



SARAWAK PLANTATION BERHAD

(Incorporated in Malaysia - 451377- P)

INTERIM REPORT FOR 1ST QUARTER ENDED 31 MARCH 2013



SARAWAK PLANTATION BERHAD

(Incorporated in Malaysia - 451377- P)

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INTERIM REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2013
(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 31/03/2013 (Unaudited) RM'000	As At End Of Preceding Financial Year 31/12/2012 (Audited) RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		310,000	312,462
Plantation development expenditure		244,736	236,786
Investment property		5,245	5,484
Total non-current assets		<u>559,981</u>	<u>554,732</u>
Current assets			
Other investments	B6	1,773	1,742
Inventories		16,866	26,488
Trade and other receivables		14,164	16,959
Prepayments and other assets		6,676	6,266
Assets classified as held for sale		2,341	2,341
Current tax recoverable		5,380	1,452
Short term deposits		102,046	123,716
Cash and bank balances		8,689	9,499
Total current assets		<u>157,935</u>	<u>188,463</u>
TOTAL ASSETS		<u>717,916</u>	<u>743,195</u>

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

(The figures have not been audited)

		As At End Of Current Year Quarter 31/03/2013 (Unaudited) RM'000	As At End Of Preceding Financial Year 31/12/2012 (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		220,944	227,461
		<u>561,913</u>	<u>568,430</u>
Non-controlling interests		<u>(2,038)</u>	<u>(1,736)</u>
Total equity		<u>559,875</u>	<u>566,694</u>
Non-current liabilities			
Deferred tax liabilities		51,005	52,505
Borrowings	B7	27,700	35,940
Total non-current liabilities		<u>78,705</u>	<u>88,445</u>
Current liabilities			
Trade and other payables		43,740	55,057
Borrowings	B7	35,460	32,960
Current tax payable		136	39
Total current liabilities		<u>79,336</u>	<u>88,056</u>
Total liabilities		<u>158,041</u>	<u>176,501</u>
TOTAL EQUITY AND LIABILITIES		<u>717,916</u>	<u>743,195</u>
Net assets per share attributable to Owners of the Company (RM)		<u>2.01</u>	<u>2.03</u>

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to this report)



Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
(The figures have not been audited)

	Notes	Individual Quarter (Q1)		Cumulative Quarter (3 Months)	
		Current Year Quarter 31/03/2013 (Unaudited) RM'000	Preceding Year Corresponding Quarter 31/03/2012 (Unaudited) RM'000	Current Year - Period To Date 31/03/2013 (Unaudited) RM'000	Preceding Year - Period To Date 31/03/2012 (Unaudited) RM'000
Revenue		73,968	101,500	73,968	101,500
Cost of sales		(58,050)	(66,941)	(58,050)	(66,941)
Gross profit		15,918	34,559	15,918	34,559
Other operating income		451	435	451	435
Distribution costs		(4,103)	(5,527)	(4,103)	(5,527)
Other operating expenses		-	(177)	-	(177)
Administrative expenses		(5,959)	(6,133)	(5,959)	(6,133)
Replanting expenditure		(724)	(731)	(724)	(731)
Results from operating activities		5,583	22,426	5,583	22,426
Finance income		936	1,179	936	1,179
Finance costs		(510)	(959)	(510)	(959)
Net finance income		426	220	426	220
Profit before tax	A14	6,009	22,646	6,009	22,646
Income tax expense	B5	1,150	(6,275)	1,150	(6,275)
Profit for the period		7,159	16,371	7,159	16,371
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income for the period		7,159	16,371	7,159	16,371



Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income (continued)
(The figures have not been audited)

	Notes	Individual Quarter (Q1)		Cumulative Quarter (3 Months)	
		Current Year Quarter 31/03/2013 (Unaudited) RM'000	Preceding Year Corresponding Quarter 31/03/2012 (Unaudited) RM'000	Current Year - Period To Date 31/03/2013 (Unaudited) RM'000	Preceding Year - Period To Date 31/03/2012 (Unaudited) RM'000
Profit attributable to:					
Owners of the Company		7,461	16,619	7,461	16,619
Non-controlling interests		(302)	(248)	(302)	(248)
Profit for the period		7,159	16,371	7,159	16,371
Total comprehensive income attributable to:					
Owners of the Company		7,461	16,619	7,461	16,619
Non-controlling interests		(302)	(248)	(302)	(248)
Total comprehensive income for the period		7,159	16,371	7,159	16,371
Basic earnings per ordinary share attributable to Owners of the Company (sen):					
Basic	B12	2.67	5.95	2.67	5.95
Diluted	B12	N/A	N/A	N/A	N/A

