



SARAWAK PLANTATION BERHAD
(Incorporated in Malaysia - 451377- P)

**INTERIM REPORT
FOR 1ST QUARTER ENDED
31 MARCH 2010**



SARAWAK PLANTATION BERHAD
(Incorporated in Malaysia - 451377- P)

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INTERIM REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2010
(The figures have not been audited)

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Condensed Consolidated Statement of Financial Position
(The figures have not been audited)

	As At End Of Current Financial Period 31/03/2010 (Unaudited) RM'000	As At End Of Preceding Financial Year 31/12/2009 (audited) RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	234,771	236,229
Prepaid lease payments	35,324	35,490
Plantation development expenditure	225,100	223,393
Other investments	1,738	1,619
Investment property	5,959	5,999
Deferred tax assets	842	842
Total non-current assets	503,734	503,572
Current assets		
Inventories	22,913	30,358
Trade and other receivables	35,523	33,861
Current income tax recoverable	2,114	2,505
Short term deposits	127,426	90,856
Cash and bank balances	1,325	1,719
Total current assets	189,301	159,299
TOTAL ASSETS	693,035	662,871



Condensed Consolidated Statement of Financial Position (continued)
(The figures have not been audited)

		As At End Of Current Financial Period 31/03/2010 (Unaudited) RM'000	As At End Of Preceding Financial Year 31/12/2009 (audited) RM'000
EQUITY AND LIABILITIES			
Equity attributable to Owners of the Company			
Share capital	A6	280,000	280,000
Reserves		218,549	222,415
		<u>498,549</u>	<u>502,415</u>
Minority interest		4,148	4,117
Total equity		<u>502,697</u>	<u>506,532</u>
Non-current liabilities			
Deferred tax liabilities		37,679	33,905
Borrowings		89,080	64,820
Total non-current liabilities		<u>126,759</u>	<u>98,725</u>
Current liabilities			
Trade and other payables		45,243	54,654
Borrowings		2,960	2,960
Dividend payable		15,376	0
Total current liabilities		<u>63,579</u>	<u>57,614</u>
Total liabilities		<u>190,338</u>	<u>156,339</u>
TOTAL EQUITY AND LIABILITIES		<u>693,035</u>	<u>662,871</u>
Net assets per share attributable to Owners of the Company (RM)		<u>1.78</u>	<u>1.80</u>

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to this report)



Condensed Consolidated Statement of Comprehensive Income
(The figures have not been audited)

	Individual Quarter (Q1)		Cumulative Quarter (3 Months)	
	Current Year Quarter 31/03/2010 (Unaudited) RM'000	Preceding Year Corresponding Quarter 31/03/2009 (Unaudited) RM'000	Current Year - Period To Date 31/03/2010 (Unaudited) RM'000	Preceding Year - Period To Date 31/03/2009 (Unaudited) RM'000
Revenue	75,450	48,720	75,450	48,720
Cost of sales	(51,146)	(42,336)	(51,146)	(42,336)
Gross profit	24,304	6,384	24,304	6,384
Other operating income	412	960	412	960
Distribution costs	(3,868)	(2,784)	(3,868)	(2,784)
Administrative expenses	(3,625)	(3,071)	(3,625)	(3,071)
Replanting expenditure	(1,160)	(367)	(1,160)	(367)
Results from operating activities	16,063	1,122	16,063	1,122
Interest income	599	357	599	357
Interest expenses	(816)	(526)	(816)	(526)
Net finance costs	(217)	(169)	(217)	(169)
Profit before tax	15,846	953	15,846	953
Income tax expense	B5 (3,956)	(245)	(3,956)	(245)
Profit for the period	11,890	708	11,890	708
Other comprehensive income, net of tax	0	0	0	0
Total comprehensive income for the period	11,890	708	11,890	708



Condensed Consolidated Statement of Comprehensive Income (continued)
(The figures have not been audited)

	Individual Quarter (Q1)		Cumulative Quarter (3 Months)	
	Current Year Quarter 31/03/2010 (Unaudited) RM'000	Preceding Year Corresponding Quarter 31/03/2009 (Unaudited) RM'000	Current Year - Period To Date 31/03/2010 (Unaudited) RM'000	Preceding Year - Period To Date 31/03/2009 (Unaudited) RM'000
Profit attributable to:				
Owners of the Company	11,854	623	11,854	623
Minority interest	36	85	36	85
Profit for the period	11,890	708	11,890	708
Total comprehensive income attributable to:				
Owners of the Company	11,854	623	11,854	623
Minority interest	36	85	36	85
Total comprehensive income for the period	11,890	708	11,890	708
Basic earnings per ordinary share attributable to Owners of the Company (sen):				
Basic	B13 4.24	0.22	4.24	0.22
Diluted	N/A	N/A	N/A	N/A

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to this report)



Condensed Consolidated Statement of Changes in Equity
(The figures have not been audited)

