

A. NOTES TO THE INTERIM FINANCIAL REPORT

1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with Financial Reporting Standard (FRS) 134 Interim Financial Reporting and Chapter 9, Part K of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Bursa Securities).

The interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2010.

2. Changes in Accounting Policies

The accounting policies and methods of computation adopted for the interim financial statements are consistent with those adopted by the Group in the audited financial statements for the year ended 31 December 2010 except for the adoption of the following new and revised FRSs, Issues Committee (IC) Interpretations and amendments to FRSs and IC Interpretations which are relevant to the Group's operations with effect from 1 January 2011:-

FRS 1	First-time Adoption of Financial Reporting Standards
FRS 3	Business Combinations (revised)
FRS 127	Consolidated and Separate Financial Statements
Amendment to FRS 1	Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
Amendments to FRS 1	Additional Exemptions for First-time Adopters
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 7	Improving Disclosures about Financial Instruments
Amendments to FRS 132	Financial Instruments: Presentation - Classification of Rights Issues
Amendments to FRS 138	Intangible Assets
Improvements to FRSs (2010)	
IC Interpretation 4	Determining whether an Arrangement contains a Lease
IC Interpretation 17	Distributions of Non-cash Assets to Owners
IC Interpretation 18	Transfers of Assets from Customers
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives

The initial application of the above new and revised FRSs, IC Interpretations and amendments to FRSs and IC Interpretations do not have any significant impact on the financial statements of the Group other than as explained below:-

FRS 127 Consolidated and Separate Financial Statements

This Standard supersedes the existing FRS 127 and replaces the current term ~~minority interest~~ with a new term ~~non-controlling interest~~ which is defined as the equity in a subsidiary that is not attributable, directly or indirectly, to a parent. Accordingly, total comprehensive income shall be attributed to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

The Group re-phrased the minority interests as non-controlling interests and re-measured the non-controlling interests prospectively in accordance with the transitional provisions of the revised FRS 127.

The effects on the adoption of FRS 127 on the current interim financial statements are as follows:-

	Current Year Quarter Increase/ (Decrease) RM'000	Current Year To Date Increase/ (Decrease) RM'000
Consolidated statement of financial position		
Retained earnings	183	2,283
Non-controlling interests	(183)	(2,283)
Consolidated statement of comprehensive income		
Profit attributable to owners of the parent	183	2,283
Profit attributable to non-controlling interests	(183)	(2,283)
Total comprehensive income attributable to owners of the parent	183	2,283
Total comprehensive income attributable to non-controlling interests	(183)	(2,283)

3. Seasonal or Cyclical Factors

The Group's plantation operations are affected by seasonal production of fresh fruit bunches and weather conditions. Generally, the production of fresh fruit bunches is relatively higher in the second half of the year.

4. Unusual Items

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

5. Change in Estimates

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

6. Changes in Debt and Equity Securities

There has been no issue, repurchase and repayment of debt and equity securities during the current financial year to date.

7. Dividends Paid

During the financial year to date, the Company paid the final dividend of 5% per share less 25% income tax in respect of the financial year ended 31 December 2010 amounting to RM19,843,254.

8. Segmental Reporting

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

	Plantation RM'000	Property Development RM'000	Investment Holding/ Others RM'000	Elimination RM'000	Consolidated RM'000
30 September 2011					
Revenue					
External revenue	899,239	-	27	-	899,266
Inter-segment revenue	-	-	31,272	(31,272)	-
Total revenue	899,239	-	31,299	(31,272)	899,266
Results					
Segment results	366,418	(106)	11,443	-	377,755
Share of results of a jointly controlled entity	4,680	-	-	-	4,680
	371,098	(106)	11,443	-	382,435
Less: Inter- segment dividend income					(24,404)
Profit before tax					358,031
Assets					
Segment assets	2,895,537	87,412	64,881	-	3,047,830
Investment in a jointly controlled entity	23,169	-	-	-	23,169
	2,918,706	87,412	64,881	-	3,070,999
Tax assets					15,199
Total assets					3,086,198

