

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 2013. 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 2013.

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 2013.

In the financial year beginning 1 January 2015, the Group, being a Transitioning Entity, will be adopting the new IFRS-compliant framework, Malaysian Financial Reporting Standards ("MFRS").

The preparation of financial statements in conformity with the Companies Act, 1965 and Financial Reporting Standards in Malaysia requires the Directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from these estimates.

A2 Audit report

The auditors' report on the financial statement for the year ended 31 December 2013 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 30 June 2014</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	4,340	810	-	-	(606)	4,544
Segment results						
Profit/(loss) from operations	288	(20)	(533)	(6)	132	(139)
Finance cost	(636)	-	(7)	-	101	(542)
Profit/(Loss) before tax	(348)	(20)	(540)	(6)	233	(681)
Tax						54
Loss for the period						(627)

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 2013.

A10 Material events subsequent to the end of the interim period

There were no material events subsequent to 30 June 2014 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

There were no changes in the composition of the Group arising from business combinations, acquisition or disposal of subsidiary companies and long-term investments, restructurings and discontinued operations for the current interim period.

A12 Contingent liabilities and Contingent Assets

There were no contingent liabilities or contingent assets as at 30 June 2014.

A13 Capital Commitments

	Current quarter 30.06.2014
	RM'000
Approved and contracted for:	
1 unit of new worker quarters in Phase 2	250
1 unit of office in Phase 2	300
	550

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

B1 Review of Performance

Summary

	Individual Quarter			Cumulative Quarter		
	30 Jun 2014	30 Jun 2013	Variance	30 Jun 2014	30 Jun 2013	Variance
	RM	RM	%	RM	RM	%
Revenue ('000)	4,544	3,352	35.6%	9,951	6,930	43.6%
PBT ('000)	(682)	(1,430)	52.3%	(2,011)	(3,409)	41.0%
Production	8,488	7,578	12.0%	18,263	15,862	15.1%
Ave. CPO Price*	2,575	2,324	10.8%	2,626	2,326	12.9%

*Extracted from MPOB Peninsular Malaysia Average

Revenue

The Group's revenue for the current quarter ended 30 June 2014 increased by 35.6% compared to the preceding year's quarter ended 30 June 2013 due to the increase in production of FFB by 12% and increase in average CPO prices by 10.8%.

Profit / (Loss) before tax

Loss before tax for the current quarter of RM682,000 was lower compared to loss before tax for the preceding year's quarter ended 30 June 2013 of RM1.4 million mainly attributed to lower average costs with the increase in production.

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

The Group recorded loss before tax of RM682,000 for the 3 months quarter ended 30 June 2014 as compared to loss before tax of RM1.3 million from the preceding 3 months quarter ended 31 March 2014. The improvement was due to higher production of FFB and CPO price.

B3 Current Year Prospects

The earnings outlook for the second half of this year is uncertain given the volatile CPO prices amid escalating domestic palm oil stockpile.

However, the FFB production is projected to further increase in the third quarter which is in line with the seasonal pattern.

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

B4 Profit Forecast or Profit Guarantee

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

B5 Taxation

	Current Quarter 30.06.2014 RM'000	Cumulative Quarter 30.06.2014 RM'000
On current year's results		
- Malaysia income tax	-	-
- Transfer from/(to) deferred taxation	54	108
	<u>54</u>	<u>54</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 30 June 2014 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 30 June 2014 were as follows:-

Bank Borrowings	Short Term RM'000	Long Term RM'000	Total RM'000
Secured	-	31,575	<u>31,575</u>

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 30 June 2014.

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 loss attributable to the ordinary equity holders of the company of RM1.9 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 RM1.9 million for the current quarter and the current cumulative quarter by the weighted average number of ordinary shares of 117,805,787 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 25 August 2014.

By Order of the Board
Lim Siew Ting
Company Secretary
Kuala Lumpur
25 August 2014