	Attributable to Owners of the Company									
	Notes	Non-distributable				Distributable				Total equity RM'000
		Number of shares '000	Nominal value RM'000	Share premium RM'000	Equity reserve RM'000	Treasury shares RM'000	Retained earnings RM'000	Total RM'000	Minority interest RM'000	
At 1 January 2010, as previously stated		280,000	280,000	60,969	493	(1,223)	162,176	502,415	4,117	506,532
- effect of adopting FRS 139	A1(2.1)	-	-	-	-	-	(344)	(344)	(5)	(349)
At 1 January 2010, as restated		280,000	280,000	60,969	493	(1,223)	161,832	502,071	4,112	506,183
Total comprehensive income for the period		-	-	-	-	-	11,854	11,854	36	11,890
Less: Second interim, single tier exempt dividend declared in respect of the financial year ended 31 December 2009	B12	-	-	-	-	-	(15,376)	(15,376)	-	(15,376)
At 31 March 2010		280,000	280,000	60,969	493	(1,223)	158,310	498,549	4,148	502,697

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to this report)



Condensed Consolidated Statement of Changes in Equity
(The figures have been audited)

Notes	Attributable to Owners of the Company									
	Non-distributable					Distributable				
	Issued and paid up ordinary shares of RM1.00 each					Treasury shares	Retained earnings	Total	Minority interest	Total equity
	Number of shares	Nominal value	Share premium	Equity reserve						
'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
At 1 January 2009	280,000	280,000	60,969	493	(1,223)	142,390	482,629	3,980	486,609	
Total comprehensive income for the period	-	-	-	-	-	623	623	85	708	
Less: Second interim, single tier exempt dividend declared in respect of the financial year ended 31 December 2008	-	-	-	-	-	(11,183)	(11,183)	-	(11,183)	
At 31 March 2009	280,000	280,000	60,969	493	(1,223)	131,830	472,069	4,065	476,134	

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to this report)



Condensed Consolidated Statement of Cash Flows
(The figures have not been audited)

	Cumulative Quarter (3 Months)	
	Current Year - Period To Date 31/03/2010 (Unaudited) RM'000	Preceding Year - Period To Date 31/03/2009 (Unaudited) RM'000
Net cash inflow/ (outflow) from operating activities	19,541	(2,916)
Net cash outflow from investing activities	(7,625)	(1,507)
Net cash inflow from financing activities	24,260	20,000
Net increase in cash and cash equivalents	36,176	15,577
Cash and cash equivalents as at 1 January	91,173	66,115
Cash and cash equivalents as at 31 March	127,349	81,692
Represented by:		
Short term deposits	127,426	80,167
Cash and bank balances	1,325	3,259
	128,751	83,426
Less:		
Bank balance restricted*	(529)	(1,134)
Fixed Deposits pledged*	(873)	(600)
Cash and cash equivalents	127,349	81,692

* Amounts pledged to licensed bank to secure bank guarantee facilities.

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to this report)



Part A – Explanatory Notes Pursuant to Financial Reporting Standards (“FRS”) 134

A1. Basis of preparation

1. Statement of compliance

The condensed consolidated interim financial statements of the Group are unaudited and have been prepared in accordance with the requirements of Financial Reporting Standard (“FRS”) 134 *Interim Financial Reporting* and Chapter 9, Part K of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The condensed consolidated interim financial statements should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2009.

2. Significant accounting policies

2.1 Change in accounting policies

The accounting policies and methods of computation used in the preparation of the consolidated interim financial statements of the Group are consistent with those used in the preparation of the last audited financial statements of the Group for the financial year ended 31 December 2009 except for the new accounting policies adopted as disclosed below:

(i) FRS 139, Financial Instruments: Recognition and Measurement

The adoption of FRS 139 from 1 January 2010 has resulted in changes to accounting policies relating to recognition and measurement of financial instruments and the new accounting policies as follows:

(I) Initial recognition and measurement

A financial instrument is recognised in the financial statements when, and only when, the Group becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with the policy applicable to the nature of the host contract.

(II) Financial instrument categories and subsequent measurement

Financial assets

The Group categories financial instruments as follows:

a) *Financial assets at fair value through profit or loss*

Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives (except for a derivative that is a designated and effective hedging instrument) or financial assets that are specially designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial assets categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.



Part A – Explanatory Notes Pursuant to FRS 134

A1. Basis of preparation (continued)

2. Significant accounting policies (continued)

2.1 Change in accounting policies (continued)

(i) FRS 139, *Financial Instruments: Recognition and Measurement (continued)*

(II) Financial instrument categories and subsequent measurement (continued)

b) *Held-to-maturity investments*

Held-to-maturity investments category comprises debt instruments that are quoted in an active market and the Group has positive intention and ability to hold them to maturity.

Financial assets categorised as held –to-maturity investments are subsequently measured at amortised cost using the effective interest method.

c) *Loans and receivables*

Loans and receivables category comprises debt instruments that are not quoted in an active market, trade and other receivables and cash and cash equivalents.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

d) *Available-for-sale financial assets*

Available-for-sale financial assets category comprises investments in equity and debt securities instruments that are not held for trading.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. Other financial assets categorised as available-for-sale are subsequently measured at their fair values with gain or loss recognised in other comprehensive income, except for impairment loss, foreign exchange gain and losses arising from monetary items and gain and losses of hedged items which are recognised in profit or loss. On derecognition, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss. Interest calculated for a debt instrument using the effective interest method is recognised in profit or loss.