	Plantation RM'000	Property Development RM'000	Investment Holding/ Others RM'000	Elimination RM'000	Consolidated RM'000
30 September 2010					
Revenue					
External revenue	615,676	-	-	-	615,676
Inter-segment revenue	-	-	8,395	(8,395)	-
Total revenue	615,676	-	8,395	(8,395)	615,676
Results					
Segment results	173,236	-	(9,991)	-	163,245
Share of results of a jointly controlled entity	(344)	-	-	-	(344)
	172,892	-	(9,991)	-	162,901
Less: Inter- segment dividend income					(840)
Profit before tax					162,061
Assets					
Segment assets	2,725,365	87,412	45,409	-	2,858,186
Investment in a jointly controlled entity	11,879	-	-	-	11,879
	2,737,244	87,412	45,409	-	2,870,065
Tax assets					19,089
Total assets					2,889,154

9. Material Subsequent Event

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

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

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

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

- (i) a first instalment of RM42,000,000 or 30% of the purchase consideration to be paid on the completion date; and
- (ii) a second instalment of RM98,000,000 or 70% of the purchase consideration to be paid within 3 months of the completion date.

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

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

The Proposed Acquisition of Mardec was approved by the shareholders of the Company at the extraordinary general meeting held on 14 July 2011.

On 4 October 2011, PSSB entered into and executed:-

- (i) a Novation Agreement with the Government of Malaysia, the Minister of Finance and SBSB for the novation of all SBSB's rights, liabilities, benefits, interests, duties and obligations under and in respect of the Sale and Purchase of Shares Agreement dated 16 January 2003 between the Government of Malaysia, the Minister of Finance and SBSB (the "MARDEC SPA") to PSSB; and
- (ii) a Supplemental Agreement with the Government of Malaysia and the Minister of Finance as a supplement to the MARDEC SPA for the purpose of amending the provisions of the MARDEC SPA.

With the execution of the aforesaid Novation Agreement and Supplemental Agreement, all conditions precedent to the Proposed Acquisition of Mardec have been deemed fulfilled and satisfied and that the SSA has become unconditional with effect from 4 October 2011.

The Proposed Acquisition of Mardec was completed on 10 October 2011.

10. Changes in the Composition of the Group

There was no change in the composition of the Group during the current financial period ended 30 September 2011.

11. Capital Commitments

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

	RM'000
Property, plant and equipment	
- Approved and contracted for	120,004
- Approved but not contracted for	133,676
	253,680
Acquisition of a subsidiary	
- Approved and contracted for	140,000
Share of capital commitment of a jointly controlled entity	
- Approved and contracted for	379
- Approved but not contracted for	3,994
	4,373
	398,053

12. Contingent Liabilities and Contingent Assets

There was no contingent liability or contingent asset as at 30 September 2011.

B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES

1. Review of Performance

For the quarter under review, the Group's revenue increased to RM333.5 million from RM238.8 million achieved for the corresponding quarter last year. The increase in revenue was mainly due to the increase in prices and production of palm products. In line with the increase in revenue, the Group's profit before tax increased to RM144.0 million for the current quarter under review from RM77.7 million for the same quarter last year.

For the nine months ended 30 September 2011, the Group's revenue increased to RM899.3 million from RM615.7 million achieved for the corresponding period last year. The increase in revenue was mainly due to the higher prices and production of palm products. As a result, the Group's profit before tax improved to RM358.0 million from RM162.1 million for the preceding year corresponding period.

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

	Quarter Reported On RM'000	Immediate Preceding Quarter RM'000	Increase RM'000
Profit before taxation	<u>144,052</u>	<u>138,310</u>	<u>5,742</u>

Despite the lower prices of palm products for the current quarter under review as compared to the immediate preceding quarter, the Group profit before taxation increased by RM5.7 million to RM144.0 million from RM138.3 million recorded for the immediate preceding quarter, mainly due to the seasonally higher production of palm products during the quarter under review.

3. Prospects

Based on the prevailing prices of palm products, the Board of Directors expects the results for the final quarter of the current financial year to remain satisfactory.

