



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

INTERIM REPORT FOR 2ND QUARTER ENDED 30 JUNE 2012



INTERIM REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2012
(The figures have not been audited)

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

	Notes	As At End Of Current Year Quarter 30/06/2012 (Unaudited) RM'000	As At End Of Preceding Financial Year 31/12/2011 (Audited) RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		297,787	294,790
Plantation development expenditure		244,124	236,158
Investment property		5,570	5,656
Total non-current assets		547,481	536,604
Current assets			
Other investments	B7	1,711	1,685
Inventories		14,984	29,215
Trade and other receivables		26,202	30,021
Prepayments and other assets		6,985	6,482
Assets classified as held for sale		2,341	949
Current tax recoverable		133	133
Short term deposits		148,856	152,445
Cash and bank balances		5,164	6,332
Total current assets		206,376	227,262
TOTAL ASSETS		753,857	763,866

**Condensed Consolidated Statement of Financial Position (continued)**

(The figures have not been audited)

	Notes	As At End Of Current Year Quarter 30/06/2012 (Unaudited) RM'000	As At End Of Preceding Financial Year 31/12/2011 (Audited) RM'000
EQUITY AND LIABILITIES			
Equity attributable to Owners of the Company			
Share capital	A5	280,000	280,000
Share premium	A5	60,969	60,969
Reserves		228,021	223,177
		<u>568,990</u>	<u>564,146</u>
Non-controlling interests holders		(705)	(252)
Total equity		<u>568,285</u>	<u>563,894</u>
Non-current liabilities			
Deferred tax liabilities		49,701	47,021
Borrowings	B8	47,420	58,900
Total non-current liabilities		<u>97,121</u>	<u>105,921</u>
Current liabilities			
Trade and other payables		64,467	66,006
Borrowings	B8	22,960	22,960
Current tax payable		1,024	5,085
Total current liabilities		<u>88,451</u>	<u>94,051</u>
Total liabilities		<u>185,572</u>	<u>199,972</u>
TOTAL EQUITY AND LIABILITIES		<u>753,857</u>	<u>763,866</u>
Net assets per share attributable to Owners of the Company (RM)		<u>2.03</u>	<u>2.02</u>

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2011 and the accompanying explanatory notes attached to this report)



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

	Notes	Individual Quarter (Q2)		Cumulative Quarter (6 Months)	
		Current Year Quarter	Preceding Year Corresponding Quarter	Current Year - Period To Date	Preceding Year - Period To Date
		30/06/2012	30/06/2011	30/06/2012	30/06/2011
		(Unaudited) RM'000	(Unaudited) RM'000	(Unaudited) RM'000	(Unaudited) RM'000
Revenue		117,991	130,249	219,491	220,392
Cost of sales		(83,932)	(86,917)	(150,868)	(145,046)
Gross profit		34,059	43,332	68,623	75,346
Other operating income		230	306	665	731
Distribution costs		(6,493)	(6,192)	(12,020)	(10,733)
Other operating expenses		(199)	(416)	(376)	(1,083)
Administrative expenses		(6,130)	(6,227)	(12,263)	(10,762)
Replanting expenditure		(900)	(680)	(1,631)	(2,016)
Results from operating activities		20,567	30,123	42,998	51,483
Finance income		1,276	970	2,455	1,864
Finance costs		(787)	(1,035)	(1,746)	(1,895)
Net finance income/(cost)		489	(65)	709	(31)
Profit before tax	A14	21,056	30,058	43,707	51,452
Income tax expense	B5	(5,085)	(7,661)	(11,360)	(12,660)
Profit for the period		15,971	22,397	32,347	38,792
Other comprehensive income, net of tax		0	0	0	0
Total comprehensive income for the period		15,971	22,397	32,347	38,792



