1. Basis of Preparation

The interim financial statements have been prepared under the historical cost convention except for the revaluation of buildings and plantation infrastructure included within property, plant and equipment, prepaid land lease payments and biological assets.

The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 30 June 2009. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 30 June 2009.

2. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the financial year ended 30 June 2009 was not qualified.

3. Segmental Information

Segmental information for the current financial period ended 31 December 2009 is as followed:

	3 months ended		***6 months ended***	
	31.12.2009	***31.12.2008***	***31.12.2009***	***31.12.2008***
	RM'000	***RM'000***	***RM'000***	***RM'000***
Segment Revenue				
Oil palm plantations and palm and soya bean product processing	444,742	345,748	822,610	1,207,891
Trading of industrial products	1,534	2,820	3,194	5,919
Biomass energy	2,497	4,022	4,189	8,391
Oleochemical products	21,821	2,427	33,651	5,350
Total revenue including inter-segment sales	470,594	355,017	863,644	1,227,551
Elimination of inter-segment sales	(176,381)	(59,120)	(292,224)	(279,282)
Total	294,213	295,897	571,420	948,269
Segment Results				
Oil palm plantations and palm and soya bean product processing	18,772	(52,515)	(7,936)	(49,755)
Trading of industrial products	14	39	30	54
Biomass energy	451	463	95	1,684
Oleochemical products	(5,903)	(5,187)	(13,893)	(7,932)
	13,334	(57,200)	(21,704)	(55,949)
Eliminations	-	-	-	-
Total	13,334	(57,200)	(21,704)	(55,949)

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

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the financial period ended 31 December 2009.

5. Changes in Estimates

There were no material changes in estimates that have had a material effects in the current quarter results.

6. Comments About Seasonal or Cyclical Factors

The production of fresh fruit bunches is seasonal in nature and normally peak in the second half of the year.

7. Dividend Paid

At the Fourteenth Annual General Meeting held on 30 December 2009, the shareholders approved a first and final single tier dividend of 2 sen per ordinary share of RM0.50 each, amounting to a dividend payable of RM6,233,545 to be paid on 29 March 2010 in respect of the financial year ended 30 June 2009.

8. Carrying Amount of Revalued Assets

The valuations of buildings and plantation infrastructure included within property, plant and equipment, biological assets and prepaid land lease payments have been brought forward without amendment from the financial statements for the financial year ended 30 June 2009.

9. Debt and Equity Securities

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the current quarter ended 31 December 2009.

10. Changes in Composition of the Group

There were no changes in the composition of the Group during the current quarter, except as follow:

(a) On 23 October 2009, the Company acquired the remaining 49% equity interest in Dongma (Guangzhou Free Trade Zone) Oleochemicals Co. Ltd. ("DMO") for a total cash consideration of USD10.838 million (approximately RM36.80 million); and

(b) On 15 December 2009, the Company acquired the remaining 49% equity interest in Dongma Oils & Fats (Guangzhou Free Trade Zone) Co. Ltd. ("DMGZ") for a total cash consideration of USD13.004 million (approximately RM44.21 million).

Subsequent to the above Acquisitions, both DMO and DMGZ became wholly-owned subsidiaries of the Company.

11. Capital Commitments

The amount of commitments for the purchase of property, plant and equipment not provided for in the interim financial statements as at 31 December 2009 is as follows:

	RM'000
Approved and contracted for	21,395

12. Changes in Contingent Liabilities and Contingent Assets

Unsecured

The Company has provided corporate guarantees to secure banking facilities granted to subsidiary companies. The amount utilised and outstanding as at 31 December 2009 amounted to approximately RM370 million.

13. Subsequent Events

There were no material events subsequent to the end of the current quarter, except as disclosed in Note 21.

14. Performance Review

For the period under review, no significant changes in the revenue of the Group, as it only decreased by RM1,684,000 or <1% from RM295,897,000 in Q2 FYE2009 to RM294,213,000 in Q2 FYE2010. The average CPO price traded for Q2 FYE2009 was RM2,100 per MT as compared to RM2,206 per MT in Q2 FYE2010.

Revenue from the Group's China operations for the 6-months period under review has increased by RM11,485,000 or 13% to RM101,418,000, as compared to RM89,933,000 in 6-months period ended FYE2009. The increase was mainly due to the sales contributed from oleochemical products.

15. Comment on Material Change in Profit/(Loss) Before Taxation

The Group's profit before taxation in the current quarter was RM17,634,000 as compared to a loss of RM57,216,000 in the same period in Q2 FYE2009 . The improvement was mainly due to the increase in CPO prices and normalisation of palm oil trading market conditions.

