

Company No: 419232-K

TA ANN HOLDINGS BERHAD
(Incorporated in Malaysia)

Unaudited condensed consolidated balance sheet at 30 June 2009

	30 June 2009 RM'000	31 December 2008 RM'000
Assets		
Non-current assets		
Property, plant and equipment	690,803	646,394
Prepaid lease payments	84,367	84,676
Oil palm plantation expenditure	159,254	146,673
Reforestation expenditure	53,518	47,330
Investment in associates	-	169
Other receivables	2,917	3,103
Deferred tax assets	5,624	4,985
Timber concessions	87,108	91,236
Goodwill	11,270	11,510
Other intangible assets	6,876	6,771
	1,101,737	1,042,847
Current assets		
Inventories	160,943	130,619
Property development costs	10,101	6,422
Trade and other receivables	36,202	42,624
Deposits, cash and bank balances	51,919	87,400
	259,165	267,065
Current liabilities		
Trade and other payables	125,114	128,469
Borrowings	162,354	191,262
Income tax payable	5,822	3,749
	293,290	323,480
Net current liabilities	(34,125)	(56,415)
	1,067,612	986,432
Financed by:		
Capital and reserves		
Share capital	214,631	214,631
Treasury shares	(904)	(904)
Share premium	44,669	44,669
Foreign exchange translation reserve	3,353	(9,745)
Retained earnings	447,521	416,044
Equity attributable to equity holders of the Company	709,270	664,695
Minority interests	30,456	27,948
Total equity	739,726	692,643
Long term and deferred liabilities		
Other payables	11,228	8,977
Deferred taxation	65,601	65,273
Deferred income	29,914	20,720
Borrowings	214,665	192,976
Provision for retirement benefits	6,478	5,843
	327,886	293,789
	1,067,612	986,432
Net assets per share (RM)	3.30	3.10

The unaudited condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the year ended 31 December 2008 and the accompanying explanatory notes attached to the interim financial statements.

TA ANN HOLDINGS BERHAD
(Incorporated in Malaysia)

Unaudited condensed consolidated income statements
For the period ended 30 June 2009

	Current Quarter		Cumulative Quarter	
	Current Year Quarter Ended 30 June 2009 RM'000	Preceding Year Corresponding Quarter Ended 30 June 2008 RM'000	Current Year To date 2009 RM'000	Preceding Year Corresponding Period 2008 RM'000
Revenue	161,966	193,699	298,328	357,319
Cost of sales	(119,485)	(147,424)	(227,757)	(273,609)
Gross Profit	42,481	46,275	70,571	83,710
Investment income	110	645	398	951
Other income	876	2,161	3,107	3,598
Unrealised gain in foreign exchange	7,713	-	10,850	-
Distribution expenses	(10,441)	(13,911)	(22,285)	(27,677)
Administrative expenses	(5,353)	(8,122)	(12,636)	(14,073)
Other expenses	(876)	(616)	(1,663)	(1,474)
Profit from operations	34,510	26,432	48,342	45,035
Share of results of associates	(132)	(220)	(186)	(339)
Finance costs	(1,874)	(1,569)	(4,240)	(3,408)
Profit before tax	32,504	24,643	43,916	41,288
Income tax expense	(7,214)	(4,198)	(10,595)	(6,995)
Profit for the period	25,290	20,445	33,321	34,293
Profit for the period attributable to:				
Equity holders of the Company	22,767	20,300	31,477	34,201
Minority interests	2,523	145	1,844	92
Profit for the period	25,290	20,445	33,321	34,293
Earnings per share attributable to equity				
holders of the Company :				
Basic earnings per ordinary share (sen)	10.62	9.46	14.68	15.93
Diluted earnings per ordinary share (sen)	10.62	9.46	14.68	15.93

The unaudited condensed consolidated income statement should be read in conjunction with the audited financial statements for the year ended 31 December 2008 and the accompanying explanatory notes attached to the interim financial statements.

