

NOTES TO THE INTERIM FINANCIAL REPORT

A1 Basis of preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2012. These explanatory notes attached to the interim financial statements 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 financial year ended 31 December 2012.

The accounting policies and methods of computation used in the preparation of the interim financial statements are consistent with those used in the preparation of the last audited financial statements for the financial year ended 31 December 2012.

On 19 November 2011, the MASB issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards Framework ("MFRS Framework") in conjunction with its planned convergence of FRSs with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board on 1 January 2012.

The MFRS Framework is a fully IFRS-compliant framework, equivalent to IFRSs which is mandatory for adoption by all Entities Other than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture and IC Interpretation 15 Agreements for Construction of Real Estate, including its parent, significant investor and venture (hereinafter called "Transitioning Entities").

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework for an additional two years. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2014.

The Company falls within the scope definition of Transitioning Entities and accordingly, will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2014. In presenting its first MFRS financial statements, the Company may be required to restate the comparative financial statements to amounts reflecting the application of the MFRS Framework. The majority of the adjustments required on transition (if any), will be made retrospectively, against opening retained profits.

A2 Audit report

The auditors' report on the financial statement for the year ended 31 December 2012 was not qualified.

A3 Seasonal or cyclical factors of the Group's operations

The prices for the Group's products are not within the control of the Group but are determined by the global supply and demand situation for edible oils, and it is somewhat related to the price of mineral oil.

Crop production is seasonal. Based on statistics, the Group's production of crude palm oil and palm kernel gradually increases in second quarter, reaches its peak during third quarter and decreases thereafter. This pattern can be affected by severe global weather conditions such as El-Nino.

The prices obtainable for the Group's products as well as the volume of production, which is cyclical in nature, will determine the profits for the Group.

A4 Unusual items

There were no items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size, or incidence in the current quarter.

A5 Changes in estimates

There were no changes in estimates of amounts reported in prior interim periods or changes in estimates of amounts reported in prior financial years, which have a material effect in the current quarter.

A6 Debt and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities for the current quarter.

A7 Dividend

There was no dividend paid, declared or proposed in the current quarter.

A8 Segmental analysis

The Group is organised into the following operating divisions:

- (i) Oil Palm Plantations
- (ii) Plantation Management
- (iii) Investment Holding
- (iv) Others (consist of subsidiary companies which are dormant and pre-operating)

Inter-segment sales are charged at cost plus a percentage profit mark-up.

Segmental Information for the current quarter

<u>For the 3 months financial period ended 31 December 2013</u>	<u>Oil Palm Plantations</u>	<u>Plantation Management</u>	<u>Investment Holding</u>	<u>Others</u>	<u>Elimination</u>	<u>Group Total</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Revenue	5,597	739	-	-	(551)	5,785
<u>Segment results</u>						
Profit/(loss) from operations	(516)	(229)	6,318	1,339	(1,657)	5,255
Finance cost	(591)	-	(6)	-	115	(482)
Profit/(loss) before tax	(1,107)	(229)	6,312	1,339	(1,542)	4,773
Share of losses of associates						-
Tax						5
Profit for the period						<u>4,778</u>

A9 Valuations of property, plant and equipment

The valuations of land and building have been brought forward without amendment from the financial statements for the year ended 31 December 2012.

A10 Material events subsequent to the end of the interim period

There were no material events subsequent to 31 December 2012 and up to the date of the issuance of this quarterly report that have not been reflected in this quarterly report.

A11 Changes in the Composition of the Group

During the quarter under review, the Group acquired a wholly owned subsidiary in Malaysia Tubau Corporation Sdn Bhd on 6 December 2013. The intended principal activity of Tubau Corporation Sdn Bhd is property holding.

A12 Contingent liabilities and Contingent Assets

There were no contingent liabilities or contingent assets as at 31 December 2013.

A13 Capital Commitments

Approved and contracted for:

	<u>Current quarter 31.12.2013 RM'000</u>
1 unit of new worker quarters in Phase 2	250
1 unit of office in Phase 2	300
1 set of lathing, milling and drilling machines for workshop	139
	<u>689</u>

ADDITIONAL INFORMATION REQUIRED BY THE BURSAMALAYSIA SECURITIES BERHAD'S LISTING REQUIREMENTS

B1 Review of Performance

Summary

	Individual Quarter			Cumulative Quarter		
	31 Dec 2013	31 Dec 2012	Variance	31 Dec 2013	31 Dec 2012	Variance
	RM	RM	%	RM	RM	%
Revenue ('000)	5,785	4,909	17.8%	17,558	23,240	-24.4%
PBT ('000)	4,773	1,745	173.5%	245	3,003	-91.8%
Production	11,841	12,567	-5.8%	38,716	43,170	-10.3%
Ave. CPO Price*	2,504	2,174	15.2%	2,375	2,866	-17.1%
*Extracted from MPOB Peninsular Malaysia Average						

Revenue

The Group's revenue for the current quarter ended 31 December 2013 increased by 17.8% compared to the preceding year's quarter ended 31 December 2012 mainly due to the increase in average CPO prices by 15.2%.

