

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2011**

(The figures have not been audited)

	Unaudited as at end of Current Quarter 30.6.2011 RM'000	Audited as at Preceding Financial Year End 31.12.2010 RM'000
Non-current assets		
Property, plant and equipment	2,023,106	1,986,825
Biological assets	1,185,619	1,142,407
Development properties	87,412	87,412
Investment in associated companies	245,254	242,363
Investment in jointly controlled entities	19,522	13,489
Available for sale investments	3,939	5,143
Intangible assets	287,805	309,011
Deferred tax assets	63,716	86,740
	<u>3,916,373</u>	<u>3,873,390</u>
Current assets		
Inventories	1,204,930	1,043,996
Trade and other receivables	1,511,972	1,329,648
Amount owing from associated companies	17,625	20,480
Tax recoverable	69,177	22,707
Cash and cash equivalents	784,270	475,256
	<u>3,587,974</u>	<u>2,892,087</u>
Current liabilities		
Trade and other payables	569,561	463,238
Amount owing to associated company	311	304
Hire purchase and finance lease payables	2,622	2,815
Borrowings	1,438,552	1,291,809
Derivative liabilities	118	-
Retirement benefit obligations	5,503	4,719
Tax payable	101,906	50,245
	<u>2,118,573</u>	<u>1,813,130</u>
Net current assets	<u>1,469,401</u>	<u>1,078,957</u>
	<u>5,385,774</u>	<u>4,952,347</u>
Share capital	296,471	296,471
Reserves		
Share premium	84,171	84,171
Exchange reserves	9,741	9,673
Capital reserves	5,761	5,761
Available-for-sale reserves	(503)	460
Retained profits	1,747,862	1,622,469
	<u>1,847,032</u>	<u>1,722,534</u>
Equity attributable to equity holders of the Company	2,143,503	2,019,005
Non-controlling interests	969,513	905,135
Total equity	<u>3,113,016</u>	<u>2,924,140</u>
Non-current liabilities		
Hire purchase and finance lease payables	16,667	4,901
Borrowings	1,799,177	1,586,449
Deferred tax liabilities	384,581	365,212
Retirement benefit obligations	72,333	71,645
	<u>2,272,758</u>	<u>2,028,207</u>
	<u>5,385,774</u>	<u>4,952,347</u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	<u>7.23</u>	<u>6.81</u>

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2010)



CONSOLIDATED INCOME STATEMENT
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2011
(The figures have not been audited)

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.6.2011 RM'000	Preceding Year Corresponding Quarter 30.6.2010 RM'000	Current Year To Date 30.6.2011 RM'000	Preceding Year To Date 30.6.2010 RM'000
Revenue	1,593,334	1,285,708	3,054,489	2,585,246
Other operating income	14,175	21,907	22,167	23,252
Operating expenses	(1,330,620)	(1,131,953)	(2,594,905)	(2,281,558)
Profit from operations	276,889	175,662	481,751	326,940
Finance costs	(32,069)	(28,198)	(61,559)	(49,579)
Share of results in a jointly controlled entity	776	(102)	1,033	(1,038)
Share of results in associated companies	8,778	8,291	17,098	15,867
Profit before taxation	254,374	155,653	438,323	292,190
Taxation	(73,848)	(43,234)	(129,373)	(76,777)
Profit for the period	180,526	112,419	308,950	215,413
Profit for the period attributable to:-				
Equity holders of the Company	124,417	87,498	214,335	164,754
Non-controlling interests	56,109	24,921	94,615	50,659
	180,526	112,419	308,950	215,413
Earnings per share attributable to equity holders of the Company:-				
Basic (sen)	41.97	29.51	72.30	55.57
Diluted	41.97	29.51	72.30	55.57

(The Consolidated Income Statement should be read in conjunction with the audited financial statements for the financial year ended 31 December 2010)



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2011
(The figures have not been audited)

