**Condensed Consolidated Income Statement**

**For The Quarter Ended 30 June 2014**

(The figures have not been audited)

|  |  |  |
| --- | --- | --- |
|  | **INDIVIDUAL QUARTER** | **CUMULATIVEYEAR TO DATE** |
|  | Current Year Quarter30 Jun 2014 | Preceding Year Corresponding Quarter30 Jun 2013 | Current Year 6 months ended30 Jun 2014 | Preceding Year Corresponding Period 30 Jun 2013 |
|  |  | RM’000 |  |  | RM’000 |  |  | RM’000 |  |  | RM’000 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| Revenue |  | 16,269 |  |  | 6,738 |  |  | 30,124 |  |  | 11,299 |  |
| Cost of sales |  | (10,632) |  |  | (6,470) |  |  | (21,235) |  |  | (12,289) |  |
| **Gross profit** |  | 5,637 |  |  | 268 |  |  | 8,889 |  |  | (990) |  |
| Other operating income |  | 126 |  |  | - |  |  | 303 |  |  | 3 |  |
| Other operating expenses |  | (448) |  |  | (509) |  |  | (965) |  |  | (939) |  |
| **Operating profit/(loss)** |  | 5,315 |  |  | (241) |  |  | 8,227 |  |  | (1,926) |  |
| Finance costs |  | (29) |  |  | (6) |  |  | (46) |  |  | (6) |  |
| Interest income |  | 1 |  |  | - |  |  | 2 |  |  | - |  |
| **Profit /(loss) before tax** |  | 5,287 |  |  | (247) |  |  | 8,183 |  |  | (1,932) |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| Income tax expense |  | (1,294) |  |  | - |  |  | (2,038) |  |  | - |  |
| **Profit / (loss) for the year attributable to equity holders of the company** |  | 3,993 |  |  | (247) |  |  | 6,145 |  |  | (1,932) |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Earnings/(loss) per share attributable to equity holders of the Company:**  |  | Sen |  |  | Sen |  |  | Sen |  |  | Sen |  |
|  Basic |  | 2.10 |  |  | (0.13) |  |  | 3.24 |  |  | (1.02) |  |
|  Diluted |  | 2.08 |  |  | (0.13) |  |  | 3.21 |  |  | (1.00) |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |

The condensed consolidated income statements should be read in conjunction with the audited financial statements for the year ended
31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.

**Condensed Consolidated Statement of Comprehensive Income**

**For The Quarter Ended 30 June 2014**

(The figures have not been audited)

|  |  |  |
| --- | --- | --- |
|  | **INDIVIDUAL QUARTER** | **CUMULATIVEYEAR TO DATE** |
|  | Current Year Quarter30 Jun 2014 | Preceding Year Corresponding Quarter30 Jun 2013 | Current Year 6 months ended30 Jun 2014 | Preceding Year Corresponding Period 30 Jun 2013 |
|  |  | RM’000 |  |  | RM’000 |  |  | RM’000 |  |  | RM’000 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| Profit / (loss) for the period |  | 3,993 |  |  | (247) |  |  | 6,145 |  |  | (1,932) |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| Other comprehensive income / (loss) |  | - |  |  | - |  |  | - |  |  | - |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Total comprehensive income for the period attributable to equity holders of the company** |  | **3,993** |  |  | **(247)** |  |  | **6,145** |  |  | **(1,932)** |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |

The condensed consolidated income statements of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.

