552
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	16,340	8,953

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 2016.

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 2016, except for the adoption of new FRSs, amendments and IC Interpretations that are mandatory for the Group for the financial year beginning 1 July 2016. 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 2016					
Revenue					
External revenue	494	27,880	-	-	28,374
Inter-segment revenue	-	-	-	-	-
Total revenue	<u>494</u>	<u>27,880</u>	<u>-</u>	<u>-</u>	<u>28,374</u>
Results					
Segment results	(2,922)	10,074	(3,920)	-	3,232
Interest expense, net					(136)
Income tax expense					(1,880)
Profit for the period					<u>1,216</u>
6 months ended 31 December 2015					
Revenue					
External revenue	88	20,559	-	-	20,647
Inter-segment revenue	-	-	-	-	-
Total revenue	<u>88</u>	<u>20,559</u>	<u>-</u>	<u>-</u>	<u>20,647</u>
Results					
Segment results	(3,859)	1,269	5,582	-	2,992
Interest expense, net					(9)
Income tax expense					(3,275)
Loss for the period					<u>(292)</u>

A8) Significant event occurring after the reporting date

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

A9) Effect of changes in the composition of the Group

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

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 2016 to the date of this report, except for the litigation claims disclosed in Note B9 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 2016.

PART B : Notes Required by Bursa Malaysia Listing Requirements

B1) Review of performance

For the quarter under review (2Q FY2017), the Group recorded revenue of RM14.9 million, RM4.3 million higher as compared to the preceding year quarter (2Q FY2016) of RM10.6 million. The favorable variance was mainly due to higher contribution from the plantation division (2Q FY2017: RM14.4 million vs 2Q FY2016: RM10.6 million, +RM3.8 million). The improvement in the plantation division's result was mainly due to higher average FFB price at RM612/MT (2Q FY2016: RM405/MT, +51%), offset against lower FFB production volume at 23,618 MT (2Q FY2016: 26,109 MT, -9%). The property division recorded revenue of RM0.5 million in the current year quarter from the disposal of inventories.

For the 6 months period under review (YTD FY2017), the Group recorded revenue of RM28.4 million as compared to RM20.6 million for the same period in previous year (YTD FY2016). The favorable variance of RM7.8 million was mainly due to higher contribution from the plantation division (YTD FY2017: RM27.9 million vs YTD FY2016: RM20.5 million, +RM7.4 million). The plantation division recorded higher average FFB price at RM568 / MT (YTD FY2016: RM389 / MT, +46%), but offset by lower production volume at 49,057 MT (YTD FY2016: 52,800 MT, -7%). The property division recorded revenue of RM0.5 million in the current year period (YTD FY2016: RM0.1 million) due to lack of development activities.

Profit before tax for 2Q FY2017 was RM2.1 million as compared to loss of RM3.3 million for 2Q FY2016. The favorable variance of RM5.4 million was mainly due to higher profit recorded by plantation division as a result of higher revenue. The plantation division recorded profit of RM5.9 million as compared to profit of RM0.5 million for the previous year correspondence period. The property division's loss remained at RM1.8 million for both current quarter and preceding year quarter due to lack of development activities.

Profit before tax for YTD FY2017 and YTD FY2016 was at RM3.0 million respectively. The plantation division recorded higher profit at RM10.0 million in the current year period (YTD FY2016: profit of RM1.2 million, +RM8.8 million) as revenue was higher by RM7.4 million. The property division recorded loss of RM3.0 million in the current year period (YTD FY2016: loss of RM3.9 million) due to lack of development activities. YTD FY2016's result has also included gain on disposal of factory land amounted to RM11.5 million.

B2) Material changes in quarterly results

Profit before tax for the current quarter (2Q FY2017) was RM2.1 million as compared to profit of RM1.0 million for the previous quarter (1Q FY2017). The positive variance of RM1.1 million was mainly due to higher contribution from the plantation division. The plantation division recorded profit of RM5.9 million (1Q FY2017: profit of RM4.1 million, +RM1.8 million) mainly due to increase in revenue by RM1.0 million as FFB price increased by RM84 / MT / +16% (2Q FY2017: RM612 / MT vs 1Q FY2017: RM528 / MT). However, the production was lower by 1,822 MT / -7% (2Q FY2017: 23,618 MT vs 1Q FY2017: 25,440 MT). The property division recorded loss of RM1.8 million in the current quarter (1Q FY2017: loss of RM1.2 million) due to lack of development activities.