(The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2012 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			Non-controlling interests RM'000	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			
									Issued and paid up ordinary shares of RM1.00 each		
At 31 December 2012 / At 1 January 2013, as previously		280,000	280,000	60,969	493	(1,223)	228,332	568,571	(1,736)	566,835	
Less: effect of adopting amendments to FRS 116	A1(2.1)	-	-	-	-	-	(141)	(141)	-	(141)	
At 1 January 2013, as restated		280,000	280,000	60,969	493	(1,223)	228,191	568,430	(1,736)	566,694	
Total comprehensive income for the period		-	-	-	-	-	7,461	7,461	(302)	7,159	
Less: Second interim, single tier exempt dividend in respect of the financial year ended 31 December 2012	B11	-	-	-	-	-	(13,978)	(13,978)	-	(13,978)	
As at 31 March 2013		280,000	280,000	60,969	493	(1,223)	221,674	561,913	(2,038)	559,875	

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2012 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			Non-controlling interests RM'000	Total equity RM'000
		Issued and paid up ordinary shares of RM1.00 each					Retained earnings RM'000	Total RM'000			
		Number of shares '000	Nominal value RM'000	Share premium RM'000	Equity reserve RM'000	Treasury shares RM'000					
At 31 December 2011 / At 1 January 2012, as previously		280,000	280,000	60,969	493	(1,223)	223,907	564,146	(252)	563,894	
Less: effect of adopting amendments to FRS 116	A1(2.1)	-	-	-	-	-	(115)	(115)	-	(115)	
At 1 January 2012, as previously stated		280,000	280,000	60,969	493	(1,223)	223,792	564,031	(252)	563,779	
Total comprehensive income for the period		-	-	-	-	-	16,619	16,619	(248)	16,371	
Less: Second interim, single tier exempt dividend in respect of the financial year ended 31 December 2011		-	-	-	-	-	(27,956)	(27,956)	-	(27,956)	
As at 31 March 2012		280,000	280,000	60,969	493	(1,223)	212,455	552,694	(500)	552,194	

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2012 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 31/03/2013 (Unaudited) RM'000	Preceding Year - Period To Date 31/03/2012 (Unaudited) RM'000
Cash flows from operating activities		
Profit before tax	6,009	22,646
<i>Adjustments for:</i>		
Amortisation of investment property	42	43
Change in fair value of other investments	46	-
Depreciation of plantation development expenditure	55	-
Depreciation of property, plant and equipment	4,991	4,755
Dividend income from other investments	(66)	(36)
Gain on disposal of other investments	(9)	(9)
Impairment loss/(Reversal of impairment loss) on:		
- property, plant and equipment	-	-
Finance income	(936)	(1,179)
Finance cost	510	959
Inventories written off	-	130
Property, plant and equipment written off	-	10
Operating profit before changes in working capital	10,642	27,319
Change in inventories	9,622	11,078
Change in trade and other receivables, prepayments and other assets	(1,588)	420
Change in trade and other payables	(8,558)	(21,299)
Cash generated from operations	10,118	17,518
Income tax refunded	2	-
Income tax paid	(4,183)	(6,451)
Interest paid	(823)	(793)
Interest received	978	1,140
Net cash from operating activities	6,092	11,414

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

	Cumulative Quarter (3 Months)	
	Current Year - Period To Date 31/03/2013 (Unaudited) RM'000	Preceding Year - Period To Date 31/03/2012 (Unaudited) RM'000
Cash flows from investing activities		
Acquisition of property, plant and equipment	(1,680)	(1,268)
Net movement of fixed deposits with original maturities of more than three months	1,275	338
Plantation development expenditure (net of depreciation of property, plant and equipment capitalised)	(7,174)	(2,819)
Net cash used in investing activities	(7,579)	(3,749)
Cash flows from financing activities		
Repayment of borrowings	(5,740)	(5,740)
Dividends paid to Owners of the Company	(13,978)	(27,956)
Net cash used in financing activities	(19,718)	(33,696)
Net decrease in cash and cash equivalents	(21,205)	(26,031)
Cash and cash equivalents as at 1 January	123,464	153,099
Cash and cash equivalents as at 31 March	102,259	127,068
Represented by:		
Short term deposits	102,046	122,427
Cash and bank balances	8,689	9,980
	110,735	132,407
Less:		
Fixed Deposits pledged*	(716)	(716)
Fixed Deposits with original maturities exceeding three months	(7,760)	(4,623)
Cash and cash equivalents	102,259	127,068