4. Variance of Actual Profit from Forecast Profit

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

5. Taxation

	Current Year Quarter RM'000	Current Year To date RM'000
Income tax expense	26,565	81,806
Deferred tax	5,794	10,138
Real property gains tax	-	20
	<u>32,359</u>	<u>91,964</u>

The taxation charge of the Group for the financial year to date reflects an effective tax rate which is higher than the statutory income tax rate mainly due to tax losses of certain subsidiaries which are not available for group relief.

6. Sale of Unquoted Investments and/or Properties

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

7. Quoted Securities other than Securities in Existing Subsidiaries and Associated Company

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

	Current Year To date RM'000
Sale proceeds	416
Gain on disposal	<u>176</u>

- (b) Investments in quoted securities classified as available-for-sale financial assets as at the end of the current quarter were as follows:-

	RM'000
(i) at cost	1,678
(ii) at carrying value	462
(iii) at fair value	462

- (c) The fair value loss on available-for-sale financial assets recognised in other comprehensive income for the current quarter and current financial year to date amounted to RM200,000 and RM542,000 respectively.

8. (a) Status of Corporate Proposals

There was no corporate proposal announced but not completed as at 10 November 2011, being the latest practicable date.

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

There was no corporate proposal involving fund raising.

9. Group Borrowings and Debt Securities

Group borrowings and debt securities as at the end of the reporting period were as follows:-

	RM'000
<u>Short term</u>	
Term loans . secured	78,712
Sukuk Ijarah . secured	35,000
Murabahah Medium Term Notes . secured	100,000
Revolving credits . secured	77,000
Revolving credits . unsecured	20,000
Irredeemable convertible unsecured loan stocks (debt component) . unsecured	3,713
	<hr/> 314,425 <hr/>
<u>Long term</u>	
Term loans . secured	195,281
Sukuk Ijarah . secured	150,000
Irredeemable convertible unsecured loan stocks (debt component) . unsecured	14,406
	<hr/> 359,687 <hr/>
Total borrowings	<hr/> 674,112 <hr/>

All of the above borrowings are denominated in Ringgit Malaysia.

10. Derivative Financial Instruments

There was no derivative financial instrument issued as at the end of the current quarter.

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

All financial liabilities were measured using the amortised cost effective interest method. Accordingly, there was no fair value gain or loss arising from fair value changes of financial liabilities for the current financial year to date.

12. Material Litigation

There was no material litigation as at 10 November 2011, being the latest practicable date.

13. Dividend

The Board of Directors is pleased to declare a first interim dividend of 5 sen per ordinary share less income tax of 25% (2010: 5 sen per ordinary share less income tax of 25%) amounting to RM19,843,254 (2010: RM19,843,254) for the financial year ending 31 December 2011 to be payable to the shareholders on a date to be determined later.

14. Earnings Per Share

(a) Basic earnings per share

The basic earnings per share for the current year to date is calculated by dividing the profit for the period attributable to owners of the parent of RM237,511,000 by the weighted average number of ordinary shares (after assuming conversion of ICULS into ordinary shares) outstanding during the current year to date of 629,153,415.

(b) Diluted earnings per share

Diluted earnings per share is not applicable and not presented because there are no dilutive potential ordinary shares to be issued as the ICULS have been included in the basic earnings per share calculation.

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

The auditors report of the preceding annual financial statements was not subject to any qualification.

16. Disclosure on realised and unrealised profit/loss

The retained earnings as at 30 September 2011 and 31 December 2010 are analysed as follows:-

	30.9.2011	31.12.2010
	RM'000	RM'000
Total retained earnings of the Company and its subsidiaries:-		
- Realised	1,077,750	813,329
- Unrealised	(94,813)	(81,482)
	<hr/> 982,937	<hr/> 731,847
Total share of retained earnings/(accumulated losses) from a jointly controlled entity:-		
- Realised	3,406	(1,274)
- Unrealised	(237)	(237)
	<hr/> 3,169	<hr/> (1,511)
	986,106	730,336
Less: Consolidation adjustments	(227,598)	(189,496)
Total Group's retained earnings as per consolidated financial statements	<hr/> <hr/> 758,508	<hr/> <hr/> 540,840

By Order of the Board
ZAINAL RASHID BIN AB RAHMAN (LS007008)
Company Secretary

Kuala Lumpur
17 November 2011