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.6.2011 RM'000	Preceding Year Corresponding Quarter 30.6.2010 RM'000	Current Year To Date 30.6.2011 RM'000	Preceding Year To Date 30.6.2010 RM'000
Profit for the period	180,526	112,419	308,950	215,413
Other comprehensive income				
Exchange differences on translation of foreign operations	68	318	68	1,653
(Loss)/Gain on available for sale investments				
- (Loss)/Gain on fair value changes	(940)	10	(849)	68
- Transfer to profit or loss upon disposal	(114)	-	(114)	-
	<u>(1,054)</u>	<u>10</u>	<u>(963)</u>	<u>68</u>
Other comprehensive income for the period, net of tax	<u>(986)</u>	<u>328</u>	<u>(895)</u>	<u>1,721</u>
Total comprehensive income for the period	<u>179,540</u>	<u>112,747</u>	<u>308,055</u>	<u>217,134</u>
Total comprehensive income for the period attributable to:				
Equity holders of the Company	123,431	87,826	213,440	166,475
Non-controlling interests	56,109	24,921	94,615	50,659
	<u>179,540</u>	<u>112,747</u>	<u>308,055</u>	<u>217,134</u>

(The Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2010)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2011**

(The figures have not been audited)

	Attributable to Equity Holders of the Company									
	Share Capital RM'000	Share Premium RM'000	Non-Distributable			Distributable			Non controlling Interests RM'000	Total Equity RM'000
Capital Reserves RM'000			Exchange Reserves RM'000	Fair Value Reserves RM'000	Capital Reserves RM'000	Retained Profits RM'000	Total RM'000			
At 1 January 2011	296,471	84,171	3,684	9,673	460	2,077	1,622,469	2,019,005	905,135	2,924,140
Total comprehensive income for the period	-	-	-	68	(963)	-	214,335	213,440	94,615	308,055
Dividend	-	-	-	-	-	-	(88,942)	(88,942)	(30,237)	(119,179)
At 30 June 2011	296,471	84,171	3,684	9,741	(503)	2,077	1,747,862	2,143,503	969,513	3,113,016
At 1 January 2010	296,471	84,171	3,684	10,923	(143)	2,077	1,174,683	1,571,866	1,074,990	2,646,856
Total comprehensive income for the period	-	-	-	1,653	68	-	164,754	166,475	50,659	217,134
Accretion of interest in a subsidiary company	-	-	-	1,533	-	-	-	1,533	(225,226)	(223,693)
Dividend	-	-	-	-	-	-	(33,353)	(33,353)	(30,645)	(63,998)
At 30 June 2010	296,471	84,171	3,684	14,109	(75)	2,077	1,306,084	1,706,521	869,778	2,576,299

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2010)



CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2011
(The figures have not been audited)

	Current Year To Date 30.6.2011	Preceding Year To Date 30.6.2010
	RM'000	RM'000
Net cash flows from operating activities	214,785	216,952
Net cash flows used in investing activities	(157,631)	(321,486)
Net cash flows from financing activities	219,643	306,719
Net change in cash and cash equivalents	<u>276,797</u>	<u>202,185</u>
Effect of exchange rate changes	(1)	2
Cash and cash equivalents at beginning of period	395,517	417,936
Cash and cash equivalents at end of period	<u>672,313</u>	<u>620,123</u>
Cash and cash equivalents at the end of the financial period comprise the following:-		
Deposits placed with licensed banks (excluding deposits pledged)	124,930	216,231
Cash and bank balances	<u>547,383</u>	<u>403,892</u>
	<u>672,313</u>	<u>620,123</u>

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2010)



INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 JUNE 2011

A. NOTES TO THE INTERIM FINANCIAL REPORT

1. Basis of Preparation

The interim financial report is unaudited and has been prepared in accordance with Financial Reporting Standard ("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 audited financial statements for the financial year ended 31 December 2010.

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 2010.