16. Commentary on Prospects

The performance of the Group is expected to be improved. With the Group's on going implementation of rationalisation exercise, performance enhancement and cost control initiative, it is expected to weather through the economic downturn.

17. Profit Forecast or Profit Guarantee

The disclosure requirements for explanatory notes for the variance of actual profit and forecast profit and for the shortfall in profit guarantee are not applicable.

18. Income Tax Expense

	3 months ended		*6 months ended*	
	31.12.2009	***31.12.2008***	***31.12.2009***	***31.12.2008***
	RM'000	***RM'000***	***RM'000***	***RM'000***
Current income tax:				
Malaysian income tax	575	16	(3,125)	16
Deferred tax	(4,875)	-	2,625	-
Total income tax expense	(4,300)	16	(500)	16

The effective tax rate for the current quarter was lower than the statutory income tax rate principally due to the availability of unabsorbed capital and investment tax allowances, double tax deduction and unused tax losses of certain subsidiary companies for set-off against the current period's taxable profit for its biomass power plant and palm product processing operations, and certain expenses which are not deductible for tax purposes.

19. Sales of Unquoted Investments and Properties

There were no sales of unquoted investments and properties for the current quarter.

20. Quoted Securities

There was no purchase or disposal of marketable securities for the current quarter.

21. Corporate Proposals

There are no corporate proposals announced but not completed as at 22 February 2010, except that the Board of Directors of the Company, had on 4 February 2010, announced that the Company, through its wholly owned subsidiary Aman Bersatu Sdn. Bhd. ("ABSB"), entered into a sale and purchase agreement with Dataran Indah Jaya Sdn. Bhd. ("DIJSB"), wherein DIJSB shall sell and ABSB shall purchase a leasehold land held under Country Lease No. 095327147 in the District of Kinabatangan, Sabah of a total area measuring 1,360 hectares for a total cash consideration of RM83.30 million ("Proposed Acquisition").

The Proposed Acquisition is subject to and conditional upon approvals being obtained from the following:
(i) the shareholders of the Company at a forthcoming extraordinary general meeting to be convened;
(ii) consent from the relevant authorities; and
(iii) any other relevant parties, if required.

The Proposed Acquisition is not conditional upon any corporate exercise undertaken or to be undertaken by the Company and is expected to be completed in the fourth quarter of FYE2010.

22. Borrowings

The Group borrowings, which is secured, was as follows:

	As at 31.12.2009 RM'000	*As at 30.6.2009 RM'000*
Short term borrowings		
- Secured	656,565	611,964
Long term borrowings		
- Secured	80,682	88,448
	737,247	700,412

Included in long term secured borrowings are RM80 million nominal value of Sukuk Ijarah.

Borrowings denominated in foreign currency:

	USD '000	RM '000 equivalent
United States Dollars	8,091	27,453
	=======	=======

23. Off Balance Sheet Financial Instruments

	Notional amount as at 31.12.2009 RM '000
Contingent liabilities	5,000

Credit risk, or the risk of counterparties defaulting, is controlled by limiting the Group's association to creditworthy financial institutions in Malaysia.

Market risk is the risk that the value of the financial instrument will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market. Exposure to market risk may be reduced through offsetting on and off balance sheet positions.

There are no significant credit and market risks posed by the above off balance sheet financial instruments.

The related accounting policy for the off balance sheet financial instruments disclosed in the financial statements for the period ended 31 December 2009 is as follows:

Off balance sheet financial instruments are not recognised in the financial statements on inception.

Forward Foreign Exchange Contracts:

The forward foreign exchange contracts entered into by the Group as at 3 February 2010 (being a date not earlier than 7 days from the date of this report) were as follows:

	Currency	**Contract Amount '000**	**Equivalent Amount RM '000**	**Mature within One Year RM '000**
Forward foreign exchange contract used to hedge anticipated sales	USD	42,719	141,289	141,289

The forward foreign exchange contracts were entered into by the Group as hedges for committed sales denominated in foreign currencies. The hedging of the foreign currencies is to minimise the exposure of the Group to fluctuations in foreign exchange on receipts and payments. Any gains or losses arising from forward contracts are recognised in the income statement upon maturity.

There is minimal credit risk for the forward foreign exchange contracts because these contracts are entered into with licensed financial institutions.