**Condensed Consolidated Balance Sheet**

**As at 30 June 2014**

|  |  |  |
| --- | --- | --- |
|  | **(Unaudited)** | **(Audited)** |
|  | **End of****Current Quarter****30 Jun 2014** | **Preceding****Financial Year Ended** **31 Dec 2013** |
|  |  | **RM’000** |  |  | **RM’000** |  |
| **ASSETS** |  |  |  |  |  |  |
| **Non-current assets** |  |  |  |  |  |  |
| Property, plant and equipment |  | 125,205 |  |  | 96,704 |  |
| Biological asset |  | 188,587 |  |  | 178,341 |  |
|  |  | 313,792 |  |  | 275,045 |  |
| **Current Assets** |  |  |  |  |  |  |
|  | Inventories |  | 11,018 |  |  | 13,354 |  |
|  | Trade receivables |  | 3,097 |  |  | 3,592 |  |
|  | Other receivables |  | 1,684 |  |  | 1,665 |  |
|  | Fixed deposits with licensed bank |  | 450 |  |  | 450 |  |
|  | Cash and bank balances |  | 3,706 |  |  | 1,165 |  |
|  |  | 19,955 |  |  | 20,226 |  |
| **TOTAL ASSETS** |  | 333,747 |  |  | 295,271 |  |
|  |  |  |  |  |  |  |
| **EQUITY AND LIABILITIES** |  |  |  |  |  |  |
| **Equity attributable to equity holders of the parent** |  |  |  |  |  |  |
|  | Share capital |  | 191,237 |  |  | 189,634 |  |
|  | Share premium |  | 1,124 |  |  | 215 |  |
|  | Capital Reserves |  | 715 |  |  | 1,544 |  |
|  | Accumulated profits |  | 34,336 |  |  | 28,191 |  |
| Total equity |  | 227,412 |  |  | 219,584 |  |
|  |  |  |  |  |  |  |
| **Non-current liabilities** |  |  |  |  |  |  |
|  | Deferred tax liabilities |  | 15,028 |  |  | 12,990 |  |
|  | Loans and borrowings |  | 63,018 |  |  | 35,160 |  |
|  |  |  | 78,046 |  |  | 48,150 |  |
| **Current liabilities** |  |  |  |  |  |  |
|  | Trade payables |  | 6,343 |  |  | 17,413 |  |
|  | Other payables |  | 10,063 |  |  | 8,646 |  |
|  | Loans and borrowings |  | 11,883 |  |  | 1,478 |  |
|  |  | 28,289 |  |  | 27,537 |  |
| Total liabilities |  | 106,335 |  |  | 75,687 |  |
| **TOTAL EQUITY AND LIABILITIES** |  | 333,747 |  |  | 295,271 |  |
|  |  |  |  |  |  |  |

The Consolidated Balance Sheet should be read in conjunction with the audited financial statements for the year ended
31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.