2. Changes in Accounting Policies

The significant accounting policies and methods of computation adopted for the interim financial statements are consistent with those adopted by the Group in the audited financial statements for the financial year ended 31 December 2010 except for the adoption of the following new and revised FRSS, Issues Committee ("IC") Interpretations and amendments to FRSS and IC Interpretations which are relevant to the Group's operations:-

Effective for financial periods beginning on or after 1 March 2010:

Amendments to FRS 132	Financial Instruments: Presentation – Classification of Rights Issues
-----------------------	---

Effective for financial periods beginning on or after 1 July 2010:

FRS 1	First-time Adoption of Financial Reporting Standards (revised)
FRS 3	Business Combinations (revised)
FRS 127	Consolidated and Separate Financial Statements (revised)
Amendments to FRS 2	Share-based Payment
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 138	Intangible Assets



2. Changes in Accounting Policies (Contd.)

Effective for financial periods beginning on or after 1 July 2010 (Contd.):

IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17	Distributions of Non-cash Assets to Owners
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives

Effective for financial periods beginning on or after 1 January 2011:

Amendments to FRS 1	First-time Adoption of Financial Reporting Standards
	- Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
	- Additional Exemptions for First-time Adopters
Amendments to FRS 2	Group Cash-settled Share Based Payment Transactions
Amendments to FRS 7	Financial Instruments: Improving Disclosures about Financial Instruments
IC Interpretation 4	Determining whether an Arrangement contains a lease
IC Interpretation 18	Transfers of Assets from Customers
Improvements to FRSs (2010)	

The above FRSs, Amendments to FRS and Interpretations are expected to have no significant impact on the financial statements of the Company upon their initial application.

3. Comments about Seasonal or Cyclical Factors

The operations of the Group are not affected by any seasonal or cyclical factors other than the plantation operations which are affected by seasonal production of fresh fruit bunches and weather conditions. Generally, the production of fresh fruit bunches is relatively lower in the first half of the year.

4. Unusual Items due to their Nature, Size or Incidence

There was no unusual item for the current financial year to date.



5. Changes in Estimates

There was no change in estimates of amounts reported in the prior quarter or prior financial year that has a material effect in the current quarter.

6. Changes in Debt and Equity Securities

A subsidiary company, Padiberas Nasional Berhad (“Bernas”), raised RM350 million from the issuance of Islamic Commercial Paper/Islamic Medium Term Notes (“ICP/IMTN”) under an ICP/IMTN program based on the Islamic Principle of Musyarakah on 19 January 2011 to finance the capital expenditures, investments and working capital requirements.

There was no other issuance, repurchase and repayment of debt and equity securities during the current financial year to date.

7. Dividends Paid

Dividends paid during the current financial year to date were as follows:-

	Current Year To Date RM'000	Preceding Year To Date RM'000
Interim dividend of 20 sen per share less 25% income tax in respect of the financial year ended 31 December 2010, declared on 14 January 2011, paid on 28 February 2011.	44,471	-
Interim dividend of 10 sen per share less 25% income tax in respect of the financial year ended 31 December 2009, declared on 23 February 2010, paid on 21 May 2010.	-	22,235
	<u>44,471</u>	<u>22,235</u>



8. Segmental Reporting

The Segment information for the current financial year to date is as follows:-

	Rice RM'000	Sugar RM'000	Plantation RM'000	Investment Holding/ Others RM'000	Elimination RM'000	Consolidated RM'000
30 June 2011						
Revenue						
External revenue	1,656,242	769,322	628,008	917	-	3,054,489
Inter-segment revenue	-	-	6,412	84,392	(90,804)	-
Total revenue	1,656,242	769,322	634,420	85,309	(90,804)	3,054,489
Results						
Operating results	175,059	98,540	252,714	61,464	(106,026)	481,751
Share of results of a jointly controlled entity	-	-	1,033	-	-	1,033
Share of results of associated companies	17,098	-	-	-	-	17,098
Segment results	192,157	98,540	253,747	61,464	(106,026)	499,882
Finance cost						(61,559)
Profit before tax						438,323
Assets						
Operating assets	2,745,588	956,955	3,407,716	252,392	(255,973)	7,106,678
Investment in a jointly controlled entity	-	-	19,522	-	-	19,522
Investment in associated companies	245,254	-	-	-	-	245,254
Segment assets	2,990,842	956,955	3,427,238	252,392	(255,973)	7,371,454
Tax assets						132,893
Total assets						7,504,347



