

## **1. Basis of Preparation**

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

The condensed consolidated 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 Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The condensed consolidated interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 30 June 2010. These explanatory notes attached to the condensed consolidated 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 2010.

## **2. Significant Accounting Policies**

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 30 June 2010, except for the adoption of the following new and revised Financial Reporting Standards (FRSs), Amendments to FRSs and Interpretations:

### **FRSs, Amendments to FRSs and Interpretations effective for financial periods beginning on or after 1 January 2010**

FRS 7	Financial Instruments: Disclosures
FRS 101	Presentation of Financial Statements (Revised)
FRS 123	Borrowing Costs
FRS 139	Financial Instruments: Recognition and Measurement
Amendment to FRS 1	First Time Adoption of FRSs
Amendment to FRS 2	Share-based Payment: Vesting Conditions and Cancellations
Amendment to FRS 7	Financial Instruments: Disclosures
Amendment to FRS 127	Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
Amendment to FRS 132	Financial Statements: Presentation
Amendment to FRS 139	Financial Instruments: Recognition and Measurement, FRS 7: Financial Instruments: Disclosure and IC Interpretation 9: Reassessment of Embedded Derivatives
Improvements to FRSs (2009)	
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment
IC Interpretation 11	FRS 2 – Group and Treasury Share Transactions

### **Amendments to FRS effective for financial periods beginning on or after 1 March 2010**

Amendments to FRS 132	Financial Instruments: Presentation (Classification of Rights Issues)
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**FRSs and Amendments to FRSs effective for financial periods beginning on or after 1 July 2010**

FRS 1	First Time Adoption of Financial Reporting Standards
FRS 3	Business Combination (Revised)
FRS 127	Consolidated and Separate Financial Statements (Amended)
Amendment to FRS 2	Share-based Payment
Amendment to FRS 5	Non-current Assets Held for Sale and Discontinued Operations
Amendment to FRS 138	Intangible Assets
Amendment to IC Interpretation 9	Reassessment of Embedded Derivatives

**Amendments to FRSs and Interpretations effective for financial periods beginning on or after 1 January 2011**

Amendments to FRS 1	First Time Adoption of FRSs
-	Limited Exemption from Comparative FRS 7: Disclosure for First-time Adopters
-	Additional Exemptions for First-time Adopters
Amendments to FRS 1	Additional Exception for First-time Adopters
Amendments to FRS 2	Group Cash – Settled Share-based Payment Transactions
Amendments to FRS 7	Improving Disclosures about Financial Instruments
IC Interpretation 4	Determining whether an Arrangement contains a Lease
IC Interpretation 18	Transfers of Assets from Customers

The adoption of the above FRSs, Amendments to FRSs and Interpretation do not result in any significant changes in the accounting policies and presentation of the financial results of the Group, except for the adoption of the following standards as set out below:

a) FRS 101 (Revised): Presentation of Financial Statements

The revised FRS 101 separates owner and non-owner changes in equity. Therefore, the condensed consolidated statement of changes in equity will now include only details of transactions with owners. All non-owner changes in equity are presented as a single line labelled as total comprehensive income.

The Standards also introduces the statement of comprehensive income: presenting all items of income and expense recognised in the income statement, together with all other items of recognised income and expense, either in one single statement, or in two linked statements. The Group has selected to present in one single statement.

This revised FRS does not have any impact on the financial position and results of the Group.

b) Amendment to FRS 117: Leases

Leasehold land is classified as a finance lease if the Group has substantially all the risks and rewards incidental to ownership. Previously, leasehold land was classified as an operating lease unless title is expected to pass to the lessee at the end of the lease term. Following the amendment to FRS 117, the Group has reclassified its leasehold lands to property, plant and equipment. This change in classification has no effect on the results of the Group. The reclassification has been accounted for retrospectively in accordance with the transitional provision and certain comparative balances have been restated as follows:

<b>Consolidated Balance Sheet As At 30 June 2010</b>	<b>As previously stated RM '000</b>	<b>Effects of adoption of FRS 117 RM '000</b>	<b>As restated RM '000</b>
Property, plant and equipment	545,004	327,383	872,387
Land use rights	-	16,114	16,114
Prepaid land lease payments	343,497	(343,497)	-

c) FRS 139: Financial Instruments: Recognition and Measurement

FRS 139 sets out the new requirements for the recognition and measurement of the Group's financial instruments. Financial Instruments are recorded initially at fair value. Subsequent measurement of the financial instruments at the balance sheet date reflects the designation of the financial instruments. The Group determines the classification at the initial recognition and for the purpose of the first adoption of the standard, as at transitional date on 1 July 2010.

*Financial Assets*

Financial assets are classified as either financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments.