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are held for trading, derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities that are specially designated into this category upon initial recognition.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair value with the gain or loss recognised in profit or loss.



Part A – Explanatory Notes Pursuant to FRS 134

A1. Basis of preparation (continued)

2. Significant accounting policies (continued)

2.1 Change in accounting policies (continued)

(i) FRS 139, Financial Instruments: Recognition and Measurement (continued)

(III) Financial guarantee contracts

A financial guarantee contract is a contract that require the issuer to make specified payments to reimburse the holder for the loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are classified as deferred income and amortised to profit or loss using straight-line method over the contractual period or, when there is no specified contractual period, recognised in profit or loss upon discharge of the guarantee. When settlement of a financial contract becomes probable, an estimate of the obligation is made. If the carrying value of the financial guarantee contract is lower than the obligation, the carrying value is adjusted to the obligation amount and accounted for as a provision.

(IV) Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial assets under contract whose terms require delivery of the assets within the time frame established generally by regulation or convention in the marketplace concerned,

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refer to:

- (a) the recognition of an asset to be received and the liability to pay for it on the trade date, and
- (b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

(V) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset have been transferred. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in the profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the profit or loss.



Part A – Explanatory Notes Pursuant to FRS 134

A1. Basis of preparation (continued)

2. Significant accounting policies (continued)

2.1 Change in accounting policies (continued)

(i) FRS 139, Financial Instruments: Recognition and Measurement (continued)

The application of the above new policies has the following effects:

	Retained earnings as at 1 January 2010 RM'000	
As at 1 January, as previously stated	162,176	
Adjustments arising from adoption of FRS 139:		
- Remeasurement of trade and other receivables	<table border="1"><tr><td style="text-align: right;">(344)</td></tr></table>	(344)
(344)		
	(344)	
As at 1 January, as restated	<hr/> 161,832 <hr/>	

Investments in equity securities

Prior to the adoption of FRS 139, investment in non-current equity securities are recognised initially at fair value plus attributable transaction costs. Subsequent to initial recognition, investment in non-current equity securities other than investments in subsidiaries and associates, were stated at cost less allowance for diminution in value. Where in the opinion of the Directors, there is decline other than temporary in the value of non-current equity securities other than investments in subsidiaries and associates, an allowance for the diminution in value is made as an expense in the period/year in which the decline is identified.

With the adoption of FRS 139, quoted investments in non-current equity securities, other than investment in subsidiaries and associates, are now categorised and measured as fair value through profit or loss, or as available-for-sale as detailed above.

Prior to the adoption of FRS 139, current investments were carried at the lower of cost and market value, determined on an aggregate portfolio basis by category of investments. With the adoption of FRS 139, current investments are now categorised and measured as fair value through profit or loss as detailed above.

The change in this accounting policy has no material impact on the retained earnings as at 1 January 2010.

Loans and receivables

Prior to the adoption of FRS 139, loans and receivables were recorded at cost.

With the adoption of FRS 139, loans and receivables are now recognised initially at their fair value, which are estimated by discounting the expected cash flows using the current market interest rate of a loan with similar risk and tenure. Interest income is recognised in the profit or loss using the effective interest method.



Part A – Explanatory Notes Pursuant to FRS 134

A1. Basis of preparation (continued)

2. Significant accounting policies (continued)

2.1 Change in accounting policies (continued)

Impairment of trade and other receivables

Prior to the adoption of FRS 139, an allowance for doubtful debts was made when a receivable is considered irrecoverable by the management.

With the adoption of FRS 139, an impairment loss is recognised for trade and other receivables and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

The changes in accounting policies have been made in accordance with the transitional provisions of FRS 139. In accordance with the transitional provisions of FRS 139 for first-time adoption, adjustments arising from the remeasuring the financial instruments at the beginning of the financial period were recognised as adjustments of the opening balance of retained earnings or another appropriate reserve. Comparatives are not adjusted.

Consequently, the adoption of FRS 139 does not affect the basic and diluted earnings per ordinary share for prior periods. It is not practicable to estimate the impact arising from the adoption of FRS 139 to the current period's basic and diluted earnings per ordinary share.

(ii) FRS 8, Operating Segments

As of 1 January 2010, the Group determines and presents segments based on internal reports that are regularly reviewed by the entity's chief operating decision maker of the Group in order to allocate resources to the segment and to assess its performance. This change in accounting policy is due to the adoption of FRS 8 replacing FRS 114, *Segment Reporting*.

As the Group is primarily engaged in the cultivation of oil palm and palm oil milling operations carried out in Malaysia, which are within a single business segment, the initial adoption of FRS 8 does not have any material impact on the financial statements of the Group.

(iii) Amendments to FRS 101, Presentation of Financial Statements

The Group applies FRS 101 (amended) which became effective as of 1 January 2010. As a result, the titles of the financial statements is changed to reflect their functions more clearly, for example, Balance Sheet is renamed as Statement of Financial Position and Income Statement is renamed as Consolidated Statement of Comprehensive Income. The Group presents all non-owner changes in equity in Consolidated Statement of Comprehensive Income.