8. Segmental Reporting (Contd.)

	Rice RM'000	Sugar RM'000	Plantation RM'000	Investment Holding/ Others RM'000	Elimination RM'000	Consolidated RM'000
30 June 2010						
Revenue						
External revenue	1,523,329	641,940	419,882	95	-	2,585,246
Inter-segment revenue	-	-	2,905	108,125	(111,030)	-
Total revenue	<u>1,523,329</u>	<u>641,940</u>	<u>422,787</u>	<u>108,220</u>	<u>(111,030)</u>	<u>2,585,246</u>
Results						
Operating results	99,394	107,323	121,466	99,349	(100,592)	326,940
Share of results of jointly controlled entity	-	-	(1,038)	-	-	(1,038)
Share of results of associated companies	15,867	-	-	-	-	15,867
Segment results	<u>115,261</u>	<u>107,323</u>	<u>120,428</u>	<u>99,349</u>	<u>(100,592)</u>	<u>341,769</u>
Finance cost						(49,579)
Profit before tax						<u>292,190</u>
Assets						
Operating assets	2,261,870	858,256	3,201,169	109,325	(406,629)	6,023,991
Investment in jointly controlled entity	-	-	11,185	-	-	11,185
Investment in associated companies	237,596	-	-	-	-	237,596
Segment assets	<u>2,499,466</u>	<u>858,256</u>	<u>3,212,354</u>	<u>109,325</u>	<u>(406,629)</u>	<u>6,272,772</u>
Tax assets						95,503
Total assets						<u>6,368,274</u>

9. (a) Material Subsequent Events

There was no material event subsequent to the end of the current quarter.



9. (b) Significant Events

There was no significant event during the current quarter, other than that relating to Bernas:-

On 20 April 2011, the Government of Malaysia, via the Public Private Partnership Unit under the Prime Minister's Department has agreed to extend the privatisation agreement between the Government of Malaysia and Bernas dated 12 January 1996 ("BERNAS Agreement") for a period of 10 years commencing 11 January 2011 to 10 January 2021 subject to the terms and conditions to be mutually agreed between both parties. The terms and conditions of the BERNAS Agreement shall remain in full force and effect until the terms and conditions of the extension are finalised.

10. Changes in the Composition of the Group

There was no change in the composition of the Group during the current financial year to date.

11. Capital Commitments

The amount of capital commitments not provided for in the interim financial statements as at 30 June 2011 were as follows:-

	RM'000
Property, plant and equipment	
- Approved and contracted for	151,488
- Approved but not contracted for	424,061
	575,549
Biological assets	
- Approved and contracted for	67,425
- Approved but not contracted for	63,860
	131,285
Acquisition of a subsidiary company	
- Approved and contracted for	140,000
Share of capital commitment of a jointly controlled entity	
- Approved and contracted for	372
- Approved but not contracted for	3,865
	4,237
	851,071



12. Contingent Liabilities and Contingent Assets

The Group has no contingent liability or contingent asset as at 30 June 2011, other than those in Bernas which are as follows:-

- (a) Bernas was served with a Writ of Summons and Statement of Claim dated 5 May 2006 initiated by A Halim Bin Hamzah & 291 others ("the Plaintiffs"). The civil suit was brought by the Plaintiffs against Bernas & 24 others ("the Defendants") for, inter alia, the following claims:
- (i) A declaration that the 2000 Voluntary Separation Scheme initiated by Bernas is void and of no effect;
 - (ii) A declaration that the Defendants had, by unlawful means, conspired and combined together to defraud or injure the Plaintiffs;
 - (iii) Alternatively, a declaration that the Defendants had acted in furtherance of a wrongful conspiracy to injure the Plaintiffs;
 - (iv) Damages to be assessed; and
 - (v) Interest and costs.

In relation to the suit filed by the Plaintiffs against the Defendants, Bernas had filed Summons in Chambers pursuant to Order 12 Rule 7 and/or Order 18 Rule 19 ("the Order") of the Rules of the High Court 1980 ("Bernas' Application") for the following:

- (i) That the Writ and Statement of Claim as against the said Defendants be struck out as it discloses no reasonable cause of actions, scandalous, frivolous, vexatious and/or is an abuse of process of the Court;
- (ii) That the cost of the Order to be borne by the Plaintiffs; and
- (iii) Such further or other orders as the Court deemed fit.