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

	Notes	Individual Quarter (Q2)		Cumulative Quarter (6 Months)	
		Current Year Quarter	Preceding Year Corresponding Quarter	Current Year - Period To Date	Preceding Year - Period To Date
		30/06/2012	30/06/2011	30/06/2012	30/06/2011
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
		RM'000	RM'000	RM'000	RM'000
Profit attributable to:					
Owners of the Company		16,176	22,582	32,800	39,193
Non-controlling interests holders		(205)	(185)	(453)	(401)
Profit for the period		<u>15,971</u>	<u>22,397</u>	<u>32,347</u>	<u>38,792</u>
Total comprehensive income attributable to:					
Owners of the Company		16,176	22,582	32,800	39,193
Non-controlling interests holders		(205)	(185)	(453)	(401)
Total comprehensive income for the period		<u>15,971</u>	<u>22,397</u>	<u>32,347</u>	<u>38,792</u>
Basic earnings per ordinary share attributable to Owners of the Company (sen):					
Basic	B13	<u>5.78</u>	<u>8.08</u>	<u>11.73</u>	<u>14.02</u>
Diluted	B13	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2011 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									Total equity RM'000	
	Notes	Non-distributable					Distributable				Non-controlling interests holders 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			
									Issued and paid up ordinary shares of RM1.00 each		
At 1 January 2012		280,000	280,000	60,969	493	(1,223)	223,907	564,146	(252)	563,894	
Total comprehensive income for the period		-	-	-	-	-	32,800	32,800	(453)	32,347	
Less: Second interim, single tier exempt dividend in respect of the financial year ended 31 December 2011	B12	-	-	-	-	-	(27,956)	(27,956)	-	(27,956)	
At 30 June 2012		280,000	280,000	60,969	493	(1,223)	228,751	568,990	(705)	568,285	

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2011 and the accompanying explanatory notes attached to this report)



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

Notes	Attributable to Owners of the Company								
	Non-distributable						Distributable		
	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	Non-controlling interests holders RM'000	Total equity RM'000
At 1 January 2011	280,000	280,000	60,969	493	(1,223)	169,706	509,945	4,118	514,063
Total comprehensive income for the period	-	-	-	-	-	39,193	39,193	(401)	38,792
Less: Second interim, single tier exempt dividend in respect of the financial year ended 31 December 2010	-	-	-	-	-	(9,785)	(9,785)	-	(9,785)
At 30 June 2011	280,000	280,000	60,969	493	(1,223)	199,114	539,353	3,717	543,070

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2011 and the accompanying explanatory notes attached to this report)



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

	Cumulative Quarter (6 Months)	
	Current Year - Period To Date 30/06/2012 (Unaudited) RM'000	Preceding Year - Period To Date 30/06/2011 (Unaudited) RM'000
Cash flows from operating activities		
Profit before tax	43,707	51,452
<i>Adjustments for:</i>		
Amortisation of investment property	86	86
Change in fair value of other investments	4	0
Depreciation of plantation development expenditure	110	0
Depreciation of property, plant and equipment	9,439	9,884
Dividend income from other investments	(39)	(11)
Gain on disposal of property, plant and equipment	0	(4)
Gain on disposal of other investments	(12)	(6)
Impairment loss on:		
- trade and other receivables	0	29
Finance income	(2,455)	(1,864)
Finance cost	1,746	1,895
Inventories written off	130	0
Property, plant and equipment written off	11	201
Operating profit before changes in working capital	52,727	61,662
Change in inventories	14,114	(15,256)
Change in trade and other receivables, prepayments and other assets	(38,882)	1,351
Change in trade and other payables	34,059	25,000
Cash generated from operations	62,018	72,757
Income tax refunded	0	9
Income tax paid	(12,738)	(5,019)
Interest paid	(1,746)	(1,895)
Interest received	2,119	1,756
Net cash from operating activities	49,653	67,608

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

	Cumulative Quarter (6 Months)	
	Current Year - Period To Date 30/06/2012 (Unaudited) RM'000	Preceding Year - Period To Date 30/06/2011 (Unaudited) RM'000
Cash flows from investing activities		
Acquisition of property, plant and equipment	(7,865)	(8,388)
Net movement of fixed deposits with maturities of more than three months	2,817	4,158
Plantation development expenditure (net of depreciation of property, plant and equipment capitalised)	(7,109)	(4,950)
Net cash used in investing activities	(12,157)	(9,180)
Cash flows from financing activities		
Repayment of borrowings	(11,480)	(1,480)
Dividends paid to Owners of the Company	(27,956)	(9,785)
Net cash used in financing activities	(39,436)	(11,265)
Net (decrease)/increase in cash and cash equivalents	(1,940)	47,163
Cash and cash equivalents as at 1 January	153,099	112,978
Cash and cash equivalents as at 30 June	151,159	160,141
Represented by:		
Short term deposits	148,856	161,725
Cash and bank balances	5,164	1,697
	154,020	163,422
Less:		
Fixed Deposits pledged*	(716)	(716)
Fixed Deposits with maturities exceeding three months	(2,145)	(2,565)
Cash and cash equivalents	151,159	160,141

* 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 2011 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 2011.