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

(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the audited financial statements for the year ended 31 December 2012 and the accompanying 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 financial statements should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2012.

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 2012 except for the adoption of the following new/revised accounting standards, amendments and interpretations that have been issued by Malaysian Accounting Standards Board (“MASB”):

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 13, <i>Fair Value Measurement</i>	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
Amendments to FRS 7, <i>Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities</i>	1 January 2013
Amendments to FRS 1, <i>First – time Adoption of Financial Reporting Standards – Government Loans</i>	1 January 2013
Amendments to FRS 1, <i>First – time Adoption of Financial Reporting Standards (Annual Improvements 2009 – 2011 Cycle)</i>	1 January 2013
Amendments to FRS 101, <i>Presentation of Financial Statements (Annual Improvements 2009 – 2011 Cycle)</i>	1 January 2013
Amendments to FRS 116, <i>Property, Plant and Equipment (Annual Improvements 2009 – 2011 Cycle)</i>	1 January 2013
Amendments to FRS 132, <i>Financial Instruments: Presentation (Annual Improvements 2009 – 2011 Cycle)</i>	1 January 2013
Amendments to FRS 10, <i>Consolidated Financial Statements : Transition Guidance</i>	1 January 2013
Amendments to FRS 12, <i>Disclosure of Interests in Other Entities: Transition Guidance</i>	1 January 2013
Amendments to FRS 134, <i>Interim Financial reporting (Annual Improvements 2009 – 2011 Cycle)</i>	1 January 2013

**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)**

Material impacts of initial application of the standards, amendments or interpretations, which have been applied retrospectively, are discussed below:

FRS 10, introduces a new single control model to determine which investees should be consolidated. FRS 10 supersedes FRS 127, Consolidated and Separate Financial Statements and IC Interpretation 112, Consolidation – Special Purpose Entities. There are three elements to the definition of control in FRS 10: (i) power by investor over an investee, (ii) exposure, or rights, to variable returns from investor’s involvement with the investee, and (iii) investor’s ability to affect those returns through its power over the investee.

Amendments to FRS 101, amends FRS 101 to change the title of statement of comprehensive income to statement of profit or loss and other comprehensive income and the presentation format thereof. Save as disclosed, there is no impact on the financial statements occasioned by the amendments to FRS 101.

The amendments to FRS 116, clarify that items such as spare parts, stand-by equipment and servicing equipment shall be recognised as property, plant and equipment when they meet the definition of property, plant and equipment. Otherwise, such items are classified as inventory.

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

	Retained earnings RM’000
At 31 December 2011/ 1 January 2012 , as previously stated	223,907
- effect of adopting amendment to FRS 116	(115)
At 1 January 2012, restated	<u>223,792</u>
At 31 December 2012/ 1 January 2013 , as previously stated	228,332
- effect of adopting amendment to FRS 116	(141)
At 1 January 2013, restated	<u><u>228,191</u></u>

The accounting standards, amendments or interpretations that are effective for annual periods beginning on or before 1 January 2013, but not applicable to the Group and the Company:

Standard / Amendment / Interpretation	Effective date
FRS 11, <i>Joint Arrangements</i>	1 January 2013
FRS 12, <i>Disclosure of Interests in Other Entities</i>	1 January 2013
FRS 119, <i>Employee Benefits</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 11, <i>Joint Arrangements: Transition Guidance</i>	1 January 2013



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 after 1 January 2013

The Group have not applied the following new/revised accountings 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 10, <i>Consolidated Financial Statements: Investment Entities</i>	1 January 2014
Amendments to FRS 12, <i>Disclosure of Interest in Other Entities: Investment Entities</i>	1 January 2014
Amendments to FRS 127, <i>Separate Financial Statements (2011): Investment Entities</i>	1 January 2014
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 Effective Date of FRS 9 and Transition Disclosures</i>	1 January 2015

Investment Entities are required by the amendments to FRS 10, FRS 12 and FRS 127 to measure particular subsidiaries at fair value through profit or loss instead of consolidating them. The amendments also introduce new disclosure requirements for investments entities in FRS 12 and FRS 127.

