
QUARTERLY REPORT FOR THE SECOND FINANCIAL QUARTER ENDED 31 DECEMBER 2015 - unaudited

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 months ended		6 months ended	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
	RM'000	RM'000	RM'000	RM'000
Revenue	300,336	288,345	547,960	550,209
Cost of sales	<u>(212,702)</u>	<u>(245,562)</u>	<u>(387,750)</u>	<u>(431,950)</u>
Gross profit	87,634	42,783	160,210	118,259
Other income	3,533	3,549	9,242	7,612
Selling and distribution costs	(21,773)	(26,786)	(39,254)	(49,600)
Administrative expenses	(18,280)	(14,576)	(34,331)	(31,105)
Finance costs	<u>(15,855)</u>	<u>(8,992)</u>	<u>(28,006)</u>	<u>(16,708)</u>
Profit/(loss) before taxation	35,259	(4,022)	67,861	28,458
Income tax expense	<u>(7,568)</u>	<u>(250)</u>	<u>(15,502)</u>	<u>(8,908)</u>
Profit/(loss) net of tax	27,691	(4,272)	52,359	19,550
Other comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the period	<u><u>27,691</u></u>	<u><u>(4,272)</u></u>	<u><u>52,359</u></u>	<u><u>19,550</u></u>
Profit/(loss) attributable to:				
Owner of the parent	26,729	(4,976)	50,863	18,552
Non-controlling interests	962	704	1,496	998
	<u>27,691</u>	<u>(4,272)</u>	<u>52,359</u>	<u>19,550</u>
Total comprehensive income attributable to:				
Owner of the parent	26,729	(4,976)	50,863	18,552
Non-controlling interests	962	704	1,496	998
	<u>27,691</u>	<u>(4,272)</u>	<u>52,359</u>	<u>19,550</u>
Basic earnings per share attributable to owners of the parent (Sen)	2.76	(0.51)	5.25	1.92

The unaudited condensed consolidated income statements should be read in conjunction with the audited financial statements for the year ended 30 June 2015 and the accompanying explanatory notes attached to this quarterly report.

QUARTERLY REPORT FOR THE SECOND FINANCIAL QUARTER ENDED 31 DECEMBER 2015 - unaudited

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	UNAUDITED	AUDITED
	AS AT	AS AT
	31/12/2015	30/06/2015
	RM'000	RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	1,171,336	1,159,249
Biological assets	1,567,919	1,548,690
Timber rights	1,081	2,577
Land use rights	43	49
Goodwill on consolidation	62,337	62,337
Other intangible assets	606	660
Investment securities	75,000	5,000
Deferred tax assets	23,369	14,965
	<u>2,901,691</u>	<u>2,793,527</u>
Current Assets		
Inventories	166,688	146,944
Trade and other receivables	76,152	118,470
Other current assets	3,126	3,831
Investment securities	-	7
Income tax receivable	8,186	3,436
Cash and bank balances	44,269	21,097
	<u>298,421</u>	<u>293,785</u>
TOTAL ASSETS	<u><u>3,200,112</u></u>	<u><u>3,087,312</u></u>
EQUITY AND LIABILITIES		
Current Liabilities		
Interest bearing loans and borrowings	471,722	569,001
Trade and other payables	190,076	231,446
Income tax payable	30,578	17,768
	<u>692,376</u>	<u>818,215</u>
EQUITY AND LIABILITIES		
Non-current Liabilities		
Interest bearing loans and borrowings	573,255	382,603
Deferred tax liabilities	116,692	111,384
	<u>689,947</u>	<u>493,987</u>
Total Liabilities	<u>1,382,323</u>	<u>1,312,202</u>
Net assets	<u>1,817,789</u>	<u>1,775,110</u>
Equity Attributable to owners of the parent		
Share capital	973,718	973,718
Treasury shares	(13,683)	(13,683)
Reserves	850,217	809,034
	<u>1,810,252</u>	<u>1,769,069</u>
Non-controlling interests	7,537	6,041
Total Equity	<u>1,817,789</u>	<u>1,775,110</u>
TOTAL EQUITY AND LIABILITIES	<u><u>3,200,112</u></u>	<u><u>3,087,312</u></u>
Net assets per share attributable to equity holders (RM)	1.87	1.83
Number of ordinary shares net of treasury shares	967,994	967,994

The unaudited condensed consolidated balance sheets should be read in conjunction with the audited financial statements for the year ended 30 June 2015 and the accompanying explanatory notes attached.