24. Material Litigation

i) The Group is disputing a claim amounting to approximately RM5 million from a commercial bank on foreign currency forward contract alleged to have been entered into by a subsidiary company. Legal proceedings are in progress and the outcome is yet to be determined. The Company's lawyers are of the opinion that the Group has a good prospect of succeeding in defending the claim.

ii) In response to a claim by Palm Energy Sdn. Bhd. (PESB), a wholly owned subsidiary of the Group for liquidated damages, loss of revenue and refurbishment costs totalling approximately RM8 million, PESB counter claimed the balance of the original contract sum amounting to approximately RM1 million and variation order works totalling approximately RM1 million. The arbitration commenced on 10 October 2007 and completed in November 2008.

The Arbitrator delivered his award on 15 July 2009 and in his final award he found both parties were guilty of breaches of contract, the consequences of which both must accordingly bear according to its relative seriousness. The contractor has been awarded a counterclaim of RM420,087.25 whereby PESB is entitled to forfeit the remainder of the contract sum of RM950,000. PESB has decided to file a motion to the high court to set aside certain award given to the contractor pursuant to Section 24 (2) of the Arbitration Act, 1952 (the Act) or alternatively certain paragraph of the award be remitted for the reconsideration of the Learned Arbitrator pursuant to Section 23 (1) of the Act.

iii) A subsidiary of the Group, Dongma Oils & Fats (Guangzhou Free Trade Zone) Co. Ltd. (DMGZ), a bulking tank operator in China, is disputing the demand for delivery 2500mt of refined palm oil product with market value of RM8 million (RMB15.5 million) from a customer, as DMGZ contending that the customer has no legal right to claim as the relevant sales contract has been cancelled earlier. On 29 June 2009, judgement was given in favour of the Plaintiff and DMGZ is in the process of filing its appeal.

iv) On 19 August 2008, an import/export agent filed a claim of RM30 million (RMB64.2 million) against DMGZ, a subsidiary of the Group, alleging that the DMGZ had released goods without their authorization, DMGZ on the other hand contending that they have received the appropriate authorization for the release of goods. On 14 January 2010, judgement was given in favour to DMGZ.

v) A buyer filed a claim against DMGZ, a subsidiary of the Group, for a sum of RMB3,189,000. DMGZ has deemed the buyer default the contracts earlier and forfeited these deposits, the buyer on the other hand claimed that the contracts are cancelled and demanded DMGZ to return the paid deposit. On 11 May 2009, the court has awarded the case in favour of the Plaintiff and DMGZ is in the process of filing its appeal.

vi) DMGZ, a subsidiary of the Group, is challenging a claim of 500mt of palm oil product (market value about RM1 million) from a third party who is claiming ownership of the cargo from a DMGZ's buyer. DMGZ contending that the cargo in question is no longer available as it has already been released earlier to the buyer.

vii) An import/export agent filed a claim on 26 May 2009 against DMGZ, a subsidiary of the Group, for releasing 4,500mt of RBD OLN without their authorisation. However, DMGZ contended that proper authorisation has been received for the release of goods. Legal proceeding is now in progress.

Other than the above, there were no changes in material litigation, including the status of pending material litigation since the last annual balance sheet date of 30 June 2009.

25. Dividend Payable

No interim dividend has been declared for the financial year ended 30 June 2010.

26. Earnings/(Loss) Per Share

(a) Basic

Basic earnings/(loss) per share amounts are calculated by dividing profit/(loss) for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares in issue during the period.

	3 months ended		*6 months ended*	
	31.12.2009	***31.12.2008***	***31.12.2009***	***31.12.2008***
Profit/(loss) for the period attributable to ordinary equity holders of the parent (RM'000)	14,864	(50,650)	(16,330)	(48,009)
Weighted average number of ordinary shares in issue ('000)	311,677	311,677	311,677	311,677
Basic earnings/(loss) per share (sen)	4.77	(16.25)	(5.24)	(15.40)

(b) Diluted

For the purpose of calculating diluted earnings/(loss) per share, the profit/(loss) for the period attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares in issue during the period have been adjusted for the dilutive effects of all potential ordinary shares and shares options granted to employees.

	3 months ended		*6 months ended*	
	31.12.2009	***31.12.2008***	***31.12.2009***	***31.12.2008***
Profit/(loss) for the period attributable to ordinary equity holders of the parent (RM'000)	14,864	(50,650)	(16,330)	(50,650)
Weighted average number of ordinary shares in issue ('000):	311,677	311,677	311,677	311,677
Effect of dilution: Share options	5,770	5,875	5,884	6,730
Adjusted weighted average number of ordinary shares in issue and issuable	317,447	317,552	317,561	318,407
Diluted earnings/(loss) per share (sen)	4.68	(15.95)	(5.14)	(15.08)

27. Authorisation for Issue

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