Profit before tax

Profit before tax for the current quarter of RM4.8 million was higher compared to profit before tax for the preceding year's quarter ended 31 December 2012 of RM1.7 million mainly attributed to gain recognised for the exchange of land in Melaka.

B2 Material Changes in Profit Before Taxation for the Quarter Reported On As Compared with the Immediate Preceding Quarter

The Group recorded profit before tax of RM4.7 million for the fourth quarter ended 31 December 2013 as compared to a loss before tax of RM1.1 million from the preceding quarter ended 30 September 2013. This is mainly due to gain recognised for the exchange of land in Melaka.

B3 Current Year Prospects

CPO price is expected to remain firm. There is a higher demand from China and India due to more stabilised CPO prices and dry weather in Indonesia. Demand for biodiesel has increased and the government will continue with the implementation of the B5 programmed to promote the use of palm-based diesel as fuel.

The FFB production is projected to increase due to several positive factors. The recovery in FFB yield performances, coupled with increase in new mature area, assuming normal weather.

Cost management will continue to be the focal point in driving higher degree of operational efficiencies to mitigate the impact of lower production for the last quarter.

B4 Profit Forecast or Profit Guarantee

The Group has not issued any profit forecasts for the quarter under review.

B5 Taxation

	Current Quarter 31.12.2013 RM'000	Cumulative Quarter 31.12.2013 RM'000
On current year's results		
- Malaysia income tax	-	-
- Transfer from/(to) deferred taxation	5	218
	<u>5</u>	<u>218</u>

B6(a) Status of Corporate Proposals

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

B6(b) Utilisation of proceeds as at 31December 2013 from disposal of 80% equity interest in PTS Goldkist Industries Sdn Bhd (formerly known as Sin Heng Chan Industries Sdn Bhd).

Purpose	Proposed Utilisation RM'000	Utilisation to-date RM'000	Intended time for utilisation	Deviation RM'000	Explanations
Staff cost	2,400	1,400	2 years	NIL	n/a
Other operational expenses	7,310	7,310	2 years	NIL	n/a
Estimated expenses relating to the corporate exercise	390	327	1 mth	NIL	n/a
To acquire strategic investment/strategic ventures	12,300	12,300	2 years	NIL	n/a
Capital expenditure related to plantation business	2,100	2,100	2 years	NIL	n/a
Total	24,500	23,437			

B7 Group Borrowings

Details of the Group's borrowings as at 31December 2013 were as follows:-

Bank Borrowings	Short Term RM'000	Long Term RM'000	Total RM'000
Secured	-	30,000	30,000

The credit facilities of the group are obtained by a negative charge over all its assets.

Borrowings are denominated in Ringgit Malaysia.

B8 Material litigation

The Group is not engaged in any material litigation and is not aware of any proceedings which might materially affect the Group for the current financial year.

B9 Dividends

No interim dividend has been paid, declared or proposed for the period ending 31 December 2013.

B10 Off balance sheet financial instruments

There were no financial instruments with off balance sheet risk at the date of the issue of this quarterly report.

B11 Earnings per Share (EPS)

Basic EPS is calculated by dividing the profit attributable to the ordinary equity holders of the company of RM4.6 million and RM0.26 million for the current quarter and current cumulative quarter by the weighted average number of ordinary shares of 111,666,787 in issue during the period.

Diluted EPS is calculated by dividing loss attributable to the ordinary equity holders of the company of RM4.6 million and RM0.26 million for the current quarter and the current cumulative quarter by the weighted average number of ordinary shares of 118,227,787 in issue during the period.

B12 Gains/(losses) arising from fair value changes of financial liabilities

There were no gains/(losses) during this quarter arising from fair value changes of financial liabilities

Authorisation for Issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 24 February 2014.

By Order of the Board
Lim Siew Ting
Company Secretary
Kuala Lumpur
24 February 2014