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Unaudited condensed consolidated statement of changes in equity
For the period ended 30 June 2009

	← Attributable to Equity Holders of the Company →							Total Equity RM'000
	← Non-Distributable			→ Distributable				
	Share capital RM'000	Share premium RM'000	Treasury Shares RM'000	Foreign exchange translation reserve RM'000	Retained earnings RM'000	Total RM'000	Minority interests RM'000	
At 1 January 2009	214,631	44,669	(904)	(9,745)	416,044	664,695	27,948	692,643
Profit for the period	-	-	-	-	31,477	31,477	1,844	33,321
Dividends paid	-	-	-	-	-	-	-	-
Issuance of shares to minority shareholders	-	-	-	-	-	-	664	664
Foreign exchange translation difference in respect of foreign operations	-	-	-	13,098	-	13,098	-	13,098
Treasury shares purchased at cost	-	-	-	-	-	-	-	-
At 30 June 2009	214,631	44,669	(904)	3,353	447,521	709,270	30,456	739,726
At 1 January 2008	214,631	44,669	-	3,102	407,520	669,922	16,596	686,518
Profit for the period	-	-	-	-	34,201	34,201	92	34,293
Dividends paid	-	-	-	-	(7,941)	(7,941)	-	(7,941)
Issuance of shares to minority shareholders	-	-	-	-	-	-	122	122
Foreign exchange translation difference in respect of foreign operations	-	-	-	8,075	-	8,075	-	8,075
At 30 June 2008	214,631	44,669	-	11,177	433,780	704,257	16,810	721,067

The unaudited condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2008 and the accompanying explanatory notes attached to the interim financial statements.

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Unaudited condensed consolidated cash flow statement
For the period ended 30 June 2009

	1 January 2009 to 30 June 2009 RM'000	1 January 2008 to 30 June 2008 RM'000
Cash flows from operating activities		
Profit before taxation	43,916	41,288
Adjustments for:		
Amortisation of plantation development expenditure	1,524	1,358
Amortisation of prepaid lease payments	1,028	-
Amortisation of goodwill	240	-
Amortisation of intangible assets	4,254	4,222
Depreciation	18,640	15,376
Interest expense	4,240	3,408
Interest income	(398)	(951)
Gain on disposal of property, plant and equipment	(214)	(506)
Property, plant and equipment written off	50	165
Unrealised foreign exchange (gain) / loss	(10,850)	-
Retirement benefits	407	470
Share of results of associates	186	339
Operating profit before working capital changes	<u>63,023</u>	<u>65,169</u>
Changes in working capital:		
Inventories	(30,324)	(7,547)
Property development costs	(3,679)	(1,099)
Trade and other receivables	5,219	(14,007)
Trade and other payables	6,936	10,536
Cash generated from operations	<u>41,175</u>	<u>53,052</u>
Interest paid	(3,332)	(1,575)
Income tax paid	(8,091)	(7,154)
Tax refunded	1,064	1,892
Net cash generated from operating activities	<u>30,816</u>	<u>46,215</u>
Cash flows from investing activities		
Acquisition of prepaid lease payments	(118)	-
Purchase of property, plant and equipment	(25,194)	(91,443)
Proceeds from disposal of property, plant and equipment	435	575
Plantation development expenditure incurred	(18,914)	(22,969)
Interest received	398	947
Net cash used in investing activities	<u>(43,393)</u>	<u>(112,890)</u>
Cash flows from financing activities		
Proceeds from issuance of shares to minority shareholders	166	122
Dividends paid	(8,041)	(7,941)
Repayment of redeemable preference shares	-	(971)
Net (repayments of)/proceeds from term loans	(11,077)	87,331
Net repayments of finance lease liabilities	(3,236)	(15,622)
Hire purchase interest paid	(907)	(1,833)
Net cash (used in)/from financing activities	<u>(23,095)</u>	<u>61,086</u>
Net (decrease) in cash and cash equivalents	(35,672)	(5,589)
Effect of exchange rate fluctuations on cash held	192	221
Cash and cash equivalents at 1 January	<u>86,231</u>	<u>89,718</u>
Cash and cash equivalents at 30 June (Note 21)	<u>50,751</u>	<u>84,350</u>

The unaudited condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 December 2008 and the accompanying explanatory notes attached to the interim financial statements.

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Notes to the interim financial report

1 Basis of Preparation

The interim financial report has been prepared in compliance with FRS 134, Interim Financial Reporting, issued by the Malaysian Accounting Standards Board (“MASB”) and Chapter 9, Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2008 annual financial statements.

The preparation of an interim financial report in conformity with FRS 134, Interim Financial Reporting, requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year-to-date basis. Actual results may differ from these estimates.

This interim financial report should be read in conjunction with the audited financial statements for the year ended 31 December 2008. It contains unaudited condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the year ended 31 December 2008. The condensed consolidated interim financial report and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with FRSs.

The statutory financial statements for the year ended 31 December 2008 are available from the Company’s registered office.