Comparative information has been re-presented so that it is in conformity with the revised FRS 101 (but not with FRS 139 which does not require restatement of comparatives). This Standard does not have any impact on the financial position and results of the Group.



Part A – Explanatory Notes Pursuant to FRS 134

A1. Basis of preparation (continued)

2. Significant accounting policies (continued)

2.1 Change in accounting policies (continued)

(iv) FRS 123, *Borrowing Costs* (revised)

Before 1 January 2010, borrowing costs were expensed to profit or loss as and when they were incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset and development of plantations which necessarily takes a substantial period of time to be prepared for its intended use.

With the adoption of FRS 123 (revised), the Group capitalises borrowing costs that are directly attributable to the acquisition, construction or production of qualifying asset as part of the cost of that asset for which the commencement date of the capitalisation is on or after 1 January 2010.

As the Group's current capitalisation policy for borrowing costs is consistent with FRS 123 (revised), the adoption thereof does not have a material impact on the Group.

The adoption of FRS 123 (revised), which is applied on prospective basis, does not affect the basic and diluted earnings per ordinary share for prior periods and has no material impact to the current period's basic and diluted earnings per ordinary share.

(v) FRS 140, *Investment Property*

Before 1 January 2010, an investment property under construction was classified as property, plant and equipment and measured at cost. Such property is stated at cost until construction or development was completed, at which time it would be stated at cost less accumulated depreciation and any accumulated impairment losses consistent with the accounting policy for property, plant and equipment.

With the amendment made to FRS 140 with effect from 1 January 2010, investment property under construction is classified as investment property. Where the fair value of the investment property under construction is not reliably determinable, the investment property under construction is measured at cost until either its fair value becomes reliably determinable or construction is completed, whichever is earlier.

The change in accounting policy has been made prospectively in accordance with the transitional provisions of FRS 140.

Hence, the adoption of FRS 140 does not affect the basic and diluted earnings per ordinary share for prior periods and has no material impact to the current period's basic and diluted earnings per ordinary share.

(vi) IC Interpretation 10, *Interim Financial Reporting and Impairment*

IC Interpretation 10 prohibits the reversal of an impairment loss that has been recognised 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 applies prospectively from the date of the measurement criteria of FRS 136, *Impairment of Assets* and FRS 139 respectively were first applied.

The adoption of IC Interpretation 10 does not have any impact to the financial statements of the Group as no reversal of such impairment loss has been made in the current or previous periods.

Part A – Explanatory Notes Pursuant to FRS 134

A1. Basis of preparation (continued)

2. Significant accounting policies (continued)

2.1 Change in accounting policies (continued)

(vii) FRS 117, Lease

The amendment to FRS 117 allows the reclassification of long-term leasehold land which in substance is a finance lease, previously treated as prepaid lease payments, to property, plant and equipment and measured as such retrospectively. The reclassification does not affect the basic and diluted earnings per ordinary share for the current and prior periods.

The amendment to FRS 117 does not have any material impact to the financial statements of the Group.

2.2 Standards, Amendments and Interpretations Effective for Annual Periods Beginning on or after 1 March 2010

The Group has not applied the following accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board (“MASB”) but are only effective for annual periods beginning on or after the respective dates indicated herein:

Standard / Amendment / Interpretation	Effective date
Amendments to FRS 132, <i>Financial Instruments: Presentation – Classification of Rights Issues</i>	1 March 2010
FRS 1, <i>First-time Adoption of Financial Reporting Standards</i> (revised)	1 July 2010
FRS 3, <i>Business Combinations</i> (revised)	1 July 2010
FRS 127, <i>Consolidated and Separate Financial Statements</i> (revised)	1 July 2010
Amendments to FRS 2, <i>Share-based Payment</i>	1 July 2010
Amendments to FRS 5, <i>Non-current Assets Held for Sale and Discontinued Operations</i>	1 July 2010
Amendments to FRS 138, <i>Intangible Assets</i>	1 July 2010
Amendments to IC Interpretation 9, <i>Reassessment of Embedded Derivatives</i>	1 July 2010
IC Interpretation 12, <i>Service Concession Arrangements</i>	1 July 2010
IC Interpretation 15, <i>Agreements for the Construction of Real Estate</i>	1 July 2010
IC Interpretation 16, <i>Hedges of a Net Investment in a Foreign Operation</i>	1 July 2010
IC Interpretation 17, <i>Distributions of Non-cash Assets to Owners</i>	1 July 2010
Amendments to FRS 1, <i>Limited Exception from Comparative FRS 7, Disclosure for First-time Adopters</i>	1 January 2011
Amendments to FRS 7, <i>Improving Disclosures About Financial Instruments</i>	1 January 2011

The Group plans to apply from the annual period beginning on 1 January 2011 those standards, amendments and interpretations as listed above other than FRS 1 (revised), Amendments to FRS 2, Amendments to FRS 5, Amendments to FRS 138, IC Interpretation (ICI) 12, ICI 15 and ICI 17 which are not applicable to the Group.