The Court had granted Order In Terms for the Bernas' Application to strike out the 21st Defendant with cost payable to Bernas but dismissed Bernas' Application to strike out the 2nd to 12th Defendants on 3 September 2007. On 3 March 2008, the Court dismissed Bernas' Application to strike out the 2nd to 12th Defendants from being the party to the suit. Bernas' solicitors had on 17 April 2008, filed Statements of Defence for the 2nd to 12th Defendants. The matter is now postponed to 12 September 2011 for further mediation.



12. Contingent Liabilities and Contingent Assets (Contd.)

- (b) On 6 June 2006, Bernas was served with a sealed copy of Originating Summons and Affidavit in Support ("the Plaintiffs Application") affirmed by Zainon Bt Ahmad for and on behalf of the 690 others ("the Plaintiffs") for the following claims:
- (i) A declaration that the Plaintiffs as employees of Bernas whose service of employment have been terminated before attaining the age of 55 due to reasons other than that of compulsory retirement, optional retirement, death or a disability are entitled to the Retirement/Termination Benefits provided for in clause 7.3 of the '*Terma dan Syarat Perkhidmatan Kumpulan Eksekutif dan Kumpulan Bukan Eksekutif*' and in clause 5.5 of the '*Buku Panduan Kumpulan Eksekutif dan Bukan Eksekutif*';
 - (ii) An order that Bernas pays the Retirement/Termination Benefits due to the Plaintiffs as follows:-
 - for those Plaintiffs who have attained the age of retirement of 55 years as at the date of the order, the Retirement/Termination Benefits be paid directly to them; and
 - for those Plaintiffs who have not attained the age of retirement of 55 years as at the date of the order, the Retirement/Termination Benefits be paid into their accounts with the Employees Provident Fund.
 - (iii) Interest at the rate of 8% per annum from 1 January 2004 to the date of payment as ordered by the Court;
 - (iv) Such further orders, directions or reliefs that the Court deems fit and appropriate; and
 - (v) Costs to be paid by Bernas to the Plaintiffs.

The Court had on 13 March 2008 allowed the Plaintiff's application with cost and Bernas had instructed its solicitors to file Grounds of Appeal to the Court of Appeal. The Court of Appeal had on 24 August 2009, allowed Bernas' application to amend the Memorandum of Appeal and the Notice of Appeal. The Court of Appeal fixed 18 January 2011 as the hearing date for the appeal. Matter came up for decision on 7 February 2011 wherein the Court of Appeal allowed Bernas' appeal and set aside the High Court order with no order as to costs. Plaintiffs through their solicitors had filed an application on 7 March 2011 for leave to appeal to the Federal Court against the entire decision of the Court of Appeal given on 7 February 2011. Plaintiff's application for leave to appeal at the Federal Court has been allowed. No date has been fixed by the Federal Court for the hearing of the appeal.



12. Contingent Liabilities and Contingent Assets (Contd.)

- (c) On 4 January 2010, Bernas was served with a sealed copy of Originating Summons and Affidavit in Support ("the Plaintiffs Application") affirmed by Rahman Bin Samud for and on behalf of 242 others ("the Plaintiffs") for the following claims:
- (i) A declaration that the Plaintiffs as employees of Bernas whose service of employment have been terminated before attaining the age of 55, due to reasons other than that of compulsory retirement, optional retirement, death or a disability are entitled to the Retirement/Termination Benefits provided for in clause 7.3 of the '*Terma dan Syarat Perkhidmatan Kumpulan Eksekutif dan Kumpulan Bukan Eksekutif*' and in clause 5.5 of the '*Buku Panduan Kumpulan Eksekutif dan Bukan Eksekutif*'.
 - (ii) An order that Bernas pays the Retirement/Termination Benefits due to the Plaintiffs as follows:-
 - for those Plaintiffs who have attained the age of retirement of 55 years as at the date of the order, the Retirement/Termination Benefits be paid directly to them; and
 - for those Plaintiffs who have not attained the age of retirement of 55 years as at the date of the order, the Retirement/Termination Benefits be paid into their accounts with the Employees Provident Fund.
 - (iii) Interest at the rate of 8% per annum from 1 January 2004 to the date of payment as ordered by the Court.
 - (iv) Such further orders, directions or reliefs that the Court deems fit and appropriate.
 - (v) Costs to be paid by Bernas to the Plaintiffs.