The initial application of standards, amendments and interpretations, which are 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 their first adoption.

2.3 Malaysian Financial Reporting Standards

The Group's financial statements for the annual period beginning on 1 January 2014 will be prepared in accordance with Malaysian Financial Reporting Standards issued by MASB and International Financial Reporting Standards issued by International Accounting Standard Board. As a result, the Group will not be adopting the FRSS, Interpretations and Amendments that are effective for annual periods beginning on or after 1 January 2014 listed earlier.

**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 (3 Months)	
	Current Year - Period To Date 31/03/2013 RM'000	Preceding Year - Period To Date 31/03/2012 RM'000
Second interim, single tier exempt dividend in respect of the financial year ended 31 December 2011		
- 10 sen per ordinary share	-	27,956
Second interim, single tier exempt dividend in respect of the financial year ended 31 December 2012		
- 5 sen per ordinary share	13,978	-
	<u>13,978</u>	<u>27,956</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 (Q1) / Cumulative Quarter (3 Months)

	Investment holding RM'000	Oil palm operations RM'000	Management services /Rental RM'000	Consolidated RM'000
31/03/2013				
Revenue				
Segment revenue	12,800	73,418	1,297	87,515
Inter-segment revenue	(12,800)	-	(747)	(13,547)
External revenue	-	73,418	550	73,968
Cost of sales				
Segment cost of sales	-	(57,540)	(561)	(58,101)
Inter-segment cost of sales	-	6	45	51
External cost of sales	-	(57,534)	(516)	(58,050)
Gross profit	-	15,884	34	15,918
Other income including Finance income	1,137	836	169	2,142
Inter-segment	(590)	(139)	(26)	(755)
External other income	547	697	143	1,387
Other expenses including Finance cost	(1,265)	(10,815)	(666)	(12,746)
Inter-segment	53	1,189	208	1,450
External other expenses	(1,212)	(9,626)	(458)	(11,296)
Profit/ (loss) before tax	(665)	6,955	(281)	6,009

**Part A – Explanatory Notes Pursuant to FRS 134****A7. Segment Information (continued)****Individual Quarter (Q1) / Cumulative Quarter (3 Months)**

	Investment holding RM'000	Oil palm operations RM'000	Management services /Rental RM'000	Consolidated RM'000
31/03/2012				
Revenue				
Segment revenue	10,000	101,102	1,128	112,230
Inter-segment revenue	(10,000)	-	(730)	(10,730)
External revenue	-	101,102	398	101,500
Cost of sales				
Segment cost of sales	-	(66,358)	(637)	(66,995)
Inter-segment cost of sales	-	9	45	54
External cost of sales	-	(66,349)	(592)	(66,941)
Gross profit/(loss)	-	34,753	(194)	34,559
Other income including Finance income	693	800	121	1,614
Inter-segment	-	-	-	-
External other income	693	800	121	1,614
Other expenses including Finance cost	(1,518)	(11,698)	(987)	(14,203)
Inter-segment	28	453	195	676
External other expenses	(1,490)	(11,245)	(792)	(13,527)
Profit/ (loss) before tax	(797)	24,308	(865)	22,646



Part A – Explanatory Notes Pursuant to FRS 134

Segment assets and liabilities

	As At End Of Current Financial Period 31/03/2013
Segment assets:	
Oil palm operations	625,971
Investment holding	383,820
Management services and rental	44,201
Total	1,053,992
Elimination	(336,076)
Total assets	717,916
	As At End Of Current Financial Period 31/03/2013
Segment liabilities:	
Oil palm operations	184,274
Investment holding	1,856
Management services and rental	14,098
Total	200,228
Elimination	(42,187)
Total liabilities	158,041

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.

A10. Changes in the Composition of the Group

As at 31 March 2013, 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.