Part A – Explanatory Notes Pursuant to FRS 134

A1. Basis of preparation (continued)

2. Significant accounting policies (continued)

2.2 Standards, Amendments and Interpretations Effective for Annual Periods Beginning on or after 1 March 2010 (continued)

FRS 3 (revised), which is to be applied prospectively, incorporates the following changes to the existing FRS 3:

- The definition of a business has been broadened, which is likely to result in more acquisitions being treated as business combinations.
- Contingent consideration will be measured at fair value, with subsequent changes therein recognised in profit or loss.
- Transaction costs, other than share and debts issue costs, will be expensed as incurred.
- Any pre-existing interest in the acquiree will be measured at fair value with the gain or loss recognised in profit or loss.
- Any minority (will be known as non-controlling) interest will be measured at either fair value, or at its proportionate interest in the identifiable assets and liabilities of the acquiree, on a transaction-by-transaction basis.

The amendments to FRS 127 require changes in group composition to be accounted for as equity transactions between group and its minority (will be known as non-controlling) interest holders.

The amendments to FRS 127 further require all losses attributable to minority interest to be absorbed by the minority interest i.e., the excess and any further losses exceeding the minority interest in the equity of a subsidiary are no longer charged against the Group's interest.

The above changes in FRS 127 are not expected to have material impact to the Group.

Financial Reporting Standards will be fully converged with International Financial Reporting Standards by 1 January 2012. The financial impact and effect on disclosures and measurement consequent on such convergence are dependent on the issuance of such new or revised standards, amendments and interpretations by MASB as are necessary to effectuate the full convergence.

Part A – Explanatory Notes Pursuant to FRS 134

A2. Disclosure of Audit Report Qualification

There was no qualification in the audit report on the preceding audited financial statements.

A3. Seasonality or Cyclicity of Interim Operations

The Group's performance is affected by the cropping pattern of fresh fruit bunches ("FFB") which normally reaches its peak in the second half of the year, that will be reflected accordingly in the crude palm oil ("CPO") and palm kernel ("PK") production of the Group; and also by the prices of CPO and PK which are determined by global supply and demand situation for edible oils and fats.

A4. Unusual Items Affecting Assets, Liabilities, Equity, Net income or Cash Flow

There were no items affecting assets, liabilities, equity, net income, or cash flows which were unusual in nature, size or incidence during the current financial period.

A5. Material Changes in Estimates

There were no changes in the estimates of amounts reported in prior financial years and preceding interim periods which have a material effect in the current interim financial period.

A6. Issuances, Cancellations, Repurchases, Resale and Repayments of Debt and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayment of debt and equity in the current interim financial period.

A7. Dividends Paid

There was no dividend paid during the current interim quarter under review.

A8. Segment Information

No segment analysis was prepared as the Group is primarily engaged in the cultivation of oil palms and palm oil milling operations carried out in Malaysia which are within a single business segment.

A9. Impairment of Assets

There was neither impairment loss nor reversal of such impairment loss recognised during the current interim financial period.

A10. Material Events Subsequent to the End of the Interim Period

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

A11. Changes in the Composition of the Group

As at 31 March 2010, there were no changes in the composition of the Group arising from business combinations, acquisition or disposal of subsidiary companies and long-term investments, restructurings and discontinued operations.

A12. Changes in Contingent Liabilities and Contingent Assets

As at 31 March 2010, there were no material contingent liabilities or contingent assets, which upon being enforced might have a material impact on the financial position or business of the Group.

At 31/03/2010

RM'000

As at that date, the Company has contingent liability as follows:

Corporate guarantees granted for banking facilities of subsidiaries

137,000

Part A – Explanatory Notes Pursuant to FRS 134

A13. Capital Expenditure Commitments

As at 31 March 2010, there were no material capital commitments for capital expenditure, contracted for or known to be contracted for by the Group which might have a material impact on the financial position or business of the Group except as disclosed below:

	At 31/03/2010
	RM'000
Capital Expenditure	
Authorised and contracted for	15,610
Authorised and not contracted for	128,592
	<u>144,202</u>
Analysed as follows:	
Property, plant and equipment	57,825
Prepaid lease payments	33,879
Plantation development expenditure	52,498
	<u>144,202</u>

A14. Significant Related Party Transactions

The significant related party transactions during the financial period as set out below represent significant transactions with companies having common directorship or in which a Director has interests; or with a corporate shareholder of the Company.

	Cumulative Quarter (3 Months)	
	Current Year - Period To Date 31/03/2010 RM'000	Preceding Year - Period To Date 31/03/2009 RM'000
a. Sarawak Land Development Board ("SLDB")		
- Receipts of proceeds from sales of FFB on behalf of SLDB*	131	116
- Payment of expenses on behalf of SLDB*	(74)	(77)
- Management fee in relation to the management of the plantation of SLDB	(31)	(39)
b. Danawa Resources Sdn. Bhd.		
- Acquisition of hardware and software	0	34
	<u>0</u>	<u>34</u>

* In the course of the management of the plantation of SLDB by a subsidiary.

The Directors are of the opinion that all the transactions above have been entered into in the normal course of business and they are effected on terms not materially different from those obtainable in transactions with unrelated parties.



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

B1. Review of Performance

The Group recorded revenue of RM75.5 million for the three months ended 31 March 2010 compared with RM48.7 million reported in the corresponding period of the preceding year. The increase of RM26.8 million or 55.0% was mainly attributable to higher sales volume of crude palm oil (“CPO”) and palm kernel (“PK”) and higher realised average selling prices of CPO and PK as compared to the corresponding period of the preceding year.