QUARTERLY REPORT FOR THE SECOND FINANCIAL QUARTER ENDED 31 DECEMBER 2015 - unaudited

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to Equity Holders of the Parent							Equity, Total RM'000
	Share capital RM'000	Non-Distributable			Distributable		Non- controlling interest RM'000	
		Treasury shares RM'000	Foreign currency translation reserves RM'000	Other reserves RM'000	Retained profits RM'000	Total RM'000		
Opening balance at 01 July 2015	973,718	(13,683)	(6,458)	3,684	811,808	1,769,069	6,041	1,775,110
Total comprehensive income	-	-	-	-	50,863	50,863	1,496	52,359
Transactions with owners								
Dividend	-	-	-	-	(9,680)	(9,680)	-	(9,680)
At 31 December 2015	<u>973,718</u>	<u>(13,683)</u>	<u>(6,458)</u>	<u>3,684</u>	<u>852,991</u>	<u>1,810,252</u>	<u>7,537</u>	<u>1,817,789</u>
Opening balance at 01 July 2014	973,718	(13,679)	(6,477)	3,684	794,693	1,751,939	3,231	1,755,170
Total comprehensive income	-	-	-	-	18,552	18,552	998	19,550
Transactions with owners								
Dividend	-	-	-	-	(14,520)	(14,520)	-	(14,520)
Purchase of treasury shares	-	(2)	-	-	-	(2)	-	(2)
Total Transactions with owners	-	(2)	-	-	(14,520)	(14,522)	-	(14,522)
At 31 December 2014	<u>973,718</u>	<u>(13,681)</u>	<u>(6,477)</u>	<u>3,684</u>	<u>798,725</u>	<u>1,755,969</u>	<u>4,229</u>	<u>1,760,198</u>

The unaudited condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 30 June 2015 and the accompanying explanatory notes attached to this quarterly report.

QUARTERLY REPORT FOR THE SECOND FINANCIAL QUARTER ENDED 31 DECEMBER 2015 - unaudited

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Current 6 months ended 31/12/2015 RM'000	Corresponding 6 months ended 31/12/2014 RM'000
Cash flows from operating activities		
Profit before taxation	67,861	28,458
Adjustments for:		
Amortisation of other intangible assets	467	7,025
Amortisation of land use rights	119	104
Depreciation	46,189	41,756
Dividend income from investment securities	-	(679)
Impairment of trade and other receivables	6,000	3,000
Interest expenses	27,119	15,189
Interest income	(13)	(6)
Net loss on disposal of property, plant and equipment	192	1,134
Net unrealised foreign exchange loss	2,313	234
Operating cash flows before working capital changes	150,247	96,215
Net change in current assets	15,545	13,390
Net change in current liabilities	(39,328)	(45,505)
Cash flows from operations	126,464	64,100
Interest received	15	6
Interest paid	(27,134)	(20,963)
Income taxes paid, net of refund	(10,312)	(2,898)
Net cash flows from operating activities	89,033	40,245
Purchase of property, plant and equipment	(51,865)	(87,900)
Plantation development expenditure incurred	(18,162)	(33,367)
Purchase of other intangible assets	-	(15)
Purchase of investment securities	(70,000)	-
Proceeds from disposal of investment securities	7	37,321
Dividend income of investment securities	-	679
Proceeds from disposal of property, plant and equipment	833	2,219
Net cash flows used in investing activities	(139,187)	(81,063)
Cash flows from financing activities		
Dividend paid	(9,680)	(14,520)
Purchase of treasury shares	-	(2)
Net proceeds of revolving credit and bankers' acceptances	12,581	27,829
Repayments of hire purchase creditors	(11,195)	(7,191)
Repayments of term loans	(243,382)	(60,250)
Proceeds from term loans	360,300	90,916
Net cash flows from financing activities	108,624	36,782
Net change in cash and cash equivalent	58,470	(4,036)
Cash and cash equivalents at the beginning of the year	(103,310)	(64,944)
Cash and cash equivalents at the end of the year	(44,840)	(68,980)
Cash and bank balances	44,269	21,658
Bank overdrafts	(89,109)	(90,638)
	(44,840)	(68,980)

The unaudited condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 30 June 2015 and the accompanying explanatory notes attached to this quarterly report.

Part A – Explanatory Notes Pursuant to FRS 134

1 Basis of Preparation

The quarterly report is unaudited and has been prepared in accordance with the requirements of Financial Reporting Standard (“FRS”) 134: Interim Financial Reporting issued by Malaysian Accounting Standards Board (“MASB”) and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The quarterly report should be read in conjunction with the Group’s audited financial statements for the financial year ended 30 June 2015. These explanatory notes attached to the quarterly report 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 30 June 2015.

The significant accounting policies adopted in the quarterly report are consistent with those adopted in the Group’s audited financial statements for the financial year ended 30 June 2015. At the date of authorization of these interim financial statements, the Group has not adopted the following accounting standards that have been issued by the Malaysian Accounting Standards Board (“MASB”). The Group intend to adopt these amendments/standards, if applicable, when they become effective.