2. Significant accounting policies

2.1 Adoption of new/revised Standards, Amendments and Interpretations

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 2011 except for the adoption of the following new/revised standards, amendments and interpretations:

Standard / Amendment / Interpretation	Effective date
Amendments to IC Interpretation 14, <i>Prepayments of a Minimum Funding Requirement</i>	1 July 2011
IC Interpretation 19, <i>Extinguishing Financial Liabilities with Equity Instruments</i>	1 July 2011
FRS 124, <i>Related Party Disclosures</i> (revised)	1 January 2012
Amendments to FRS 1, <i>First-time Adoption of Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First time Adopters</i>	1 January 2012
Amendments to FRS 7, <i>Financial Instruments: Disclosures – Transfers of Financial Assets</i>	1 January 2012
Amendments to FRS 112, <i>Income Taxes – Deferred Tax: Recovery of Underlying Assets</i>	1 January 2012

IC Interpretation 19 provides guidance on accounting for debt for equity swaps. Equity instruments issued to a creditor to extinguish all or a part of a financial liability would be “consideration paid” in accordance with paragraph 41 of FRS 139. The equity instruments would be measured initially at the fair value of those equity instruments unless that fair value cannot be reliably measured, in which case the equity instruments should be measured to reflect the fair value of the financial liability extinguished. Any difference between the carrying amount of the financial liability and the initial measurement of the equity instruments would be recognised as a gain or loss in profit or loss.

The revised FRS 124 simplifies the definition of related party, clarifies its intended meaning and eliminates inconsistencies from the definition. The changes from current practice among others include a partial exemption from disclosures for government-related entities. It requires disclosure of related party transactions between government-related entities only if the transactions are individually or collectively significant.

Prior to the issuance of the revised FRS 124, no disclosure is required in the financial statements of state-controlled entities of transactions with other state-controlled entities. The partial exemption from disclosures for government-related activities as permitted in the revised FRS 124 is intended to put users on notice that such related party transactions have occurred and to give an indication of their extent.



Part A – Explanatory Notes Pursuant to FRS 134

A1. Basis of preparation (continued)**2. Significant accounting policies (continued)****2.1 Adoption of new/revised Standards, Amendments and Interpretations (continued)**

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

Standard / Amendment / Interpretation	Effective date
Amendments to FRS 101, <i>Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income</i>	1 July 2012
FRS 10, <i>Consolidated Financial Statements</i>	1 January 2013
FRS 11, <i>Joint Arrangements</i>	1 January 2013
FRS 12, <i>Disclosure of Interests in Other Entities</i>	1 January 2013
FRS 13, <i>Fair Value Measurement</i>	1 January 2013
FRS 119, <i>Employee Benefits</i> (2011)	1 January 2013
FRS 127, <i>Separate Financial statements</i> (2011)	1 January 2013
FRS 128, <i>Investments in Associates and Joint Ventures</i> (2011)	1 January 2013
IC Interpretation 20, <i>Stripping Costs in the Production Phase of a Surface Mine</i>	1 January 2013
Amendments to FRS 7, <i>Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities</i>	1 January 2013
Amendments to FRS 132, <i>Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities</i>	1 January 2014
FRS 9, <i>Financial Instruments</i> (2009)	1 January 2015
FRS 9, <i>Financial Instruments</i> (2010)	1 January 2015
Amendments to FRS 7, <i>Financial Instruments: Disclosures – Mandatory Date of FRS 9 and Transition Disclosures</i>	1 January 2015

The initial application of a standard, an amendment or an interpretation, which is to be applied prospectively or which requires extended disclosures, is not expected to have any material financial impacts on the financial statements for the current and prior periods upon its first adoption.

2.2 Malaysian Financial Reporting Standards

MASB in furtherance of its objective of converging the accounting framework for entities other than private entities in Malaysia with International Financial Reporting Standards (“IFRS”), announced on 19 November 2011 the issuance of Malaysian Financial Reporting Standards (“MFRS”). Entities other than private entities shall apply the MFRS framework for annual periods beginning on or after 1 January 2012, with the exception of entities subject to the application of MFRS 141, *Agriculture* and/or IC Interpretation 15, *Agreements for the Construction of Real Estate*.