A11. Changes in Contingent Liabilities and Contingent Assets

As at 31 March 2013, 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 31/03/2013 RM'000
As at that date, the Company has contingent liabilities as follows:	
Corporate guarantees granted for banking facilities of subsidiaries	137,000

**Part A – Explanatory Notes Pursuant to FRS 134****A12. Capital Expenditure Commitments**

As at 31 March 2013, 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 31/03/2013
	RM'000
Capital Expenditure	
Authorised and contracted for	45,048
Authorised and not contracted for	140,784
	<u>185,832</u>
Analysed as follows:	
Property, plant and equipment	141,221
Plantation development expenditure	44,611
	<u>185,832</u>

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 or person connected to a Director has interests; or with a corporate shareholder of the Company.

	Cumulative Quarter (3 Months)	
	Current Year - Period To Date 31/03/2013 RM'000	Preceding Year - Period To Date 31/03/2012 RM'000
a. Sarawak Land Development Board ("SLDB")		
- Receipts of proceeds from sales of fresh fruit bunches on behalf of SLDB*	478	484
- Payment of expenses on behalf of SLDB*	(186)	(134)
- Management fee in relation to the management of the Plantation of SLDB	-	(59)
b. KUB Sepadu Sdn. Bhd.		
- Purchase of fresh fruit bunches	259	-
c. Danawa Resources Sdn. Bhd.		
- Rental and annual support for satellite broadband services	72	2
d. Ta Ann Pelita Igan Sdn. Bhd.		
- Agronomics services	6	-
	<u>6</u>	<u>-</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 A – Explanatory Notes Pursuant to FRS 134

A14. Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income Disclosures

	Individual Quarter (Q1)		Cumulative Quarter(3 Months)	
	Current Year Quarter 31/03/2013 RM'000	Preceding Year Corresponding Quarter 31/03/2012 RM'000	Current Year - Period To Date 31/03/2013 RM'000	Preceding Year - Period To Date 31/03/2012 RM'000
Profit before tax arrived at after charging:				
Depreciation of plantation development expenditure	55	-	55	-
Amortisation of investment property	42	43	42	43
Depreciation of property, plant and equipment	4,991	4,755	4,991	4,755
Change in fair value of other investments	46	-	46	-
Inventory written off	-	130	-	130
Property, plant and equipment written off	-	10	-	10
Finance cost	510	959	510	959
Profit before tax arrived at after crediting:				
Dividend income from other investments	66	36	66	36
Gain on disposal of other investments	9	9	9	9
Other operating income	451	435	451	435
Finance income	936	1,179	936	1,179

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 1, 2013 vs Quarter 1, 2012

Three months ended 31 March 2013 vs Three months ended 31 March 2012

The Group recorded revenue of RM74 million in the current financial period ended 31 March 2013 compared with RM101.5 million reported in the corresponding period of the preceding year. The Group recorded a profit before tax of RM6 million for the current financial period as compared to a profit before tax of RM22.6 million for the corresponding period of the preceding year. This decrease was principally due to lower realised average selling prices of CPO and PK, lower sales volume of PK, partially offsetted by higher sales volumes of CPO recorded during the current financial period.

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

Oil palm operations

For the current financial period, the oil palm operations segment contributed 99.3% of the Group revenue of RM74 million.

The revenue of the oil palm operations decreased by RM27.7 million to RM73.4 million in the current financial period compared with RM101.1 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 PK, partially offsetted by higher sales volumes of CPO.

The realised average selling prices of CPO and PK decreased by approximately 31.9% and 39.9% respectively for the current financial period in tandem with the global vegetable oil price trends.

The sales volumes of PK had decreased by approximately 1.7% and the sales volume of CPO has increased by approximately 7.6% for the current financial period as compared to the corresponding period of the preceding year.

In line with the decrease in revenue, the gross profit and profit before tax for the oil palm operations decreased by RM18.9 million and RM17.4 million, respectively for the current financial period as compared to the corresponding period of the preceding year.

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 RM6 million as compared to a loss before tax of RM3.5 million in the preceding quarter. The increase was principally attributed to the effect of an impairment loss of RM16.2 million recognised in the preceding quarter, higher realised average selling prices of PK, partially offsetted by lower realised average selling prices of CPO and lower sales volume of CPO and PK.

The realised average selling prices of PK increased by approximately 3.9%, the realised average selling prices of CPO has decreased by approximately 0.2%, whereas the CPO and PK sales volumes were lower approximately by 20.3% and 16.6% respectively.