**Condensed Consolidated Cash Flow Statement**

**For the Quarter ended 30 June 2014**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  |  | **6 months ended****30 June2014** |  | **12 months ended****31 December 2013** |
|  |  |  | **RM’000** |  | **RM’000** |
|  **Operating activities** |  |  |  |  |
|  | Profit before tax |  | 8,183 |  | 4,151 |
|  | Adjustment for :- |  |  |  |  |
|  |  Depreciation of property, plant and equipment |  | 216 |  | 275 |
|  |  Interest received |  | (2) |  | ( 3) |
|  |  Interest expense |  | 337 |  | 127 |
|  |  Dividend income |  | - |  | ( 2) |
|  |  Share options granted under ESOS |  | 80 |  | 193 |
|  |  Net fair value gain on held for trading investment securities |  | - |  | ( 2) |
|  |  Impairment on trade receivables |  | - |  | 354 |
|  |  Total adjustments |  |  | 631 |  |  | 942 |
|  |  |  |  |  |  |
|  | **Operating cash flows before changes in working capital** |  | 8,814 |  | 5,093 |
|  | Changes in working capital: |  |  |  |  |
|  |  (Increase) / decrease in inventories |  | 2,336 |  | ( 4,742) |
|  |  (Increase) / decrease in receivables |  | 476 |  | 21 |
|  |  Increase / (decrease) in payables |  | (9,653) |  | 11,889 |
|  |  Total changes in working capital |  | (6,841) |  | 7,168 |
|  |  |  |  |  |  |
|  | **Cash generated from/(used in) operating** |  |  | 1,973 |  |  | 12,261 |
|  | Interest received |  | 2 |  | 3 |
|  | Interest paid |  | (1,388) |  | (892) |
|  | **Net cash generated from/(used in) operating activities** |  |  | 587 |  |  | 11,372 |
|  **Investing activities** |  |  |  |  |
|  | Placement of pledged fixed deposits |  | - |  | (450) |
|  | Purchase of property, plant and equipment |  | (28,886) |  | (27,822) |
|  | Plantation development expenditure |  | (9,026) |  | (21,173) |
|  | Proceed from disposal of investment securities |  | - |  | 1,520 |
|  | Dividend received |  | - |  | 2 |
|  | **Net cash used in investing activities** |  | (37,912) |  | (47,923) |
|  |  |  |  |  |  |
|  **Financing activities** |  |  |  |  |
|  | Net drawdown of invoice financing |  | 2,390 |  | 1,349 |
|  | Net drawdown of term loans |  | 27,946 |  | 34,745 |
|  | Net drawdown of revolving credit |  | 8,000 |  |  |
|  | Repayment of hire purchase liabilities |  | (73) |  | (30) |
|  | Share issuance expense |  | - |  | (13) |
|  | Proceeds from exercise of employee share options |  | 1,603 |  | 1,023 |
|  | **Net cash flows from financing activities** |  | 39,866 |  |  | 37,074 |
|  |  |  |  |  |  |
|  | Net increase in cash and cash equivalents |  | 2,541 |  | 523 |
|  | Cash and cash equivalents at beginning of year |  | 1,165 |  | 642 |
|  | **Cash and cash equivalents at end of period** |  | 3,706 |  | 1,165 |

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.

 **Condensed Consolidated Statement of Changes in Equity**

 **For the Financial Quarter ended 30 June 2014**

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Share capital** |  | **Share premium** |  | **Other reserve** |  | **Retained earnings** |  | **Total equity** |
|  |  | RM’000 |  | RM’000 |  | RM’000 |  | RM’000 |  | RM’000 |
|  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |
| **At 1 January 2014** |  | 189,634 |  | 215 |  | 1,544 |  | 28,191 |  | 219,584 |
|  |  |  |  |  |  |  |  |  |  |  |
| Exercise of employee share option |  | 1,603 |  | 909 |  | (909) |  | - |  | 1,603 |
| Share options granted under ESOS |  |  |  |  |  |  |  |  |  |  |
| * Recognised in income statement
 |  | - |  | - |  | 39 |  | - |  | 39 |
| * Included in investments in subsidiary
 |  | - |  | - |  | 41 |  | - |  | 41 |
|  |  |  |  |  |  |  |  |  |  |  |
| Total comprehensive income for the period |  | - |  | - |  | - |  | 6,145 |  | 6,145 |
|  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |
| **At 30 June 2014** |  | 191,237 |  | 1,124 |  | 715 |  | 34,336 |  | 227,412 |
|  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |
| **At 1 January 2013** |  | 188,611 |  | - |  | 1,113 |  | 25,009 |  | 214,733 |
|  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |
| Share options granted under ESOS |  |  |  |  |  |  |  |  |  |  |
| * Recognised in income statement
 |  | - |  | - |  | 92 |  | - |  | 92 |
| * Included in investments in subsidiary
 |  | - |  | - |  | 68 |  | - |  | 68 |
|  |  |  |  |  |  |  |  |  |  |  |
| Total comprehensive income for the period |  | - |  | - |  | - |  | ( 1,932) |  | ( 1,932) |
|  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |
| **At 30 June 2013** |  | 188,611 |  | - |  | 1,273 |  | 23,077 |  | 212,961 |
|  |  |  |  |  |  |  |  |  |  |  |

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.

###### EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS

###### FOR THE SECOND QUARTER ENDED 30 JUNE 2014

A. EXPLANATORY NOTES PURSUANT TO FRS 134

**1. BASIS OF PREPARATION**

The condensed consolidated interim financial statements 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 (“Bursa Securities”) and should be read in conjunction with the Group’s audited financial statement for the financial year ended 31 December 2013.