Part A – Explanatory Notes Pursuant to FRS 134

A1. Basis of preparation (continued)

2. Significant accounting policies (continued)

2.2 Malaysian Financial Reporting Standards (continued)

An entity subject to the application of MFRS 141 and/or IC Interpretation 15 (hereinafter referred to as transitioning entity), and the entity that consolidates or equity accounts or proportionately consolidates the transitioning entity, may continue to apply Financial Reporting Standard (“FRS”) as their financial reporting framework for annual reporting periods beginning on or after 1 January 2012. These entities were required, however, in accordance with MASB’s announcement on 19 November 2011, to comply with the MFRS framework for annual periods beginning on or after 1 January 2013.

On 30 June 2012, MASB made a further announcement to allow transitioning entities to defer the adoption of the MFRS for another year. MFRS will therefore, be mandated for all companies for annual periods beginning on or after 1 January 2014.

Accordingly, the financial statements of the Group are/will be prepared in compliance with FRS for the years ending 31 December 2012 and 31 December 2013. They will be prepared in compliance with MFRS from the financial year beginning on 1 January 2014.

**Part A – Explanatory Notes Pursuant to FRS 134****A2. 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. The performance is also affected by the prices of CPO and PK which are determined by global supply and demand situation for edible oils and fats.

A3. 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.

A4. 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.

A5. Issuances, Cancellations, Repurchases, Resale and Repayments of Debt and Equity Securities

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

A6. Dividends Paid

	Cumulative Quarter (6 Months)	
	Current Year - Period To Date 30/06/2012 RM'000	Preceding Year - Period To Date 30/06/2011 RM'000
Second interim, single tier exempt dividend in respect of the financial year ended 31 December 2010		
- 3.5 sen per ordinary share	-	9,785
Second interim, single tier exempt dividend in respect of the financial year ended 31 December 2011		
- 10 sen per ordinary share	27,956	-
	<u>27,956</u>	<u>9,785</u>

A7. Segment Information

The Group's business segments mainly comprise the following three major business segments:-

(i) Investment holding

Investment holding company

(ii) Oil palm operations

Cultivation of oil palm and processing of fresh fruit bunches

(iii) Management services and rental

Provision of management service and rental of investment properties

**Part A – Explanatory Notes Pursuant to FRS 134****A7. Segment Information (continued)****Individual Quarter (Q2)**

	Investment holding RM'000	Oil palm operations RM'000	Management services /Rental RM'000	Consolidated RM'000
30/06/2012				
Revenue				
Segment revenue	11,500	117,596	1,144	130,240
Inter-segment revenue	(11,500)	-	(749)	(12,249)
External revenue	-	117,596	395	117,991
Cost of sales				
Segment cost of sales	-	(83,387)	(567)	(83,954)
Inter-segment cost of sales	-	7	15	22
External cost of sales	-	(83,380)	(552)	(83,932)
Gross profit	-	34,216	(157)	34,059

Individual Quarter (Q2)

	Investment holding RM'000	Oil palm operations RM'000	Management services /Rental RM'000	Consolidated RM'000
30/06/2011				
Revenue				
Segment revenue	-	130,182	673	130,855
Inter-segment revenue	-	-	(606)	(606)
External revenue	-	130,182	67	130,249
Cost of sales				
Segment cost of sales	-	(86,521)	(523)	(87,044)
Inter-segment cost of sales	-	14	113	127
External cost of sales	-	(86,507)	(410)	(86,917)
Gross profit	-	43,675	(343)	43,332



Part A – Explanatory Notes Pursuant to FRS 134

A7. Segment Information (continued)

Cumulative Quarter (6 Months)

	Investment holding RM'000	Oil palm operations RM'000	Management services /Rental RM'000	Consolidated RM'000
30/06/2012				
Revenue				
Segment revenue	21,500	218,698	2,272	242,470
Inter-segment revenue	(21,500)	-	(1,479)	(22,979)
External revenue	-	218,698	793	219,491
Cost of sales				
Segment cost of sales	-	(149,740)	(1,204)	(150,944)
Inter-segment cost of sales	-	16	60	76
External cost of sales	-	(149,724)	(1,144)	(150,868)
Gross profit	-	68,974	(351)	68,623

Cumulative Quarter (6 Months)

	Investment holding RM'000	Oil palm operations RM'000	Management services /Rental RM'000	Consolidated RM'000
30/06/2011				
Revenue				
Segment revenue	20,000	220,038	1,619	241,657
Inter-segment revenue	(20,000)	-	(1,265)	(21,265)
External revenue	-	220,038	354	220,392
Cost of sales				
Segment cost of sales	-	(144,216)	(1,044)	(145,260)
Inter-segment cost of sales	-	26	188	214
External cost of sales	-	(144,190)	(856)	(145,046)
Gross profit	-	75,848	(502)	75,346