**Part B – Explanatory Notes Pursuant to Part A of Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad****B3. Prospects for the Current Financial Year**

The performance of the Group is largely dependent on the production, operation 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 interests and forecast profit after income tax expense and non-controlling interests is not applicable as the Group did not issue any profit forecast or profit guarantee for the financial year.

B5. Income Tax (Income)/ Expense

	Individual Quarter (Q1)		Cumulative Quarter(3 Months)	
	Current Year Quarter 31/03/2013 RM'000	Preceding Year Corresponding Quarter 31/03/2012 RM'000	Current Year - Period To Date 31/03/2013 RM'000	Preceding Year - Period To Date 31/03/2012 RM'000
Current income tax expense	350	2,875	350	2,875
Deferred tax (income)/ expense	(1,500)	3,400	(1,500)	3,400
	<u>(1,150)</u>	<u>6,275</u>	<u>(1,150)</u>	<u>6,275</u>

The Group's effective tax rate for the financial period ended 31 March 2013 is lower than the statutory tax rate principally due to the utilisation of tax allowances available for offset against taxable profit

B6. 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 2013 are as follows:

Quoted in Malaysia

	At 31/03/2013 RM'000
<u>Current</u>	
Financial assets at fair value through profit or loss	<u>1,773</u>
<u>Represented by:</u>	
At fair value	<u>1,773</u>

**Part B – Explanatory Notes Pursuant to Part A of Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad****B7. Loans and Borrowings**

	At 31/03/2013
	RM'000
<u>Current</u>	
Revolving Credit - secured	10,000
Term loans - secured	22,500
- unsecured	2,960
	<u>35,460</u>
<u>Non-current</u>	
Term loans - secured	22,500
- unsecured	5,200
	<u>27,700</u>
Total loans and borrowings	<u>63,160</u>

Loans and Borrowings of the Group comprise:

(a) Secured facilities

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 repayable 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 4.78% per annum.

Revolving Credit

This revolving credit is secured by way of the Company's corporate guarantee and a first charge over certain land and buildings of a subsidiary. The subsidiary may repay all or part of the revolving credit at the end of the relevant Rollover Period. The first drawdown was made on 11 July 2012.

The effective interest rate of this term loan is 4.58% per annum.

(b) Unsecured facility

Term loan

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 5.00% 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

B8. Corporate Proposals

Status of Corporate Proposals Announced

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

B9. 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.

B10. Changes in Material Litigation

As at 23 May 2013 (*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"), 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.

The suit has been consolidated with another suit, Kuching High Court Suit No. 22-23-2006-II (TR Landon anak Edieh and 10 others vs. SLDB and 2 others). The trial begun on 4 November 2009. Subsequently, this matter was withdrawn and filed afresh in November 2010.

The Writ of Summons was filed under a new suit number KCH 22-237-2012-III (SPAD vs. TR Landon 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 in Sibu before the High Court under Suit No. 21-5-2010 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, ie 22 March 2012. At the mention on 22 March 2012, the Honorable Judge ordered for a consolidation subject to the approval of the parties involved.

An Order was granted on 16 July 2012 to consolidate Suit No. 21-5-2012 and Suit No. KCH 22-237-2012-III. 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 has not been heard. The Honourable Court has reserved 01 – 11 October 2013 for trial.

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

B10. Changes in Material Litigation (continued)

- (b) In another suit, another subsidiary of the Group, 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 from the Defendants.

The matter is now fixed for trial on 2 – 4 July 2013.

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

- (c) On 26 June 2012, a subsidiary, Sarawak Plantation Agriculture Development Sdn. Bhd. (“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 in 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 July 2012. The Statement of Defence was served on SPAD on 22 August 2012.

This matter has been consolidated for trial with (d) and (e) below and will be jointly tried with (f) below on 28 – 31 October 2013.

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

- (d) On 26 June 2012, a subsidiary, Sarawak Plantation Agriculture development Sdn. Bhd. (“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 company paid by SPAD under a Sales and Purchase Agreements (“SPA”) signed in an earlier year.

The Defendant entered appearance and served a Memorandum of Appearance on SPAD on 13 July 2012. The Statement of Defence was served on SPAD on 22 August 2012.