2 Impending Change of Accounting Policies

The Group and the Company have not applied the following accounting standards (including their consequential amendments) and interpretations that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective:

FRS / Interpretation	Effective date
FRS 4, <i>Insurance Contracts</i>	1 January 2010
FRS 7, <i>Financial Instruments: Disclosures</i>	1 January 2010
FRS 8, <i>Operating Segments</i>	1 July 2009
FRS 123, <i>Borrowing Costs</i>	1 January 2010
FRS 139, <i>Financial Instruments: Recognition and Measurement</i>	1 January 2010
Amendments to FRS 1, <i>First-time Adoption of Financial Reporting Standards</i> and FRS 127, <i>Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate</i>	1 January 2010
Amendments to FRS 2, <i>Share-based Payment: Vesting Conditions and Cancellations</i>	1 January 2010
IC Interpretation 9, <i>Reassessment of Embedded Derivatives</i>	1 January 2010
IC Interpretation 10, <i>Interim Financial Reporting and Impairment</i>	1 January 2010
IC Interpretation 11 <i>FRS 2, Group and Treasury Share Transactions</i>	1 January 2010
IC Interpretation 13, <i>Customer Loyalty Programmes</i>	1 January 2010
IC Interpretation 14 <i>FRS 119, The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction</i>	1 January 2010

The Group and the Company plan to apply the abovementioned FRSs / Interpretations, other than FRS 4 and IC Interpretations 9 and 13 which are not applicable to the Group and the Company, from the annual period beginning 1 January 2010.

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Notes to the interim financial report

FRS 7 and FRS 139

The impact of applying FRS 7 and FRS 139 on the financial statements upon first adoption as required by paragraph 30 (b) of FRS 108, Accounting Policies, Changes in Accounting Estimates and Errors is not disclosed by virtue of the exemptions given in the respective FRSs.

FRS 8

FRS 8, which replaces FRS 114, Segment Reporting, requires identification and reporting of operating segments based on internal reports that are regularly reviewed by the entity's chief operating decision maker in order to allocate resources to the segment and to assess its performance. Currently, the Group presents segment information in respect of its business and geographical segments (see note 9).

FRS 123

FRS 123 which replaces FRS 123₂₀₀₄, requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset and removes the option of immediately recognising the borrowing costs as an expense.

Amendments to FRS 1 and FRS 127

FRS 1 has been amended to allow first-time adopters of the FRS framework to measure the initial cost of investments in subsidiaries, jointly controlled entities (JCE) and associates either at fair value or the previous carrying amount. Without this amendment, first-time adopters may face practical difficulties on transition to the FRS framework as these investments would have to be measured in accordance with FRS 127 retrospectively. As a result, the requirement to distinguish between pre and post acquisition dividends from a subsidiary, JCE or associates is removed but at the same time, a new impairment indicator is included in the standard on impairment.

FRS 127 has also been amended to deal with situations where a parent reorganises its group by establishing a new entity as its parent. Under the new rules, the new parent measures the cost of its investment in the original parent at the carrying amount of its share of the equity items shown in the separate financial statements of the original parent at the reorganisation date.

Amendments to FRS 2

The amendments to FRS 2 clarify that vesting conditions are service conditions and performance conditions only and do not include other features of a share-based payment; also the amendments clarify that cancellations by parties other than the entity are to be treated in the same way as cancellations by the entity.

IC Interpretation 10

IC Interpretation 10 prohibits the reversal of an impairment loss recognized in an interim period during the financial year in respect of goodwill, an investment in an equity instrument or a financial asset carried at cost. IC Interpretation 10 will apply to goodwill, investments in equity instruments, and financial assets carried at cost prospectively from the date the Group first applied the measurement criteria of FRS 136 and FRS 139 respectively.

IC Interpretation 11

IC Interpretation 11 clarifies how share-based payment transactions involving its own or another entity's instruments in the same group are to be treated and that cancellations by parties other than the entity are to be treated in the same way as cancellations by the entity.

Notes to the interim financial report

IC Interpretation 13

IC Interpretation 13 explains how entities that grant loyalty award points to its customers should account for their obligation to provide free or discounted goods or services if and when the customers redeem the points.

IC Interpretation 14

IC Interpretation 14 addresses how entities should determine the limit placed on the amount of a surplus in a pension plan they can recognise as an asset. Also, it addresses how a minimum funding requirement affects that limit and when a minimum funding requirement creates an onerous obligation that should be recognised as a liability in addition to that otherwise recognised under IAS 19.

3 Auditors' Report on Preceding Annual Financial Statements

The auditors have expressed an unqualified opinion on the audited financial statements for the year ended 31 December 2008 in their report dated 6 April 2009.