Part A – Explanatory Notes Pursuant to FRS 134

A7. Segment Information (continued)

Segment asset and liabilities

	As At End Of Current Financial Period 30/06/2012
Segment assets:	
Oil palm operations	636,165
Investment holding	385,452
Management services and rental	40,775
Total	<u>1,062,392</u>
Elimination	<u>(308,535)</u>
Total assets	<u>753,857</u>
	As At End Of Current Financial Period 30/06/2012
Segment liabilities:	
Oil palm operations	185,986
Investment holding	1,217
Management services and rental	9,821
Total	<u>197,024</u>
Elimination	<u>(11,452)</u>
Total liabilities	<u>185,572</u>

A8. Impairment of Assets

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

A9. 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 except for the following:

On 30 July 2012, Sarawak Plantation Property Holding Sdn. Bhd. ("SPPH"), a wholly owned subsidiary of the Company, has entered into a Sale and Purchase Agreement ("SPA") with Everlasting Prosperity Sdn. Bhd. for the sale of land described as Lots 433 to 497 all Block 26 Kemena Land District for a cash consideration of RM7.2 million. The sale is expected to be completed upon full payment of the consideration (ie 9 months from the date of SPA). The estimated gain on disposal upon completion of the sale is RM5.7 million.

A10. Changes in the Composition of the Group

As at 30 June 2012, 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.

**Part A – Explanatory Notes Pursuant to FRS 134****A11. Changes in Contingent Liabilities and Contingent Assets**

As at 30 June 2012, 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 30/06/2012**RM'000**

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

Corporate guarantees granted for banking facilities of subsidiaries	137,000
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A12. Capital Expenditure Commitments

As at 30 June 2012, 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 30/06/2012**RM'000****Capital Expenditure**

Authorised and contracted for	59,188
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Authorised and not contracted for	180,680
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	239,868
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Analysed as follows:

Property, plant and equipment	176,748
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Plantation development expenditure	63,120
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	239,868
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A13. 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 (6 Months)

	Current Year - Period To Date	Preceding Year - Period To Date
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	30/06/2012	30/06/2011
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	RM'000	RM'000
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a. Sarawak Land Development Board ("SLDB")		
- Receipts of proceeds from sales of FFB on behalf of SLDB*	878	937
- Payment of expenses on behalf of SLDB*	(261)	(457)
- Management fee in relation to the management of the plantation of SLDB	(69)	0
b. Danawa Resources Sdn. Bhd.		
- Acquisition of hardware and software	3	5

* 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 A – Explanatory Notes Pursuant to FRS 134****A14. Comprehensive Income Disclosures**

	Individual Quarter (Q2)		Cumulative Quarter (6 Months)	
	Current Year Quarter 30/06/2012 RM'000	Preceding Year Corresponding Quarter 30/06/2011 RM'000	Current Year - Period To Date 30/06/2012 RM'000	Preceding Year - Period To Date 30/06/2011 RM'000
Results from operating activities is arrived at after charging:				
Depreciation of plantation development expenditure	110	-	110	-
Amortisation of investment property	43	43	86	86
Depreciation of property, plant and equipment	4,689	5,303	9,439	9,884
Inventory written off	-	-	130	-
Property, plant and equipment written off	1	36	11	201
Change in fair value of other investments	4	-	4	-
Impairment loss on trade and other receivables	-	29	-	29
Finance cost	787	1,035	1,746	1,895
Results from operating activities is arrived at after crediting:				
Dividend income from other investments	5	6	39	11
Gain on disposal of other investments	3	-	12	6
Gain on disposal of property, plant and equipment	-	4	-	4
Other operating income	230	306	665	731
Finance income	1,276	970	2,455	1,864

Other items not applicable to the Group are foreign exchange gain or loss and gain and loss on derivatives.



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

B1. Review of Performance

Quarter 2, 2012 vs Quarter 2,2011

The Group recorded revenue of RM118 million in the current quarter under review compared with RM130.2 million reported in the corresponding period of the preceding year. Similarly, the Group's profit before tax of RM21.1 million for the current quarter under review was also lower by RM9 million as compared to RM30.1 million for the corresponding period of the preceding year.