B3) Commentary on:

(a) Current year prospects

The performance of the Group for FY2017 depends largely on the performance of the plantation division. The performance of the oil palm industry, however, is impacted by many factors, such as weather conditions, supply and demand, inventory level, operating cost, forex etc. Based on the performance of the Group for 1H FY2017, and barring unforeseen circumstances, the Group should perform better in FY2017 than FY2016.

(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 were 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-16 RM'000	Current Financial Year-To-Date 31-Dec-16 RM'000
Income tax expense	1,503	1,927
Transfer from deferred taxation	(47)	(47)
	<u>1,456</u>	<u>1,880</u>

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

- (a) On 22 April 2016, the Company announced that its wholly-owned subsidiary, KH Estates Sdn Bhd, together with Olympia Properties Sdn Bhd, the joint venture partner of Kenny Heights Joint Venture, have agreed to dispose of a piece of land located at Mukim Batu, Daerah Kuala Lumpur to Semanja Hartamas Sdn Bhd. The terms and conditions of the disposal are set out in the sale and purchase agreement dated 22 April 2016 and the disposal is pending completion as at the date of this report.
- (b) On 29 August 2016, the Company announced that it intends to undertake a capital re-organisation exercise that entails the following proposals:
- (i) reduction of the entire share premium account of the Company pursuant to Sections 60(2) and 64(1) of the Companies Act, 1965 ("Act");
 - (ii) reduction of the issued and paid-up share capital of the Company involving the cancellation of RM0.50 of the par value of each existing ordinary share of RM1.00 in DutaLand pursuant to Section 64(1) of the Act ("Proposed Par Value Reduction"); and
 - (iii) amendments to the Memorandum and Articles of Association of the Company to facilitate the Proposed Par Value Reduction.

The above capital re-organisation exercise has been completed on 5 January 2017.

Other than the above, 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-16 RM'000
Short-term borrowings:	
Secured	617
Long-term borrowings:	
Secured	4,211
Total borrowings	<u>4,828</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 ("EPS")

	3 months ended		6 months ended	
	31-Dec-16	31-Dec-15	31-Dec-16	31-Dec-15
(a) Basic				
Profit/(loss) attributable to owners of the parent (RM'000)	901	(2,349)	1,833	181
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>0.11</u>	<u>(0.28)</u>	<u>0.22</u>	<u>0.02</u>
(b) Diluted				
Profit/(loss) attributable to owners of the parent (RM'000)	901	(2,349)	1,833	181
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>0.11</u>	<u>(0.28)</u>	<u>0.22</u>	<u>0.02</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) Profit/(loss) before taxation

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current quarter 31-Dec-16 RM'000	Preceding year corresponding quarter 31-Dec-15 RM'000	Current financial year-to-date 31-Dec-16 RM'000	Preceding year corresponding period 31-Dec-15 RM'000
Profit/(loss) before taxation is arrived at after crediting/(charging):				
(1) Provision for and write-off of receivables	-	-	-	-
(2) Provision for and write-off of inventories	-	-	-	-
(3) Gain on disposal of quoted or unquoted investments or properties	28	299	28	11,469
(4) Impairment of property, plant and equipment	-	-	-	-
(5) Foreign exchange (loss)/gain, net:				
- Realised	2	-	2	-
- Unrealised	-	-	-	-
(6) Gain/(loss) on derivatives	-	-	-	-
(7) Write-off of property, plant and equipment	(7)	(42)	(7)	(43)

B14) Realised and unrealised accumulated losses

	As at 31-Dec-16 RM'000	As at 30-Jun-16 RM'000
Total accumulated losses of DutaLand Berhad and its subsidiaries:		
- Realised	(665,293)	(663,004)
- Unrealised	(26,125)	(26,121)
	<u>(691,418)</u>	<u>(689,125)</u>
Consolidation adjustments	647,514	643,388
Total Group's accumulated losses	<u>(43,904)</u>	<u>(45,737)</u>

On behalf of the Board
DUTALAND BERHAD

Kwan Wai Sin
Chartered Secretary

Kuala Lumpur
27 February 2017