Bernas had filed its affidavit in reply to the affidavit in support affirmed by the Plaintiffs. The matter came up for mention on 5 October 2010, wherein the Court had fixed 15 December 2010 for further case management pending the disposal of the appeal in the Court of Appeal in relation to the civil suit filed by Zainon Binti Ahmad & 690 others against Bernas. The case has been fixed for further case management on 8 September 2011.



12. Contingent Liabilities and Contingent Assets (Contd.)

- (d) On 25 February 2011, Bernas was served with a Writ and Statement of Claim by Konsortium Pemborong Beras (Melayu) Kelantan Sdn Bhd (“KBK”) and was named as the First Defendant. KBK is seeking, the following:
- (i) A declaration that Bernas as the 1st Defendant had committed fraud against the minority shareholders of Formula Timur Sdn Bhd (FTSB) including KBK;
 - (ii) General damages;
 - (iii) Interest;
 - (iv) Costs;
 - (v) Such further orders, directions or reliefs that the Court deems fit and appropriate.

Bernas had filed its Memorandum of Appearance and its defence and application to strike out KBK’s Statement of Claim. Court allowed Bernas’ application to strike out KBK’s claim. The period for KBK to appeal against the decision has lapsed and the matter is now closed.



B. ADDITIONAL INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

1. Review of Performance

For the quarter under review, the Group's revenue increased to RM1.6 billion from RM1.3 billion in the corresponding quarter last year. The increase in revenue was contributed by favourable performance of the Rice, Plantation and Sugar Divisions. This had also resulted in the increase in profit before taxation to RM254.4 million during the current quarter as compared to RM155.7 million in the same quarter last year.

The performance of the first half of 2011 was generally better than that of the corresponding period last year whereby the Group recorded higher revenue of RM3.1 billion (2010:RM2.6 billion) and higher profit before taxation of RM438.3 million (2010: RM292.2 million). The increase was contributed by the Plantation Division, followed by Rice and Sugar Divisions. The significant increase in revenue at the Plantation Division was due to higher selling price and production of palm products. As for the Rice Division, the increase in revenue was attributable to higher volume of rice and non-rice sold, whilst for the Sugar Division, the higher average selling price of sugar was the main cause for the higher revenue.

The Group recorded higher profit before taxation at RM438.3 million for the six months ended 30 June, compared to RM292.2 million recorded in 2010. The increase was attributable to the improvements in the profit before taxation at the Plantation and Rice Divisions by more than 100% and 67%, respectively, compared to the corresponding period last year.

2. Material Change in the Profit Before Taxation for the Quarter Reported On as Compared with the Immediate Preceding Quarter

	Quarter Reported On RM'000	Immediate Preceding Quarter RM'000	Increase RM'000
Profit before taxation	254,374	183,949	70,425

The current quarter's profit before taxation of RM254.4 million was higher as compared to profit before taxation of RM183.9 million of the immediate preceding quarter. The increase in profit before taxation was mainly due to higher sales volume and selling price of the palm products coupled with lower cost of rice in the current quarter of the year compared to that in the first.



3. Prospects

For the Rice Division, the Group observed that the global rice market prices have been on an uptrend recently. However, the adverse cost effect is lessened by the forward purchase of most of the Division's 2011 requirements. As such, the Division is expected to maintain its good performance for the rest of the year.

Meanwhile, the Sugar Division is expected to face a challenging time in the coming quarters driven by anticipated higher raw sugar prices as compared to previous year due to supply and demand issues. Nevertheless, the Division will continue its focus on controlling production costs and maintaining high standard product quality to ensure continued profitability.

As for the Plantation Division, with the prevailing prices of palm products and the forecast increase in production in the coming quarters, the Group expects the results for the remaining quarters of the current financial year to remain satisfactory.