The performance of the respective major business segments of the Group are as follows:

Oil palm operations

For the current quarter under review, oil palm operations segment contributed 99.6% of the Group revenue of RM118 million.

The revenue of the oil palm operations decreased by RM12.6 million to RM117.6 million in current quarter under review compared with RM130.2 million reported in the corresponding period of the preceding year. The decrease was principally attributed to the effect of lower realised average selling prices of CPO and PK, lower sales volume of CPO, partially offsetted by higher sales volume of PK.

The realised average selling prices of CPO and PK decreased by approximately 4% and 26.3% respectively for the current quarter under review in tandem with the global vegetable oil prices trends.

The sales volumes of CPO have decreased by approximately 2.8% and PK increased by approximately 19.5% for the current quarter under review as compared to the corresponding period of the preceding year.

In line with the decrease in revenue, the gross profit for the oil palm operations decreased by RM9.5 million for the current quarter under review.

Six months ended 30 June 2012 vs Six months ended 30 June 2011

The Group recorded revenue of RM219.5 million in for current financial period 30 June 2012 compared with RM220.4 million reported in the corresponding period of the preceding year. Similarly, the Group's profit before tax of RM43.7 million for current financial period was also lower by RM7.7 million compared to RM51.4 million for the corresponding period of the preceding year.

The performance of the respective major business segments of the Group are as follows:

Oil palm operations

For the six months ended 30 June 2012, oil palm operations segment contributed 99.6% of the Group recorded revenue of RM219.5 million.

The revenue of the oil palm operations decreased by RM1.3 million to RM218.7 million in the current financial period compared with RM220 million reported in the corresponding period of the preceding year. This was principally attributed to the effect of lower realised average selling prices of CPO and PK, partially offsetted by higher sales volume of CPO and PK.

The realised average selling prices of CPO and PK decreased by approximately 7.8% and 33.8% respectively for the current financial period in tandem with the global vegetable oil prices trends.

**Part B – Explanatory Notes Pursuant to Part A of Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad****B1. Review of Performance (continued)**

The sales volumes of CPO and PK have increased by approximately 12.3% and 28.5% respectively for the current financial period compared to the corresponding period of the preceding year.

In line with the decrease in revenue and higher cost of sales, the gross profit for the oil palm operations decreased by RM6.8 million for the current financial period.

Other segments

Other segments' results are insignificant to the Group.

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

For the quarter under review, the Group recorded a profit before tax of RM21.1 million as compared to a profit before tax of RM22.6 million in the preceding quarter. The decrease was principally attributed to the effect of lower sales volume of PK and higher cost of sales partially offsetted by higher realised average selling prices of CPO and PK and higher sales volume of CPO.

The realised average selling prices of CPO and PK increased by approximately 0.5% and 4.5% respectively whereas the CPO sales volume were higher by approximately 17.7% and PK lower by approximately 11.5%.

B3. Prospects for the Current Financial Year

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

The Directors are of the opinion that the Group will continue to perform well for the current financial year 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 non-controlling interest holders and forecast profit after income tax expense and non-controlling interest holders is not applicable as the Group did not issue any profit forecast or profit guarantee for the financial year.

B5. Income Tax Expense

	Individual Quarter (Q2)		Cumulative Quarter (6 Months)	
	Current Year Quarter 30/06/2012 RM'000	Preceding Year Corresponding Quarter 30/06/2011 RM'000	Current Year - Period To Date 30/06/2012 RM'000	Preceding Year - Period To Date 30/06/2011 RM'000
Current income tax expense	5,805	8,373	8,680	12,855
Deferred tax expense	(720)	(712)	2,680	(195)
	<u>5,085</u>	<u>7,661</u>	<u>11,360</u>	<u>12,660</u>

The Group's effective tax rate for the financial period ended 30 June 2012 is higher than the statutory tax rate due incurrence of certain expenses that are not deductible for tax.



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

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 30 June 2012 are as follows:

Quoted in Malaysia

	At 30/06/2012
	RM'000
<u>Current</u>	
Financial assets at fair value through profit or loss	1,711
	<hr/>
<u>Represented by:</u>	
At fair value	1,711
	<hr/>

B8. Loans and Borrowings

	At 30/06/2012
	RM'000
<u>Current</u>	
Term loan - secured	20,000
- unsecured	2,960
	<hr/>
	22,960
	<hr/>
<u>Non-current</u>	
Term loans - secured	40,000
- unsecured	7,420
	<hr/>
	47,420
	<hr/>
Total loans and borrowings	70,380
	<hr/>

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 land and buildings of a subsidiary. The loan is for a tenure of 5 years and to be repaid in 13 quarterly installments. The first quarterly installment commenced on 25 November 2011, 24 months from the date of first drawdown (25 November 2009).