The Group financial assets include cash and short-term deposits, financial assets at fair value through profit or loss, loans and receivables and available-for-sale. Financial assets are initially measured at fair value. The fair value is normally the transaction price or market price, plus transaction costs directly attributable to the acquisition of the financial assets.

*Financial Assets at Fair Value through Profit or Loss*

Financial assets classified as held-for-trading are categorised as finance assets at fair value through profit or loss. Financial assets are held-for-trading if they are acquired for the purpose of selling in the near term. The carrying amount is marked to market with the difference taken to income statement.

*Loans and Receivables*

Prior to 1 January 2010, loans and receivables were stated at gross receivables less provision for doubtful debts. Under FRS 139, loans and receivables are initially measured at fair value and subsequently amortised cost using the effective interest rate (EIR) method. Gains and losses are recognised in income statement as a result of the amortisation process and when the loans and receivables are derecognised or impaired.

*Financial Assets Held-to-Maturity*

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity, when the Group has the expressed intention and ability to hold to maturity.

Investments which are intended to be held-to-maturity are subsequently measured at amortised cost using the EIR method. Amortised cost is calculated by taking into account any discount or premium on acquisition, over the period to maturity. For investments carried at amortised cost, gains and losses are recognised in income statement as a result of the amortisation process, and when the investment are derecognised or impaired.

*Financial Liabilities*

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities at amortised cost using the EIR method. Financial liabilities at fair value are held-for-trading if the financial liabilities are incurred with the intention of repurchasing them in the near term.

The Group's financial liabilities include trade and other payables and, loans and borrowings.

*Derecognition of Financial Liabilities*

Financial liabilities are derecognised when the obligation under the liability is discharged, cancelled or expired.

*Policy on Impairment Loss*

The Group assess whether there is any objective evidence that a financial asset is impaired at each reporting date. Receivables that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on the Group's past experience. If in a subsequent period, the carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

**3. Auditors' Report on Preceding Annual Financial Statements**

The auditors' report on the financial statements for the financial year ended 30 June 2010 was not qualified.

**4. Segmental Information**

Segmental information for the current financial year ended 30 June 2011 is as followed:

	<i>3 months ended</i>		<i>12 months ended</i>	
	<i>30.6.2011</i>	<i>30.6.2010</i>	<i>30.6.2011</i>	<i>30.6.2010</i>
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
<b>Segment Revenue</b>				
Oil palm plantations and palm product processing	315,471	262,829	981,417	1,138,116
Trading of industrial products	1,900	1,877	7,417	6,791
Biomass energy	2,874	2,341	5,372	9,147
Oleochemical products	56,115	43,852	243,770	109,764
Total revenue including inter-segment sales	376,360	310,899	1,237,976	1,263,818
Elimination of inter-segment sales	(4,741)	(3,912)	(12,689)	(15,632)
<b>Total</b>	<b>371,619</b>	<b>306,987</b>	<b>1,225,287</b>	<b>1,248,186</b>
<b>Segment Results</b>				
Oil palm plantations and palm product processing	62,335	15,850	116,022	17,260
Trading of industrial products	69	-	107	45
Biomass energy	(235)	(58)	83	153
Oleochemical products	(7,083)	574	(765)	(18,406)
	55,086	16,366	115,447	(948)
Eliminations	166	58	(190)	(198)
<b>Total</b>	<b>55,252</b>	<b>16,424</b>	<b>115,257</b>	<b>(1,146)</b>

**5. 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 year ended 30 June 2011.

**6. Changes in Estimates**

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

**7. Comments About Seasonal or Cyclical Factors**

The seasonal or cyclical factors affecting the results of the operations of the Group are general climatic conditions, age profile of oil palms and the cyclical nature of annual production.

**8. Dividend Paid**

At the Fifteenth Annual General Meeting held on 23 December 2010, the shareholders approved a first and final single tier dividend of 2 sen per ordinary share of RM0.50 each, amounting to RM6,233,545 paid on 16 March 2011 in respect of the financial year ended 30 June 2010.

**9. Carrying Amount of Revalued Assets**

During the current quarter, the Group has performed its latest revaluation on its property, plant and equipment and biological assets to conform with the Group policy and the revaluation increase has been credited to equity as revaluation surplus.

**10. Debt and Equity Securities**

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the current quarter ended 30 June 2011.

**11. Changes in Composition of the Group**

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

- 1) The Company has fulfilled all the conditions precedent during the quarter as stipulated in the Conditional Sale Shares Agreement dated 6 January 2011 between Kwantas Corporation Berhad and Golden Agri Resources Sdn. Bhd. in respect of the disposal of entire 70% shareholding in Green Ace Resources Sdn. Bhd.; and
- 2) On 18 May 2011, the Company acquired the remaining 30% equity interest in Miracle Harvest Sdn. Bhd. (“MHSB”) for a total cash consideration of RM18.19 million. Subsequent to the acquisition, MHSB became a wholly-owned subsidiary of the Company.