The sales volume of CPO and PK have increased by 14.9% and 13.7% respectively in the current financial period. The realised average selling prices of CPO and PK have increased by 35.0% and 67.4% respectively in the current financial period primarily due to improvement in global vegetable oil prices.

Due to the increase in CPO and PK prices, the Group’s profit before income tax expense for the current financial period was higher by RM14.9 million as compared to the corresponding period of the preceding year.

B2. Material Changes in Profit Before Income Tax Expense for the Current Quarter as Compared with the Immediate Preceding Quarter

For the quarter under review, the Group recorded a profit before income tax expense of RM15.8 million as compared to a profit before tax of RM28.2 million in the preceding quarter.

The Group recognised a gain of RM 7.5 million from the sale of land in the preceding quarter (RM Nil for the current quarter). The decrease in profit before income tax expense is also attributable to lower CPO sales volume by 14.3%, despite being partially offsetted by higher realised average selling prices of CPO by approximately 7.8%.

B3. Prospects for the Current Financial Year

The performance of the Group is largely dependent on the production, operational efficiency and price of CPO.

Barring any unforeseen circumstances, the Directors are of the opinion that the performance of the Group for the current financial year is expected to remain stable subject to a stable market for crude oil and global oils and fats.

B4. Profit Forecast or Profit Guarantee

The disclosure requirement for explanatory notes for the variance of actual profit after income tax expense and minority interest and forecast profit after income tax expense and minority interest is not applicable as the Group did not issue any profit forecast or profit guarantee for the financial year.



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

B5. Income Tax Expenses

	Individual Quarter (Q1)		Cumulative Quarter (3 Months)	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year - Period To Date	Preceding Year - Period To Date
	31/03/2010	31/03/2009	31/03/2010	31/03/2009
	RM'000	RM'000	RM'000	RM'000
Current income tax expense	182	245	182	245
Deferred tax expense	3,774	0	3,774	0
	<u>3,956</u>	<u>245</u>	<u>3,956</u>	<u>245</u>

B6. Unquoted Investments

There was no material purchase or disposal of unquoted investments for the current financial period.

B7. Quoted Investments

There was no material purchase or disposal of quoted securities for the current financial period.

The investments in quoted securities as at 31 March 2010 are as follows:

Quoted in Malaysia

	At 31/03/2010
	RM'000
<u>Non-current</u>	
Financial assets at fair value through profit and loss	<u>1,738</u>
<u>Represented by:</u>	
At fair value	<u>1,738</u>
At market value	<u>1,738</u>



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

B8. Loans and Borrowings

	At 31/03/2010
	RM'000
<u>Current</u>	
Term loan - unsecured	2,960
	<u>2,960</u>
<u>Non-current</u>	
Term loans - secured	75,000
- unsecured	14,080
	<u>89,080</u>
Total loans and borrowings	<u>92,040</u>

Loans and Borrowings of the Group comprise:

(a) Secured facility

Term loan

This term loan is secured by way of the Company's corporate guarantee and a first charge over certain prepaid lease payments and buildings of a subsidiary. The loan tenure is for a period of 5 years and to be repaid in 13 quarterly installments. The first quarterly installment shall commence on 25 November 2011, 24 months from the date of first draw down (25 November 2009).

The effective interest rate of this term loan is 4.00% per annum.

(b) Unsecured facility

This term loan is supported by way of the Company's corporate guarantee. The loan tenure is for a period 7 years from the date of full drawdown in March 2009 and is to be repaid by 27 quarterly installments commencing 1 July 2009.

The effective interest rate of the term loan is 3.57% per annum.

The above borrowings are denominated in Ringgit Malaysia.



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

B9. Corporate Proposals

(A) Status of Corporate Proposals Announced

The corporate proposal announced but not completed as at 20 May 2010, (*being the latest practicable date which is not earlier than 7 days from the date of the issue of this quarterly report*), is set out as below:

On 28 November 2007, a subsidiary of the Group, Sarawak Plantation Agriculture Development Sdn. Bhd. ("SPAD"), entered into three conditional Sale and Purchase Agreements ("SPA") with Lembaga Amanah Kebajikan Masjid Negeri Sarawak ("LAKMNS") to purchase four parcels of plantation land of approximately 7,620 hectares, for a total purchase price of RM19,050,000. The completion of the SPA is conditional upon LAKMNS obtaining the consent of the Director of Lands and Survey for the transfer of the four parcels of plantation land within 6 months from the date of the SPA or such extended period as SPAD and LAKMNS may mutually agree upon in writing.

The consent of the Director of the Land and Survey was obtained on 22 April 2008 and the SPA has since become unconditional.

As at 20 May 2010, the balance purchase price has been paid and the process to transfer the land is ongoing.

The transfer is expected to be completed during the current financial year.