These explanatory notes attached to the condensed consolidated interim financial statements provide an explanation of events and transactions that significant to the understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2013.

**2.** **CHANGES IN ACCOUNTING POLICIES**

The accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2013, except as follows:

On 1 January 2014, the Group adopted the following new and amended FRS and IC Interpretations mandatory for annual financial periods beginning on or after 1 January 2014.

 Effective for annual

 periods beginning

 on or after

Amendments to FRS 132: Offsetting Financial Assets and

 Financial Liabilities 1 January 2014

Amendments to FRS 10, FRS 12 and FRS 127: Investment

 Entities 1 January 2014

Amendments to FRS 136: Recoverable Amount Disclosures

 for Non-financial Assets 1 January 2014

 Amendments to FRS 139: Novation of Derivation and

 Continuation of Hedge Accounting 1 January 2014

 IC Interpretation 21: Levies 1 January 2014

Adoption of the above standards and interpretations did not have any significant effect on the financial performance and position of the Group.

###### EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS

###### FOR THE SECOND QUARTER ENDED 30 JUNE 2014

**2.** **CHANGES IN ACCOUNTING POLICIES (cont’d)**

The Group has not adopted the following standards and interpretations that have been issued but not yet effective:

 Effective for annual

 periods beginning

 on or after

 Amendments to FRS 119: Defined Benefit Plans:

 Employee Contributions 1 July 2014

 Annual Improvements to FRSs 2010 - 2012 Cycle 1 July 2014

 Annual Improvements to FRSs 2011 - 2013 Cycle 1 July 2014

 FRS 9 Financial Instruments (IFRS 9 issued by IASB

 in November 2009) To be announced

 FRS 9 Financial Instruments (IFRS 9 issued by IASB

 in October 2010) To be announced

 FRS 9 Financial Instruments: Hedge Accounting and

 amendments to FRS 9, FRS 7 and FRS 139 To be announced

The Directors expect that the adoption of the above standards and interpretations will have no material impact on the financial statements in the period of initial application, except as discussed below:

 **FRS 9: Financial Instruments: Classification and Measurement**

FRS 9 reflects the first phase of work on the replacement of FRS 139 and applies to classification and measurement of financial assets and financial liabilities as defined in FRS 139. The standard was initially effective for annual periods beginning on or after 1 January 2013, but Amendments to FRS 9: Mandatory Effective Date of FRS 9 and Transition Disclosures, issued in March 2012, moved the mandatory effective date to 1 January 2015. Subsequently, on 14 February 2014, it was announced that the new effective date will be decided when the project is closer to completion. The adoption of the first phase of FRS 9 will have an effect on the classification and measurement of the Group’s financial assets, but will not have an impact on classification and measurements of the Group’s financial liabilities. The Group will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards(MFRS Framework).

The MFRS Framework is to be applied 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 (MFRS 141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venture (herein called ‘Transitioning Entities’).

###### EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS

###### FOR THE SECOND QUARTER ENDED 30 JUNE 2014

**2.** **CHANGES IN ACCOUNTING POLICIES (cont’d)**

 **FRS 9: Financial Instruments: Classification and Measurement (cont’d)**

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework for additional three years. Consequently, the adoption of the MFRS Framework by the Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2015.

The Group falls within the scope of Transitioning Entities, the Group will adopt the MFRS Framework for the financial year beginning 1 January 2015. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained earnings.

At the date of these financial statements, the Group has not completed its quantification of the financial effects of the differences between Financial Reporting Standards and accounting standards under the MFRS Framework due to the ongoing assessment by the project team. Accordingly, the consolidated financial performance and financial position as disclosed in these financial statements for the year ended 31 December 2013 could be different if prepared under the MFRS Framework.

The Group expects to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 December 2015.