The Group expects a continuing good performance in the Rice and Plantation Divisions while the Sugar Division, in spite of the expected reduced margin, will remain profitable. Overall, the Group expects a satisfactory result for the remaining quarters of the current financial year.

4. Variance of Actual Profit from Forecast Profit/Shortfall in Profit Guarantee

The Group has not provided any profit forecast or profit guarantee for the current financial year in a public document.

5. Taxation

Taxation comprises:-

	Current Year Quarter RM'000	Current Year To Date RM'000
Income tax	58,264	102,511
Deferred tax	15,584	26,862
	<u>73,848</u>	<u>129,373</u>

The taxation charge of the Group for the financial year to date reflects an effective tax rate which is higher than the statutory income tax rate mainly due to certain expenses which were not deductible for tax purposes, tax losses of certain subsidiaries which are not available for group relief and reversal of deferred tax assets which were previously credited to income statement.



6. Sale of Unquoted Investments and/or Properties

There was no sale of unquoted investments and/or properties during the current quarter and financial year to date.

7. Quoted Securities Other Than Securities in Existing Subsidiary Companies and Associated Company

(a) There was no purchase of quoted securities during the current financial year to date whereas the details of the disposals of quoted securities classified as available-for-sale financial assets are as follows:-

	Current Year Quarter RM'000	Current Year To Date RM'000
Sale proceeds	416	416
Gain on disposal	176	176

(b) Investments in quoted securities as at the end of reporting period were as follows:-

	RM'000
(i) at cost	33,427
(ii) at carrying value	3,075
(iii) at market value	3,075

(c) The net fair value loss on available-for-sale financial assets recognised in other comprehensive income for the current quarter and current financial year to date amounted to RM940,000 and RM849,000 respectively.



8. (a) Status of Corporate Proposals

Save as disclosed below, there is no other corporate proposal announced but not completed as at 11 August 2011:-

On 30 October 2009, Prisma Spektra Sdn Bhd ("PSSB"), a wholly owned subsidiary of Tradewinds Plantation Berhad ("TPB"), entered into a conditional Share Sale Agreement ("SSA") with Semi Bayu Sdn Bhd ("SBSB") for the acquisition of 125,709,000 ordinary shares of RM1.00 each, representing the entire issued and paid-up ordinary share capital of MARDEC Berhad ("Mardec") for a total purchase consideration of RM150.0 million ("Proposed Acquisition of Mardec").

Mardec is an investment holding company and through its local and overseas subsidiary and associate companies, is involved in the processing and trading of natural rubber and the manufacturing of value-added rubber and polymer products.

The initial period for the fulfilment and satisfaction of the conditions precedent to the Proposed Acquisition of Mardec ("Prescribed Period") had expired on 29 April 2010. On 30 April 2010 and 1 November 2010 respectively, SBSB and PSSB agreed to extend the Prescribed Period by a period of six months to 30 October 2010 and by a further period of six months to 30 April 2011.

On 25 February 2011, PSSB and SBSB entered into a Supplemental Agreement to revise the purchase consideration for the Proposed Acquisition of Mardec as provided in the SSA from RM150,000,000 to RM140,000,000, which shall be payable in the following manner:-

- (i) a first instalment of RM42.0 million or 30% of the purchase consideration to be paid on the completion date; and
- (ii) a second instalment of RM98.0 million or 70% of the purchase consideration to be paid within three months of the completion date.

The revised purchase consideration is arrived at based on Ernst & Young's appraisal of the fair value of the Mardec Group by using the Hybrid Methodology, which is a combination of Income and Asset Approaches of valuation, which ranges between RM130,000,000 and RM150,000,000.

On 28 April 2011, SBSB and PSSB agreed to extend the Prescribed Period by a further period of six months to 30 October 2011.

The Proposed Acquisition of Mardec was approved by the shareholders of TPB at its extraordinary general meeting held on 14 July 2011 and is pending the approval of the Economic Planning Unit of the Prime Minister's Department.



(b) Status of Utilisation of Proceeds Raised from Corporate Proposal

There was no corporate proposal involving fund raising.