This matter has been consolidated for trial with (c) above and (e) below and will be jointly tried with (f) below on 28 – 31 October 2013.

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

- (e) On 26 June 2012, a subsidiary, Sarawak Plantation Agriculture development Sdn. Bhd. (“SPAD” filed a Writ of Summons against a third party (“Defendant”) for damages for breach of contract or alternatively refund of deposits RM7,000,000 in respect of shares in a company paid by SPAD under a Sales and Purchase Agreements (“SPA”) signed in an earlier year.

The Defendant entered appearance and served a Memorandum of Appearance on SPAD on 13 July 2012. The Statement of Defence was served on SPAD on 22 August 2012.

This matter has been consolidated for trial with (c) and (d) above and will be jointly tried with (f) below on 28 – 31 October 2013.

The Directors, in consultation with the Company’s Solicitors 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

B10. Changes in Material Litigation (continued)

- (f) On 29 June 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 matters as stated above in paragraphs (c), (d) and (e). The Writ of Summons was served on 1 August 2012. SPAD filed its Memorandum of Appearance on 13 August 2012.

The Plaintiffs are claiming for damages for alleged breach/repudiation of agreements entered into between the Plaintiffs and SPAD in relation to sale of shares in third party companies by the Plaintiffs. The Statement of Defence has been filed by SPAD.

The matter will be jointly tried with (c), (d) and (e) above on 28 – 31 October 2013.

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

- (g) In a new suit involving SPAD, a writ of Summons dated 25 January 2013 was served on SPAD on 8 February 2013. The Plaintiffs sued 4 Defendants, the second of whom is SPAD. The Plaintiffs are claiming, amongst others, a declaration that the Plaintiffs and/or their ancestors have Native Customary Right in or over certain land. The Plaintiffs pleaded that there was no proper extinguishment of the Plaintiffs’ right and neither was there any provision made for compensation and no compensation was ever made by the 3rd and 4th Defendant. The Plaintiffs further pleaded that the Provisional Lease issued to SPAD over Lot 6 Bawan Land District was unconstitutional and therefore null and void ab initio. The Plaintiffs claimed for damages and a declaration that the 1st Defendant and SPAD or its agents(s) or servants(s) had trespassed and are wrongfully trespassing on the said land and the 1st Defendant and SPAD or its agents(s) or servants(s) are to dismantle all its structures and buildings on and to remove all its machineries or equipments from and to vacate the said land therefrom.

The first mention was fixed on 27 March 2013. A Statement of Defence has been filed. The matter is now fixed for pre-trial case management on 28 June 2013.

The Directors, in consultation with the Company’s Solicitors 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. Dividend Declared**

On 27 February 2013, the Board of Directors declared a second interim, single tier dividend of 5 sen per ordinary share, totalling approximately RM14 million, in respect of the financial year ended 31 December 2012, which was paid to shareholders on 28 March 2013.

B12. Earnings per Share

	Individual Quarter (Q1)		Cumulative Quarter (3 Months)	
	Current Year Quarter 31/03/2013 RM'000	Preceding Year Corresponding Quarter 31/03/2012 RM'000	Current Year - Period To Date 31/03/2013 RM'000	Preceding Year - Period To Date 31/03/2012 RM'000
Profit attributable to Owners of the Company(RM)	7,461	16,619	7,461	16,619
Weighted average number of ordinary shares in issue (unit)	279,564	279,564	279,564	279,564
Basic earnings per share (sen)	2.67	5.95	2.67	5.95
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 the 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 2013.

**Part B – Explanatory Notes Pursuant to Part A of Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad****B13. Retained Earnings**

The retained earnings of the Group as at 31 March 2013 contain unrealised profits, as disclosed below:

	As At End Current Financial Period 31/03/2013 RM'000	As At End Of Preceding Financial Year 31/12/2012 RM'000
Total retained profits of the Group and its subsidiaries		
Realised	264,397	272,768
Unrealised	(50,959)	(52,511)
	<u>213,438</u>	<u>220,257</u>
Less: Consolidation adjustments	8,236	7,934
Total Group retained profits as per consolidated accounts	<u><u>221,674</u></u>	<u><u>228,191</u></u>

B14. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the financial year ended 31 December 2012 was unqualified.

B15. 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 28 May 2013.

By Order of the Board

Company Secretary
Kuching
28 May 2013