 **Biological assets**

All direct expenses incurred in land preparation, planting, estate administrative and maintenance of plantations up to maturity are capitalised as plantation development expenditure. Maintenance expenditure subsequent to maturity is charged to income statement as and when incurred. General charges are apportioned based on proportion of matured and immature areas.

Plantation development expenditure are not amortized and are measure at cost less accumulated impairment losses. Palm trees are considered mature upon reaching 36 months after planting.

**3. AUDITORS’ REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS**

The auditors’ report on the financial statements for the year ended 31 December 2013 was not qualified.

###### EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTSFOR THE SECOND QUARTER ENDED 30 JUNE 2014

**4. SEGMENTAL INFORMATION**

Business segments

|  |  |
| --- | --- |
|  |  **Cumulative Quarter ended 30 June 2014** |
|  | Timber | Plantations | Consolidated |
|  |  | RM’000 |  |  | RM’000 |  |  | RM’000 |  |
|  |  |  |  |  |  |  |  |  |  |
| **Segment Revenue**  |  | 3,958 |  |  | 26,166 |  |  | 30,124 |  |
|  |  |  |  |  |  |  |  |  |  |
| **Segment Results**  |  | 1,131 |  |  | 7,038 |  |  | 8,169 |  |
|  Other income |  |  |  |  |  |  |  | 305 |  |
|  Unallocated expenses |  |  |  |  |  |  |  | (291) |  |
|  Profit before taxation |  |  |  |  |  |  |  | 8,183 |  |
|  Income tax |  |  |  |  |  |  |  | (2,038) |  |
|  Cumulative profit up to 30 Jun 2014 |  |  |  |  |  |  |  | 6,145 |  |
|  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| **OTHER INFORMATION** |  |  |  |  |  |  |  |  |  |
|  **Segments Assets** |  | 2,504 |  |  | 327,537 |  |  | 330,041 |  |
|  Unallocated assets |  |  |  |  |  |  |  | 3,706 |  |
|  Consolidated Assets |  |  |  |  |  |  |  | 333,747 |  |
|  |  |  |  |  |  |  |  |  |  |
|  **Segments Liabilities** |  | - |  |  | 91,307 |  |  | 91,307 |  |
|  Unallocated liabilities |  |  |  |  |  |  |  | 15,028 |  |
|  Consolidated Liabilities |  |  |  |  |  |  |  | 106,335 |  |
|  |  |  |  |  |  |  |  |  |  |

**5. UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE, OR INCIDENCE**

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the financial period ended 30 June 2014.

###### EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTSFOR THE SECOND QUARTER ENDED 30 JUNE 2014

**6. CHANGES IN ESTIMATES**

 There were no changes in estimates that had a material effect in the current quarter results.

**7. SEASONAL OR CYCLICAL FACTORS**

 The Group’s operations were not materially affected by any seasonal or cyclical factors.

**8. DIVIDENDS PAID**

 No dividends were paid out during the current quarter.

**9. CARRYING AMOUNT OF PROPERTY, PLANT AND EQUIPMENT**

There were no brought forward valuations of property, plant and equipment from the financial year ended 31 December 2013 and there were no valuations of property, plant and equipment carried out during the financial period ended 30 June 2014.

**10. DEBT AND EQUITY SECURITIES**

There were no issuances, cancellations, repurchases, resale, and repayments of debt and equity securities during the financial period ended 30 June 2014.

**11. CHANGES IN THE COMPOSITION OF THE GROUP**

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

**12. DISCONTINUED OPERATION**

There were no discontinued operations for the Group during the current financial quarter.

###### 13. CAPITAL COMMITMENTS

The commitments for the oil palm plantation development not provided for in the interim financial statements as at 30 June 2014 are as follows:

|  |  |
| --- | --- |
|  | RM’000 |
| Approved and contracted for oil palm plantation development | 2,465 |
| Approved and contracted for construction of palm oil mill  | 2,695 |
| Approved but not contracted for oil palm plantation development  and construction of palm oil mill | 21,088 |
|  |  |
|  | 26,248 |

###### EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTSFOR THE SECOND QUARTER ENDED 30 JUNE 2014

**14. CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

There were no changes in contingent liabilities since the last annual balance sheet as at 31st December 2013.