Description	Effective for annual periods beginning on or after
Annual Improvements to FRSs 2012 - 2014 Cycle	1 January 2016
Amendments to FRS 116 and FRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to FRS 10 and FRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Amendments to FRS 10, FRS 12 and FRS 128: Investments Entities – Applying the Consolidation Exception	1 January 2016
Amendments to FRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to FRS 101: Disclosure Initiatives	1 January 2016
Amendments to FRS 127: Equity Method in Separate Financial Statements	1 January 2016
FRS 14 Regulatory Deferral Accounts	1 January 2016
FRS 9 Financial Instruments	1 January 2018

Part A – Explanatory Notes Pursuant to FRS 134

2 Auditors’ Report on Preceding Annual Financial Statements

The auditors’ report on the financial statements for the year ended 30 June 2015 was not qualified.

3 Seasonal and Cyclical Factors

Save for the weather conditions which may affect our operations, our principal business operations have not been significantly affected by any seasonal and cyclical factors.

4 Unusual Items

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the current quarter and financial period-to-date.

5 Changes in Estimates

There were no changes in estimates of amounts reported in prior quarters which have a material impact on the current quarterly report.

6 Debt and Equity Securities

There were no issuance and repayment of debt and equity securities for the period.

7 Dividends Paid

A first and final single-tier dividend of 1 sen per ordinary share in respect of the financial year ended 30 June 2015 amounting to RM9,679,938 was paid on 16th December 2015.

8 Segmental Information

The segment information in respect of the Group’s business segments for the period-to-date ended 31 December 2015 is as follows:

	Quarter ended 31 December 2015		Quarter ended 31 December 2014	
	Revenue	Profit/(Loss) Before Taxation	Revenue	Profit/(Loss) Before Taxation
	RM’000	RM’000	RM’000	RM’000
Logs	154,657	60,136	189,893	46,530
Wood processing	203,688	26,605	182,723	(4,291)
Oil palm	189,575	(4,455)	177,423	9,047
Others	40	(200)	170	(324)
Group admin and overhead	-	(14,225)	-	(22,504)
Consolidated total	<u>547,960</u>	<u>67,861</u>	<u>550,209</u>	<u>28,458</u>

Part A – Explanatory Notes Pursuant to FRS 134

9 Carrying Amount of Revalued Assets

The Group did not carry out any valuations on its property, plant and equipment during the current quarter and financial period-to-date. The carrying value of property, plant and equipment is based on the valuation incorporated in the annual financial statements for the year ended 30 June 2015.

10 Subsequent Events

No material events have arisen during the interval between the end of the current quarter and the date of this announcement that have not been reflected in the current quarterly report.

11 Changes in Composition of the Group

There were no changes in the composition of the Group during the current quarter, which were previously not announced.

12 Contingent Liabilities and Contingent Assets

There are no significant changes in contingent liabilities or assets as at the end of the current quarter.

13 Capital Commitments

The amount of commitments for the purchase of property, plant and equipment not provided for in the quarterly report is as follows:

	As at 31 December 2015 RM'000	As at 30 June 2015 RM'000
Authorised and contracted for	44,978	57,608

Part B – Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad

14 Review of Performance

(a) Comparison of Results with Previous Corresponding Quarter

For the quarter ended 31 December 2015, the Group reported a revenue of RM300.3 million, an increase of 4% from RM288.3 million recorded in the previous corresponding quarter. The pre-tax profit for the current period had improved to RM35.3 million from a loss of RM4.0 million reported in the same period last year.

Higher revenue and pre-tax profit were contributed by:-

- 51% and 40% increase in veneer and CPO sales volume respectively;
- 3% decrease in FFB production cost as a result of 27% increase in its production volume; and
- higher profit margin in timber division as a result of stronger USD.

(b) Comparison of Results with Previous Year-to-date

For the financial year-to-date, the Group's revenue of RM548.0 million was marginally lower than RM550.2 million reported in the previous corresponding period. However, pre-tax profit soared 138% to RM67.9 million as compared with RM28.5 million recorded previously.

The improvement in pre-tax profit was attributable to 23% and 51% increase in CPO and veneer sales volume respectively. Moreover, higher average selling prices of log and plywood of 25% and 17% respectively also contributed to higher profit for the first half of the current financial year-to-date.

15 Comparison of Profit Before Tax with Immediate Preceding Quarter

The Group's pre-tax profit for the current quarter jumped 8% to RM35.3 million from RM32.6 million reported in the preceding quarter.