**Part B – Explanatory Notes Pursuant to Part A of Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad****B9. Corporate Proposals (continued)****(B) Status of Utilisation of Proceeds**Proceeds from Public Issue

As at the end of the current interim period, the status of utilisation of the proceeds from public Issue as compared to the actual utilisation is as follows:

	Proposed Utilisation (RM'000)	Actual Utilisation (RM'000)	Revised Time Frame for Utilisation	Deviation (RM'000)	%	Remark
Capital expenditure	30,000	18,233	By 31 March 2011	-		Balance of (RM'000) 11,767 is available for use
Working capital purposes for the Group's core business	55,500	55,969	-	469*	0.85	Balance of (RM'000) nil is available for use
Share issue expenses	4,500	4,031	-	(469)*	10.4	Balance of (RM'000) nil is available for use
Total	90,000	78,233		-		Balance: (RM'000) 11,767

* For any decrease in the share issue expenses, utilisation for working capital purposes of the Group's core business will increase correspondingly.

B10. Off Balance Sheet Financial Instruments

As at 20 May 2010 (being the latest practicable date which is not earlier than 7 days from the date of the issue of this quarterly report), the Group did not enter into any contract involving off balance sheet financial instruments.



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

B11. Changes in Material Litigation

As at 20 May 2010 (*being the latest practicable date which is not earlier than 7 days from the date of the issue of this quarterly report*), there were no changes to the status of material litigation or arbitration in which the Company and/or any of its subsidiaries were involved either as plaintiff or defendant which has a material effect on the Group's financial position except as disclosed below:

- (a) A subsidiary, SPAD ("Plaintiff" or "Purchaser") instituted legal action against a third party ("Defendant" or "Vendor"). The claim is for the refund of the sum of RM7,200,000 paid under a Sale and Purchase Agreement ("SPA") dated 27 July 1999 for the purchase of 4,148,000 ordinary shares of RM1.00 each in Bahtera Bahagia Sdn. Bhd. ("Bahtera"). The SPA was amended and varied by Deeds of Variation dated 27 November 1999 and 16 August 2000. Based on the opinion of SPAD's advocates, the Defendant/Vendor failed to obtain a Waiver of Pre-emption Rights by 31 December 2000 and thereby breached one of the conditions precedent of the SPA. Accordingly, SPAD as Plaintiff/Purchaser became entitled to the refund of the deposit and part payment made under the SPA.

A Writ and Statement of Claim was filed on 27 December 2006 and an Amended Writ and Statement of Claim redated 27 April 2007 has been served on the Defendant. A Defence and Counterclaim was filed and served on 28 May 2007. The Plaintiff has filed a Reply and Defence to Counterclaim on 20 June 2007.

This suit has been consolidated with items (d), (e) and (f) below. They have been set down for hearing on 20 and 21 September 2010.

The Directors, in consultation with the Company's advocates, are of the opinion that SPAD has strong merits in the case.

- (b) SPAD sued 15 individuals ("Defendants"), seeking injunctive and declaratory relief against the Defendants for various acts of trespass over its land described as Lot 7 Block 12 Bawan Land District. The financial relief claimed by SPAD are special damages of RM2,836,000, general and unspecified damages and interest thereon at the rate of 8% per annum. SPAD had obtained an injunction restraining the Defendants from entering or trespassing on its land, threatening or harassing its employees or disrupting, obstructing or hindering its work. No defence or counterclaim against SPAD has been filed.

The suit has been consolidated with another suit, Kuching High Court Suit No. 22-23-2006-II (TR Ladon anak Edieh and 10 others vs. SLDB and 2 others"). The order for consolidation has been approved, pending extraction by the advocates for the Defendants.

The suit is now fixed for continuation of trial on 26 - 28 July 2010.

The Directors, in consultation with the Company's advocates, are of the opinion that SPAD has strong merits in the case.



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

B11. Changes in Material Litigation (continued)

- (c) SPAD (“Plaintiff”) instituted legal action against an insurance company (“Defendant”) to seek recovery of SPAD’s loss and damage arising from the incident herein. On 9 May 2008, a water tank burst at SPAD’s Niah Palm Oil Mill. The impact from the discharging water caused damage to three Crude Palm Oil (“CPO”) tanks resulting in spillage of CPO and other incidental damages. On 4 September 2008, the Defendant declined liability under two policies issued by them, one covering property loss and damage and the other, consequential loss.

A Writ and Statement of Claim was filed on 11 March 2009 and a Defence was filed on 24 April 2009 and served on the Plaintiff on 27 April 2009. A reply to Defence was filed and served on 26 May 2009. The Summons for Directions and Notice to attend Pre-Trial Case Management was filed on 3 June 2009. The Summons for Directions was heard on 4 November 2009. The Court fixed the matter for mention on 27 May 2010. Meanwhile, pre-trial discovery process is still under way.

The Directors, in consultation with the Company’s advocates, are of the opinion that SPAD has strong merits in the case.

- (d) SPAD (“Plaintiff” or “Purchaser”) instituted legal action against a third party (“Defendant” or “Vendor”). The claim is for the account of the sum of RM2,600,000 paid under a Sale and Purchase Agreement (“SPA”) dated 16 July 1999 for the purchase of 7,500 ordinary shares of RM1.00 each in Sachiew Plantations Sdn. Bhd. (“Sachiew”). The SPA was amended and varied by Deeds of Variation dated 27 November 1999 and 16 August 2000. Based on the opinion of SPAD’s advocates, the Defendant/Vendor failed to obtain a Waiver of Pre-Emption Rights by 31 December 2000 and thereby breached one of the conditions precedent of the SPA. SPAD then allowed the Vendor to find a buyer for the shares. The Vendor sold the shares but did not account for the sum of RM2,600,000, and is thus deemed to be holding the same on trust for SPAD.