4 Seasonality or Cyclicity of Operations

The Group's operations were not subject to any seasonal or cyclical changes for the current quarter under review.

5 Unusual Items

There are no unusual items that have any material impact on the interim financial report.

6 Changes in Estimates

There were no changes in estimates that have had a material effect on the current quarter and financial year-to-date results.

7 Debt and Equity Securities, Share Buy-back

There were no issuances or repayment of debt or equity securities during the financial quarter under review.

As at 30 June 2009, the number of shares repurchased and retained as treasury shares are 199,400 shares.

8 Dividend

The Board of Directors has declared an interim dividend of 3 sen (corresponding period in Year 2008: 5 sen) per share less tax at 25% for the financial year ending 31 December 2009, to be paid on 2 October 2009 to depositors whose names appear in the Record of Depositors on 11 September 2009.

A depositor shall qualify for entitlement only in respect of:

- (a) Securities transferred into Depositor's Securities Account before 4:00 p.m. on 11 September 2009 in respect of transfers
- (b) Securities bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the rules of the Bursa Malaysia Securities Berhad

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Notes to the interim financial report

9 Segmental Reporting

	Revenue from external customers		Profit before tax	
	Period ended 30 June			
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Timber products	222,672	262,010	29,973	16,831
Oil palm	69,147	88,211	12,767	22,923
Reforestation	450	1,224	63	226
Property development	6,059	5,874	1,113	1,308
	298,328	357,319	43,916	41,288

10 Valuation of property, plant and equipment

The valuations of buildings, wharf and jetty have been brought forward, without amendment from the previous audited financial statements.

11 Subsequent Events

There were no significant events that have occurred during the interval between the end of the current quarter and the date of this announcement.

12 Changes in Composition of the Group

There were no changes in the composition of the Group during the financial quarter under review.

13 Contingent Liabilities or Assets

The Group has no contingent liabilities or assets for the financial quarter under review.

14 Trade and Other Receivables

	As At 30 June 2009 RM'000	As At 31 December 2008 RM'000
Non-current assets		
Advances to sub-contractors	2,917	3,103
Current assets		
Trade receivables	15,691	18,885
Income tax recoverable	3,035	4,424
Interest receivable	6	17
Other receivables	2,083	4,280
Deposits	825	1,006
Prepayments		
-Plant & machinery	834	373
-Land premium	6,283	5,445
-Others	5,895	6,671
Advance to a log supplier	950	950
Advances to sub-contractors	600	573
	36,202	42,624
	39,119	45,727

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Notes to the interim financial report

'Advances to sub-contractors' are the balance of unsecured and interest-free advances to sub-contractors made to allow the sub-contractors to finance the purchase of machinery and equipment. The advances are progressively off-set against subsequent contract fees payable to the sub-contractors.

15 Capital Commitments

	As At 30 June 2009 RM'000
Property, plant and equipment	
-Contracted but not provided for in the financial statements	7,429
-Authorised but not contracted for	8,409
	<hr/> 15,838
Plantation Development Expenditure	
-Contracted but not provided for in the financial statements	8,036
-Authorised but not contracted for	73,837
	<hr/> 97,711 <hr/>

16 Review of Performance

For the quarter under review, the revenue was RM162 million compared to the RM193.7 million registered in the corresponding quarter in 2008. Profit for the period rose by 24% from RM20.4 million of the corresponding quarter in 2008 to RM25.3 million.

A significantly higher export log sales and an unrealised exchange gain of RM7.7 million mainly accounted for the better profit.

17 Variation of Results as compared to the Preceding Quarter

Revenue in the current quarter increased by RM25.6 million from RM136.4 million in the preceding quarter to RM162 million while the profit was 3 folds higher at RM25.3 million compared to RM8 million for the preceding quarter. In the quarter under review, the Group recorded an unrealised exchange gain of RM7.7 million compared to RM3.1 million reported in the preceding quarter.

The significantly higher export log sales coupled with the unrealised exchange gain mainly contributed to the RM17 million increase in profit in the quarter under review.

18 Current Year Prospects

Plywood market remained weak in the second quarter of 2009. However, demand for plywood as well as selling price have improved in the third quarter and this momentum is continuing to gain strength. We believe that plywood price has rebounded from the bottom.

Logging division and oil palm division are expected to continue as the main revenue and profit contributors in the second half year of 2009.

Barring unforeseen circumstances, the Board expects year 2009 performance to be satisfactory.

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Notes to the interim financial report

19 Profit forecast

Not applicable as the Group did not publish any profit forecast.