Improvement in pre-tax profit was mainly due to:-

- 9% and 24% increase in plywood and CPO sales volume respectively; and
- 5% and 4% increase in average selling price of plywood and CPO respectively.

16 Commentary on Prospects

Average selling prices for wood products are expected to be under pressure in the coming quarters as global demand slipped in tandem with weaker economic conditions. However, the favourable exchange rate would help mitigate the adverse impact on the timber segment.

Current low palm oil stock level coupled with the effect of *El Nino* as well as the expected implementation of the biodiesel B10 mandate by Malaysian Biodiesel Association should stabilize the demand and prices of CPO.

Barring any unforeseen circumstances, the Board believes that the performance for the current financial year would be satisfactory.

Part B – Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad

17 Profit Forecast or Profit Guarantee

The disclosure requirements for explanatory notes on the variation of actual profit after tax and non-controlling interest, and shortfall in profit guarantee are not applicable.

18 Profit for the Period

Included in the profit before tax are the following items:

	Current quarter		Cumulative quarter	
	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
Amortisation	88	3,529	586	7,129
Depreciation	23,411	21,089	46,189	41,756
Interest expenses	15,837	8,129	27,119	15,189
Impairment of financial assets	3,000	1,300	6,000	3,000
Net loss on disposal of property, plant and equipment	100	432	192	1,134
Net unrealised foreign exchange loss/(gain)	523	(409)	2,313	234
Interest income	(11)	(2)	(12)	(6)
Dividend income from investment securities	-	(336)	-	(679)

19 Taxation

Taxation comprise:-

	Current quarter		Cumulative quarter	
	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
Current taxation	10,269	3,833	18,599	13,357
Deferred taxation	(2,701)	(3,583)	(3,097)	(4,449)
	<u>7,568</u>	<u>250</u>	<u>15,502</u>	<u>8,908</u>

The effective tax rate for the Group is lower than the statutory tax rate of 24%. This is mainly due to utilisation of tax incentive allowance.

Part B – Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad

20 Quoted Securities

A wholly-owned subsidiary, Multi Greenview Sdn Bhd has on 26 October 2015 acquired 140 million ordinary shares of RM0.50 each, representing 9.87% of the issued and paid-up ordinary share capital in Rimbunan Sawit Berhad (“RSB”) for a total cash consideration of RM70 million for investment purpose from the following related parties:-

- i) 100 million ordinary shares of RM0.50 each in RSB from Pemandangan Jauh Plantation Sdn Bhd ; and
- ii) 40 million ordinary shares of RM0.50 each in RSB from Tiong Toh Siong Holdings Sdn Bhd.

21 Unquoted Securities

There was no purchase or disposal of unquoted securities during the current quarter and financial period-to-date.

22 Borrowings and Debt Securities

	As at 31 December 2015 RM'000	As at 30 June 2015 RM'000
Secured borrowings:		
Short term	23,191	21,364
Long term	26,559	31,825
	<u>49,750</u>	<u>53,189</u>
Unsecured borrowings:		
Short term	448,531	547,637
Long term	546,696	350,778
	<u>995,227</u>	<u>898,415</u>
	<u>1,044,977</u>	<u>951,604</u>
Borrowings denominated in foreign currency:		
	USD'000	RM'000 Equivalent
United States Dollars	<u>5,000</u>	<u>21,490</u>

23 Material litigation

There is no pending material litigation as at the date of this announcement.

24 Dividend Payable

No interim dividend has been declared by the Board of Directors for the current quarter (previous corresponding period: Nil).

Part B – Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad

25 Disclosure of Realised and Unrealised Profits or Losses

	As at 31 December 2015 RM'000	As at 30 June 2015 RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	1,109,046	1,050,100
- Unrealised	(96,268)	(94,605)
	<u>1,012,778</u>	<u>955,495</u>
Less: Consolidation adjustments	(159,787)	(143,687)
	<u>852,991</u>	<u>811,808</u>
Total group retained profits as per consolidated accounts		

26 Earnings per share (EPS)

i) Basic EPS

Basic earnings per share is calculated by dividing the net profit of the period over the weighted average number of ordinary shares in issue during the period excluding treasury shares held by the Company.

	Current Quarter		Cumulative Quarter	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
Net profit/(loss) attributable to the equity holders of the Company (RM'000)	26,729	(4,976)	50,863	18,552
Weighted average number of ordinary shares in issue ('000)	967,994	967,995	967,994	967,995
Basic EPS (sen)	2.76	(0.51)	5.25	1.92

ii) Diluted EPS

There are no dilutive potential ordinary shares. As such, the dilutive earnings per share of the Group is equivalent to basic earnings per share.

27 Authorization for issue

The Board of Directors in accordance with a resolution of the directors has authorized the quarterly report for issue on 25th of February 2016.