There is a potential claim of approximately RM11.619 million arising from a shortfall in guaranteed volume of log production under a Logging Sub-Contract between Serijaya Industri Sdn Bhd (SJI), a wholly owned subsidiary of the Company and Asiatic Lumber Industries Sdn Bhd (ALISB).

 Under the Logging Sub-Contract agreement, ALISB has undertaken to extract a minimum of 120,000m3 of logs per year. The amount of RM11.619 million was computed on the loss of profit from the production shortfalls in prior years and the sub-contractor has yet to agree to the compensation.

 SJI has applied for arbitration as stipulated in the Logging Agreement with hearing of the arbitration is fixed on 8th to 12th December 2014.

**15. MATERIAL RELATED PARTY TRANSACTIONS**

|  |  |
| --- | --- |
| **Group** | **2014** |
|  | RM’000 |
| **Trade transactions** |  |
| Transaction with a related party: |  |
|  |  |
| Log extraction contract fee from Rakyat Berjaya Sdn. Bhd. | 3,958 |
| Rental paid to TSH Resources Bhd., a company in which a director of  the Company has an interest. | 18 |
| Sale of oil palm fresh fruit bunches to TSH Plantation Management Sdn. Bhd. | 20,301 |
| Purchase of organic fertilizer from TSH Plantation Management Sdn. Bhd. | 14 |
| Sale of oil palm seedlings to Rinukut Sdn. Bhd. | 2,258 |
| **Company** |  |
|  |  |
| **Trade transaction** |  |
| Management fees charged to subsidiary |  |
|  - Serijaya Industri Sdn. Bhd. | 180 |
|  |  |

**16. MATERIAL EVENTS SUBSEQUENT TO THE END OF PERIOD REPORTED**

There were no material events subsequent to the end of the period that have not been reflected in the financial statements for the period.

###### EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTSFOR THE SECOND QUARTER ENDED 30 JUNE 2014

**B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

1. **PERFORMANCE REVIEW**

The Group registered a turnover of RM16.269 million for the current quarter ended 31 March 2014 representing an increase of 141% as compared to RM6.738 million for the preceding financial year corresponding quarter. FFB sales revenue increased by 123% due to significantly higher FFB production and increase in FFB price.

Profit before tax for the current quarter ended 31 March 2014 was RM5.287 million as compared to loss of RM0.247 million in the preceding financial year corresponding due to higher FFB production and price.

Turnover for the current year six-months ended 30 June 2014 was RM30.124 million representing an increase of 167% as compared to turnover of RM11.299 million in the preceding financial year corresponding period. The increase is principally due to higher FFB production and price.

Profit before tax for the current year six-months ended 30 June 2014 was RM8.183 million compared to loss before tax of RM1.932 million in the preceding financial year corresponding period.

1. **MATERIAL CHANGES IN PROFIT BEFORE TAXATION**

The Group registered a turnover of RM16.269 million for current quarter representing an increase of 17% as compared to RM13.855 million in the immediate preceding quarter. The increase was due to higher FFB crop. FFB sales contributed RM14.042 million to turnover as compared to RM12.124 million in the preceding quarter due to higher FFB crop, and despite lower FFB price.

Profit before tax for the current quarter was RM5.287 million as compared to profit before tax of RM2.896 million in the immediate preceding quarter. The increase was due to higher FFB production and lower production cost.

###### EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTSFOR THE SECOND QUARTER ENDED 30 JUNE 2014

1. **PROSPECT FOR 2014**

The Board of Directors is confident of achieving reasonable profitability as oil palm segment is expected to contribute positively in 2014 with higher FFB yield in the coming quarters reducing unit cost of production.

 Logging activities will continue to contribute to group profitability in 2014.

1. **PROFIT FORECAST OR PROFIT GUARANTEE**

There were no profit forecasts or profit guarantees released to the public.