9. Group Borrowings and Debt Securities

The Group borrowings (excluding hire purchase and finance leases) as at the end of the current quarter were as follows:-

	<u>RM'000</u>
<u>Short Term Borrowings</u>	
Secured	420,477
Unsecured	1,018,075
	<u>1,438,552</u>
<u>Long Term Borrowings</u>	
Secured	1,799,177
Total	<u>3,237,729</u>

All the above borrowings are denominated in Ringgit Malaysia.

10. Derivative Financial Instruments

The following was the outstanding derivative of the Group as at the end of the current quarter:-

	Contract Value RM'000	Fair Value RM'000
<u>Derivative liabilities</u>		
Forward foreign currency purchase contract:-		
- Less than 1 year	69,764	118

The contract above was entered into for the purchase of raw sugar. The Group has no other derivative financial instruments.



11. Gains or Losses arising from Fair Value Changes of Financial Liabilities

There was no gain or loss arising from fair value changes of financial liabilities other than that relating to the forward foreign currency purchase contract as disclosed in Note 10.

12. Material Litigations

Save as disclosed in Note 12 of Part A, there was no material litigation as at 19 August 2011, being the latest practicable date.

13. Dividend Payable

	Current Year To Date RM'000	Preceding Year To Date RM'000
Final dividend of 20 sen per share less 25% income tax in respect of the financial year ended 31 December 2010, approved on 28 June 2011, payable on 29 July 2011.	44,471	-
Final dividend of 5 sen per share less 25% income tax in respect of the financial year ended 31 December 2009, approved on 22 June 2010, payable on 30 July 2010.	-	11,117
	<u>44,471</u>	<u>11,117</u>

The Board has, on even date approved an interim dividend of 20 sen per share less 25% income tax amounting to RM44,471,000 in respect of the financial year ending 31 December 2011 (2010: RM Nil) payable on a date to be announced later.



14. Earnings Per Share

(a) Basic earnings per share

	Current Year To Date	Prior Year To Date
Profit attributable to equity holders of the Company (RM'000)	214,335	164,754
Weighted average number of ordinary shares in issue ('000)	<u>296,471</u>	<u>296,471</u>
Basic earnings per share (sen)	<u>72.30</u>	<u>55.57</u>

(b) Diluted earnings per share

	Current Year To Date	Prior Year To Date
Profit attributable to equity holders of the Company (RM'000)	214,335	164,754
Weighted average number of ordinary shares in issue during the financial year ('000)	296,471	296,471
Effect of dilution ('000)	-	-
Adjusted weighted average number of ordinary shares in issue ('000)	<u>296,471</u>	<u>296,471</u>
Diluted earnings per share (sen)	<u>72.30</u>	<u>55.57</u>



15. Audit Report of the Preceding Year's Consolidated Financial Statement

The independent auditors' report of the preceding annual financial statement was not subject to any qualification.

16. Disclosure on realised and unrealised profit/loss

The retained profits as at 30 June 2011 and 31 December 2010 were analysed as follows:-

	30.6.2011	31.12.2010
	RM'000	RM'000
Total retained profits of the Company and its subsidiaries:-		
- Realised	3,046,958	2,714,122
- Unrealised	(110,210)	(112,433)
	<u>2,936,748</u>	<u>2,601,689</u>
Total share of accumulated losses from a jointly controlled entity:-		
- Realised	(241)	(1,274)
- Unrealised	(237)	(237)
	(478)	(1,511)
Total share of retained profits from associated companies:-		
- Realised	148,014	121,095
- Unrealised	(8,483)	1,660
	139,531	122,755
Less: Consolidation adjustments	(1,327,939)	(1,100,464)
Total Group retained profits as per consolidated financial statements	<u>1,747,862</u>	<u>1,622,469</u>



17. Authorisation for Release

This interim financial report for the financial period ended 30 June 2011 has been reviewed and approved by the Board for public release.

BY ORDER OF THE BOARD

ZAINAL RASHID BIN AB RAHMAN (LS007008)
Company Secretary

Kuala Lumpur
25 August 2011