The effective interest rate of this term loan is 4.80% per annum.



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

B8. Loans and Borrowings (continued)

(b) Unsecured facility

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

The effective interest rate of the term loan is 4.25% per annum.

The above borrowings are denominated in Ringgit Malaysia.

B9. Corporate Proposals

Status of Corporate Proposals Announced

There was no corporate proposal being announced during the current interim financial period.

B10. Gains/Losses from Fair Value Changes of Financial Liabilities

There were no gains/losses arising from fair value changes of financial liabilities during the current interim financial period.

B11. Changes in Material Litigation

As at 8 August 2012 (*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, Sarawak Plantation Agriculture Development Sdn. Bhd. ("SPAD") sued 15 individuals ("Defendants") and sought injunctive relief against the Defendants for various acts of trespass over its land described as Lot 7 Block 12 Bawan Land District now known as Lot 32 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 was filed by the Defendants.

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). Subsequently this matter was withdrawn and filed fresh in November 2010.

The Writ of Summons was filed under a new suit number KCH 22-237-2012-III (SPAD vs. TR Ladon anak Edieh and 10 others) on 23 November 2010. A Reply to the Defence and Counterclaim was filed on 11 January 2011.

The Defendants filed a Summons in Chambers dated 13 July 2011 to rejoin SLDB, the Superintendent of Lands and Surveys Mukah Division and the State Government of Sarawak as a party to the action. SPAD filed an Affidavit in Opposition dated 26 July 2011. The hearing of this Summons in Chambers is still on going.

On 19 March 2012, SPAD was informed that there was a trial at Sibul before the High Court under Suit No. 21-5-2012-III which involved the same land as in suit number KCH 22-237-2012-III. The Company, through its Advocates sought clarification from the Defendants by obtaining an earlier mention date.



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)

- (a) An Order was granted on 16 July 2012 to consolidate Suit No. 21-5-2012-III and Suit No. KCH 22-237-2012-III. The hearing of the Summons in Chambers to rejoin SLDB, the Superintendent of Lands and Surveys Mukah Division and the State Government of Sarawak as a party to the action will be on 29 August 2012. The Honourable Court has also reserved 18 – 29 March 2013 for trial.

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

- (b) 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 3 Crude Palm Oil (CPO) tanks resulting in spillage of CPO and other incidental damage. On 4 September 2008, the Defendant declined liability under 2 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 SPAD on 27 April 2009. A reply to Defence was filed and served on 26 May 2009. The Summons for Direction and Notice to attend Pre Trial Case Management was filed on 3 June 2009.

This suit is now fixed for trial on 24 – 28 September 2012.

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

- (c) In a new suit involving SPAD, a Writ of Summons dated 24 February 2012 was served on SPAD's solicitors on 4 April 2012. The Plaintiffs sued 4 Defendants, the second of whom is SPAD. The Plaintiffs are claiming for several reliefs and orders which include amongst other things, a declaration that the transfer of the land, namely Lot 3 Block 8 Gigis Land District, to the First Defendant and SPAD is illegal, null and void and is of no effect, a declaration that the said land is still held under the Native Customary Rights of the Plaintiffs, an order that SPAD deliver up vacant possession of the said land and their buildings thereon and to remove their machineries and equipments there from, and damages.

The first mention was on 9 April 2012 and was done via video conference to the Sibiu High Court before the Honourable Judge. The Statement of Defence has been filed. The next date for mention of the matter is 27 August 2012.

- (d) In another suit, SPB Pelita Suai Sdn. Bhd. ("SP Suai") sued 6 individuals ("Defendants"), seeking injunctive and declaratory relief against the Defendants for various acts of trespass over 2 parcels of Native Communal Reserve Land which the Defendants had given consent for development into an oil palm estate. SP Suai also seeks to claim damages.

The matter is now fixed for trial on 3 – 5 December 2012.

The Directors, in consultation with the SP Suai's advocates, are of the opinion that SP Suai 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)

- (e) On 26.06.2012, a subsidiary of Sarawak Plantation Agriculture Development (“SPAD”) filed a Writ of Summons against a third party (“Defendant”) for damages and other reliefs for breach of contract or alternatively refund of deposits of RM2,600,000 respect of shares in a company and RM7,200,000 in respect of shares in another company paid by SPAD under Sales and Purchase Agreements (“SPA”) signed in an earlier year.