**5. INCOME TAX EXPENSE**

|  |  |  |
| --- | --- | --- |
|  | **INDIVIDUAL QUARTER** | **CUMULATIVEYEAR TO DATE** |
|  | Current Year Quarter30 Jun 2014 | Preceding Year Corresponding Quarter30 Jun 2013 | Current Year 6 months ended30 Jun 2014 | Preceding Year Corresponding Period30 Jun 2013 |
|  |  | RM’000 |  |  | RM’000 |  |  | RM’000 |  |  | RM’000 |  |
| Current year tax:  |  |  |  |  |  |  |  |  |  |  |  |  |
|  Malaysian income tax |  | - |  |  | - |  |  | - |  |  | - |  |
|  Deferred tax |  | 1,294 |  |  | - |  |  | 2,038 |  |  | - |  |
|  |  | 1,294 |  |  | - |  |  | 2,038 |  |  | - |  |
| (Over)/underprovided in prior years:  |  |  |  |  |  |  |  |  |  |  |  |  |
|  Malaysian income tax |  | - |  |  | - |  |  | - |  |  | - |  |
|  Deferred tax |  | - |  |  | - |  |  | -  |  |  | - |  |
| Total |  | 1,294 |  |  | - |  |  | 2,038 |  |  | - |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |

**6. SALE OF UNQUOTED INVESTMENTS AND/OR PROPERTIES**

 There were no sales/disposals of unquoted investments and properties during the current financial quarter and period ended 30 June 2014.

###### EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTSFOR THE SECOND QUARTER ENDED 30 JUNE 2014

**7. QUOTED SECURITIES**

1. There was no purchase and sale of quoted securities for the current financial quarter ended 30 June 2014.
2. There was no investment in quoted shares as at 30 June 2014.

**8. STATUS OF CORPORATE PROPOSALS**

There were no corporate proposals for the current financial quarter ended 30 June 2014.

**9. UTILISATION OF PROCEEDS**

No proceed were raised by the Company from any corporate exercise during the year.

###### EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTSFOR THE SECOND QUARTER ENDED 30 JUNE 2014

**10. LOANS AND BORROWINGS**

|  |  |  |  |
| --- | --- | --- | --- |
|  | As at end ofcurrent quarter30 Jun 2014RM’000 |  | As at31 Dec 2013RM’000 |
| Short term borrowings |  |  |  |
| Secured; |  |  |  |
| * Invoice financing
 | 3,739 |  | 1,349 |
| * Revolving credit
 | 8,000 |  | - |
| * Hire purchase creditor
 | 144 |  | 129 |
|  | 11,883 |  | 1,478 |
| Long term borrowings |  |  |  |
| Secured |  |  |  |
| * Term loans
 | 62,691 |  | 34,745 |
| * Hire purchase creditor
 | 327 |  | 415 |
|  | 63,018 |  | 35,160 |
| Total borrowings |  |  |  |
| Secured |  |  |  |
| * Invoice financing
 | 3,739 |  | 1,349 |
| * Term loans
 | 62,691 |  | 34,745 |
| * Revolving credit
 | 8,000 |  | - |
| * Hire purchase creditor
 | 471 |  | 544 |
|  | 74,901 |  | 36,638 |
|  |  |  |  |

All borrowings are denominated in Ringgit Malaysia.

**11. OFF BALANCE SHEET FINANCIAL INSTRUMENTS**

There were no off balance sheet financial instruments as at 30 June 2014.

**12. CHANGES IN MATERIAL LITIGATION**

 There were no changes in material litigation since the last annual balance sheet date of 31 December 2013.

**13. DIVIDEND PAYABLE**

No interim ordinary dividend has been declared for the financial period ended 30 June 2014 (30 June 2013 : Nil).

###### EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTSFOR THE SECOND QUARTER ENDED 30 JUNE 2014

**14. EARNINGS PER SHARE**

1. **Basic earning per share**

Basic earnings per share amounts are calculated by dividing profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares in issue during the year:

|  |  |  |
| --- | --- | --- |
|  | **INDIVIDUAL QUARTER** | **CUMULATIVEYEAR TO DATE** |
|  | Current Year Quarter30 Jun 2014 | Preceding Year Corresponding Quarter30 Jun 2013 | Current Year 6 months ended30 Jun 2014 | Preceding Year Corresponding Period30 Jun 2013 |
|  |  | RM’000 |  |  | RM’000 |  |  | RM’000 |  |  | RM’000 |  |
| Profit attributable to ordinary equity holders of the parent |  | 3,993 |  |  | (247) |  |  | 6,145 |  |  | ( 1,932) |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| Weighted average number of ordinary shares in issue(‘000) | 190,128 |  | 188,611 |  | 189,882 |  | 188,611 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | Sen |  |  | Sen |  |  | Sen |  |  | Sen |  |
| Basic earnings per share |  | 2.10 |  |  | (0.13) |  |  | 3.24 |  |  | ( 1.02) |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |

###### EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS

###### FOR THE SECOND QUARTER ENDED 30 JUNE 2014

**14. EARNINGS PER SHARE (Cont’d)**

1. **Diluted earning per share**

|  |  |  |
| --- | --- | --- |
|  | **INDIVIDUAL QUARTER** | **CUMULATIVEYEAR TO DATE** |
|  | Current Year Quarter30 Jun 2014 | Preceding Year Corresponding Quarter30 Jun 2013 | Current Year 6 months ended30 Jun 2014 | Preceding Year Corresponding Period30 Jun 2013 |
|  |  | RM’000 |  |  | RM’000 |  |  | RM’000 |  |  | RM’000 |  |
| Profit attributable to ordinary equity holders of the parent |  | 3,993 |  |  | (247) |  |  | 6,145 |  |  | (1,932) |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| Weighted average number of ordinary shares in issue(‘000) | 190,128 |  | 188,611 |  | 189,882 |  | 188,611 |  |
| Effect of ESOS (‘000) | 1,559 |  | 4,224 |  | 1,540 |  | 4,119 |  |
| Weighted average number of ordinary shares in issue(‘000) |  | 191,687 |  |  | 192,835 |  |  | 191,422 |  |  | 192,730 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | Sen |  |  | Sen |  |  | Sen |  |  | Sen |  |
| Diluted earnings per share |  | 2.08 |  |  | (0.13) |  |  | 3.21 | 7) |  | (1.00) |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |

The diluted earning per share is calculated by dividing the net profit for the period by the weighted average number of ordinary shares in issue during the period.

The share options was calculated based on the number of shares which would have been acquired at the market price (average annual share price of the company’s share) based on the monetary value of the subscription rights attached to the outstanding share options. No adjustment is made to the net profit attributable to shareholders for the share options calculations.

**15. AUTHORISATION FOR ISSUE**

 The interim financial statements were authorized for issue by the Board of Directors in

accordance with a resolution of the directors on 28 August 2014.

###### EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTSFOR THE SECOND QUARTER ENDED 30 JUNE 2014

**C. DISCLOSURE OF REALISED AND UNREALISED PROFITS OR LOSSES.**

Total unappropriated profit as at 30 June 2014 and 31 December 2013 is analysed as follows:

|  |  |  |  |
| --- | --- | --- | --- |
|  | As at end ofcurrent quarter30 Jun 2014RM’000 |  | As at end ofpreceding quarter31 Dec 2013RM’000 |
| Total unappropriated profit of the Company and its subsidiary |  |  |  |
| * Realised
 | 52,062 |  | 43,701 |
| * Unrealised
 | ( 15,028) |  | ( 12,990) |
|  | 37,034 |  | 30,711 |
| Consolidation adjustments | (2,700) |  | ( 2,520) |
| Total Group accumulated profits  as per consolidated accounts | 34,334 |  | 28,191 |
|  |  |  |  |