20 Taxation

The taxation charges of the Group for the period under review are as follows:

	Current Quarter		Cumulative	Preceding Year
	30 June 2009	30 June 2008	Current Year To Date 30 June 2009	Corresponding Period 30 June 2008
	RM'000	RM'000	RM'000	RM'000
Current tax expense				
Malaysian - current	7,257	3,772	10,238	6,431
- prior	-	-	-	-
Deferred tax expense	(43)	426	357	564
Total	7,214	4,198	10,595	6,995

21 Cash and Cash Equivalents

Cash and cash equivalents included in the cash flow statement comprise the following amounts:

	As at 30 June 2009	As at 30 June 2008
	RM'000	RM'000
Deposits (excluding pledged deposits)	18,760	27,420
Cash and bank balances	31,991	56,930
	50,751	84,350

22 Unquoted Investment and Properties

There was no sale of unquoted investments and/or properties during the financial quarter under review.

23 Quoted Investments

There was no purchase or disposal of quoted securities during the financial quarter under review.

24 Status of Corporate Proposal

There were no corporate proposals announced or pending completion as at the date of this announcement.

25 Group Borrowings and Debt Securities

Total Group borrowings as at 30 June 2009 were as follows: -

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Notes to the interim financial report

		Repayable within 12 months	Repayable after 12 months
		RM'000	RM'000
Unsecured -	Foreign currency loans	35,692	45,869
	Bankers' acceptances/Export Credit Refinancing	73,002	-
	Revolving Credits	28,000	-
	Term loans	7,060	116,269
Secured -	Hire purchase loans	18,600	14,122
	Term loans	-	38,405
Total		162,354	214,665

All borrowings are denominated in Ringgit Malaysia except for the foreign currency loans which are denominated in Japanese Yen, Australian Dollar or US Dollar.

26 Off Balance Sheet Financial Instruments

The Group does not have any financial instruments with off balance sheet risk as at the date of this announcement.

27 Material Litigation

There are no pending material litigations as at the date of this announcement.

28 Significant Related Party Transactions

	Period ended 30 June	
	2009	2008
Transactions with associates	RM'000	RM'000
Contract fees	7,144	8,259
Purchase of diesel and lubricants	-	114
Purchase of consumables	9	-
Hiring of equipment	45	-
Income from rental of premises	(9)	-
Sales of equipment	(130)	-
Sales of plywood	(938)	(429)
Sales of sawn timber	-	(460)
Transactions with companies connected to certain Directors of the Company and its subsidiaries		
Contract fees and fuel surcharge	26,992	32,831
Food ration expenses	2,183	2,405
Handling fees, transportation & freight charges	9,020	8,445
Hiring of equipment	3	31
Insurance premium	1,091	1,405
Purchase of equipment	-	45
Rental of premises paid	13	52
Purchase of spare parts, fertilizer & consumables	2,561	15,839
Purchase of timber logs	8,899	14,089
Purchase of sawn timber	92	150
Security charges	42	42

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Notes to the interim financial report

Computer hardware & software development fees	48	211
Purchase of diesel and lubricants	5,757	9,463
Purchase of fresh fruit bunches	7,417	16,713
Road toll received	(394)	(400)
Sales of logs/plywood	(3,477)	(2,685)
Sales of sawn timber	(5,202)	(5,825)
Sales of empty drum	(8)	-
Sales of kernel shell	(5)	-
Sales of seeds & seedlings	(24)	-
Income from rental of premises	(11)	(52)

29 Key Management Personnel Compensation

Compensations to key management personnel are as follows:

	Period ended 30 June	
	2009 RM'000	2008 RM'000
Directors		
- Fees	320	413
- Remunerations	1,233	1,928
- Other short-term employee benefits	268	274
	<u>1,821</u>	<u>2,615</u>
Other Key Management Personnel:		
- Salaries, allowances and bonuses	1,249	947
- Other short-term employee benefits	272	108
	<u>1,521</u>	<u>1,055</u>
Total	<u>3,342</u>	<u>3,670</u>

30 Earnings Per Share

	Current quarter ended 30 June 2009	Current Year-To-Date 30 June 2009
(a) Basic		
Net profit attributable to ordinary equity holders of the Company	RM22,767,155	RM31,477,157
Weighted average number of ordinary shares in issue	<u>214,431,718</u>	<u>214,431,718</u>
Basic earnings per ordinary share (sen)	<u>10.62</u>	<u>14.68</u>
(b) Diluted	<u>10.62</u>	<u>14.68</u>

31 Authorisation for Issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 17 August 2009.