A Writ and Statement of Claim was filed on 19 February 2009. An Amended Writ and Statement of Claim redated 23 April 2009 has been served on the Defendant. A Defence and Counterclaim dated 18 June 2009 has been served by the Defendant’s Advocates. The Plaintiff has filed a Reply and Defence to the Counterclaim on 6 August 2009.

This suit has been consolidated with items (a) above, (e) and (f) below. They have been set down for hearing on 20 and 21 September 2010.

The Directors, in consultation with the Company’s advocates, are of the opinion that SPAD has strong merits in the case.

- (e) SPAD (“Plaintiff” or “Purchaser”) instituted legal action against a third party (“Defendant” or “Vendor”). The claim is for the refund of the sum of RM15,400,000 paid under a Sale and Purchase Agreement (“SPA”) dated 23 September 1999 for the purchase of 30,000 ordinary shares of RM1.00 each in Kumpulan Kris Jati Sdn. Bhd. (“Kris Jati”). The SPA was amended and varied by Deeds of Variation dated 27 November 1999 and 16 August 2000. Based on the opinion of SPAD’s advocates, the Defendant/Vendor failed to obtain a Waiver of Pre-Emption Rights by 31 January 2000 and thereby breached one of the conditions precedent of the SPA. Accordingly, SPAD as the Plaintiff/Purchaser became entitled to the refund of the deposit and part payment made under the SPA.

A Writ and Statement of Claim was filed on 19 February 2009. An Amended Writ and Statement of Claim redated 23 April 2009 has been served on the Defendant. A Defence and Counterclaim dated 18 June 2009 has been served by the Defendant’s Advocates. The Plaintiff has filed a Reply and Defence to the Counterclaim on 6 August 2009.



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

B11. Changes in Material Litigation (continued)

- (e) This suit has been consolidated with items (a) and (d) above and (f) below. These matters have been set down for hearing on 20 and 21 September 2010.

The Directors, in consultation with the Company's advocates, are of the opinion that SPAD has strong merits in the case.

- (f) SPAD ("Plaintiff" or "Purchaser") instituted legal action against a third party ("Defendant" or "Vendor"). The claim is for the Defendant to account to the Plaintiff the sum of RM7,000,000 paid under a Sale and Purchase Agreement ("SPA") dated 16 July 1999 for the purchase of 4.5 million ordinary shares of RM1.00 each in Empresa (M) Sdn. Bhd. ("Empresa"). The SPA was amended and varied by Deeds of Variation dated 27 November 1999 and 16 August 2000. The Plaintiff discovered that Empresa had encroached on third party's land which the Defendant could not resolve and the parties orally agreed that the Defendant would find a buyer and pay back the RM7,000,000 to the Plaintiff. The Defendant found a buyer and sold the shares but did not pay the moneys to the Plaintiff.

A Writ and Statement of Claim was filed on 30 April 2009 and the same has been served on the Defendant. A Defence and Counterclaim dated 18 June 2009 has been served by the Defendant's Advocates. The Plaintiff has filed a Reply and Defence to the Counterclaim on 6 August 2009.

This suit has been consolidated with items (a), (d) and (e) above. They have been set down for hearing on 20 and 21 September 2010.

The Directors, in consultation with the Company's advocates, are of the opinion that SPAD has a reasonable claim.

B12. Dividend Declared

On 24 February 2010, the Board of Directors had declared a second interim, single tier dividend of 5.5 sen per share, totalling approximately RM15.4 million, in respect of the financial year ended 31 December 2009, which was paid to shareholders on 8 April 2010.



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

B13. Earnings per Share

	Individual Quarter (Q1)		Cumulative Quarter (3 Months)	
	Current Year Quarter 31/03/2010 '000	Preceding Year Corresponding Quarter 31/03/2009 '000	Current Year - Period To Date 31/03/2010 '000	Preceding Year - Period To Date 31/03/2009 '000
Profit attributable to Owners of the Company (RM)	11,854	623	11,854	623
Weighted average number of ordinary shares in issue (unit)	279,564	279,564	279,564	279,564
Basic earnings per share (sen)	4.24	0.22	4.24	0.22
Diluted earnings per share (sen)	N/A	N/A	N/A	N/A

Basic earnings per share

The calculation of basic earnings per share for the interim quarter and financial period is based on the profit attributable to Owners of the Company and on the weighted average number of ordinary shares of RM1.00 each in issue excluding the weighted average treasury shares held by Company.

Diluted earnings per share

The diluted earnings per share for the interim quarter and financial period were not computed as the Company does not have any potentially dilutive ordinary shares as at 31 March 2010.

B14. Authorised for Issue

The condensed consolidated interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Board on 25 May 2010.

By Order of the Board

Company Secretary
Kuching
25 May 2010