The Defendant entered appearance and served a Memorandum of Appearance on SPAD on 13.07.2012.

At the mention on 27.07.2012, the Defendant informed the Court that the Statement of Defence will be served on SPAD by 30.07.2012. As at 08.08.2012, the Statement of Defence has been served on SPAD.

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

- (f) On 26.06.2012, a subsidiary of Sarawak Plantation Agriculture Development (“SPAD”) filed a Writ of Summons against a third party (“Defendant”) for damages for breach of contract or alternatively refund of deposits of RM15,400,000 in respect of shares in a third company paid by SPAD under a Sales and Purchase Agreement (“SPA”) signed in an earlier year.

The Defendant entered appearance and served a Memorandum of Appearance on SPAD on 13.07.2012.

At the mention on 27.07.2012, the Defendant informed the Court that the Statement of Defence will be served on SPAD by 30.07.2012. As at 08.08.2012, the Statement of Defence has been served on SPAD.

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

- (g) On 26.06.2012, a subsidiary of Sarawak Plantation Agriculture Development (“SPAD”) filed a Writ of Summons against a third party (“Defendant”) for damages for breach of contract or alternatively refund of deposits of RM7,000,000 in respect of shares in a fourth company paid by SPAD under a Sales and Purchase Agreement (“SPA”) signed in an earlier year.

The Defendant entered appearance and served a Memorandum of Appearance on SPAD on 13.07.2012.

At the mention on 27.07.2012, the Defendant informed the Court that the Statement of Defence will be served on SPAD by 30.07.2012. As at 08.08.2012, the Statement of Defence has been served on SPAD.

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

- (h) On 29.06.2012, a Writ of Summons was filed against Sarawak Plantation Agriculture Development Sdn Bhd (“SPAD”) in the High Court in the respect of the same subject matter as stated above in paragraphs (e), (f) and (g). The Writ of Summons was served on 01.08.2012. SPAD will be filing its Memorandum of Appearance on 13.08.2012.

The Plaintiffs are claiming for damages for alleged breach/repudiation of agreements entered into by each of the Plaintiffs with SPAD in relation to sale of shares by each of the Plaintiffs for shares in third party companies. A Statement of Defence by SPAD has yet to be filed.

**Part B – Explanatory Notes Pursuant to Part A of Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad****B12. Dividend Declared**

- (a) On 20 February 2012, the Board of Directors declared a second interim, single tier dividend of 10 sen per share, totalling approximately RM28 million, in respect of the financial year ended 31 December 2011, which was paid to shareholders on 29 March 2012.
- (b) The Board of Directors had declared a first interim, single tier dividend of 5 sen per share, totalling approximately RM14 million, in respect of the financial year ending 31 December 2012, payable to shareholders on 26 September 2012. The dividend entitlement date shall be on 4 September 2012.

B13. Earnings per Share

	Individual Quarter (Q2)		Cumulative Quarter (6 Months)	
	Current Year Quarter 30/06/2012 RM'000	Preceding Year Corresponding Quarter 30/06/2011 RM'000	Current Year - Period To Date 30/06/2012 RM'000	Preceding Year - Period To Date 30/06/2011 RM'000
Profit attributable to Owners of the Company (RM)	16,176	22,582	32,800	39,193
Weighted average number of ordinary shares in issue (unit)	279,564	279,564	279,564	279,564
Basic earnings per share (sen)	5.78	8.08	11.73	14.02
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 less the weighted average number of 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 30 June 2012.



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

B14. Retained Earnings

The retained earnings of the Group as at 30 June 2012 contain unrealised profits, as disclosed below:

	Current Year - Period To Date 30/06/2012 RM'000	As At End Of Preceding Financial Year 31/12/2011 RM'000
Total retained profits of the Group and its subsidiaries		
Realised	274,691	267,450
Unrealised	(49,740)	(46,846)
	<hr/> 224,951	<hr/> 220,604
Less: Consolidation adjustments	3,800	3,303
	<hr/> 228,751	<hr/> 223,907
Total Group retained profits as per consolidated accounts	<hr/> <hr/> 228,751	<hr/> <hr/> 223,907

B15. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the financial year ended 31 December 2011 was unqualified.

B16. 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 14 August 2012.

By Order of the Board

Company Secretary
Kuching
14 August 2012