The Board of Directors of the Company, having reasonably considered all the aspects of the acquisition, is of the view that the acquisition is in the best interest of the Company and is not subject to the approval of shareholders or any regulatory authorities.

## **12. Capital Commitments**

The amount of commitments for the purchase of property, plant and equipment not provided for in the financial statements as at 30 June 2011 is as follows:

Approved and contracted for	<i><b>RM'000</b></i> <u>26,515</u>
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## **13. Changes in Contingent Liabilities and Contingent Assets**

### **Unsecured**

The Company has provided corporate guarantees to secure banking facilities granted to the company and its subsidiary companies. The amount utilised and outstanding as at 30 June 2011 amounted to approximately RM365 million.

## **14. Subsequent Events**

There were no material events subsequent to the end of the current year.

## **15. Performance Review**

For the quarter under review, revenue of the Group has increased by RM64,632,000 or 21% from RM306,987,000 in Q4 FYE2010 to RM371,619,000 in Q4 FYE2011. The increase was mainly due to the increase in unit selling price of palm products. The average CPO price traded for current quarter was RM2,861 per MT as compared to RM2,315 per MT in Q4 FYE2010.

Revenue from the Group's China operations for the year under review has increased by RM86,705,000 or 40% to RM303,284,000, as compared to RM216,579,000 in FYE2010. The increase was mainly due to the sales contributed from oleochemical products.

## **16. Comment on Material Change in Profit Before Taxation**

During the quarter, profit before taxation of the Group has increased by RM53,374,000 or 306% from RM17,434,000 in Q4 FYE2010 to RM70,808,000 in Q4 FYE2011. The increase was mainly due to the disposal of a subsidiary as mentioned in Note 11 above as well as gain from disposal of certain properties, plant and equipment during the quarter. The increase also resulted from the higher prices of palm products. Hence, resulted in higher profit margin.

## **17. Commentary on Prospects**

Based on the strong prices of palm products, the Board of Directors expects the results of the Group for the current financial year to be encouraging.

**18. 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.

**19. Income Tax Expense**

	<i>3 months ended</i>		<i>12 months ended</i>	
	<i>30.6.2011</i>	<i>30.6.2010</i>	<i>30.6.2011</i>	<i>30.6.2010</i>
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Current income tax:				
- Malaysian income tax	7,056	3,655	21,876	11,957
- Overprovision attributable to group loss relief received	-	(8,119)	-	(8,119)
	<u>7,056</u>	<u>(4,464)</u>	<u>21,876</u>	<u>3,838</u>
Deferred tax	8,500	5,474	7,500	2,474
Total income tax expense	<u>15,556</u>	<u>1,010</u>	<u>29,376</u>	<u>6,312</u>

In the current quarter, income tax expense increased along with higher plantation profits and normal provision of deferred tax as compare to the increased in provision of deferred tax income in Q4 FYE2010 due to unused tax losses in one of the subsidiary.

**20. Sales of Unquoted Investments and Properties**

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

**21. Quoted Securities**

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

**22. Corporate Proposals**

There are no corporate proposals announced but not completed as at 25 August 2011.

### 23. Retained Earnings

The breakdown of retained profits of the Group as at 30 June 2011 is as follows:

	<i>As at</i> <b>30.6.2011</b> <i>RM'000</i>	<i>As at</i> <b>30.9.2010</b> <i>RM'000</i>
Total retained earnings of the Company and its subsidiaries:		
- Realised	460,392	333,733
- Unrealised	79,870	72,620
	<u>540,262</u>	<u>406,353</u>
Less: Consolidation adjustments	(199,603)	(146,562)
Total group retained earnings as per consolidated accounts	<u>340,659</u>	<u>259,791</u>

### 24. Borrowings

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

	<i>As at</i> <b>30.6.2011</b> <i>RM'000</i>	<i>As at</i> <b>30.6.2010</b> <i>RM'000</i> <i>(Audited)</i>
<b>Short term borrowings</b>		
- Secured	<u>535,558</u>	<u>635,237</u>
<b>Long term borrowings</b>		
- Secured	<u>190,000</u>	<u>62,571</u>
	<u>725,558</u>	<u>697,808</u>

Included in long term secured borrowings are RM40 million and RM150 million nominal value of Sukuk Ijarah and term loan respectively.

Borrowings denominated in foreign currency:

	<b>USD</b> <b>'000</b>	<b>RMB</b> <b>'000</b>	<b>RM'000</b> <b>equivalent</b>
United States Dollars	137,643	-	414,790
Renminbi	-	17,981	8,392
Total	<u>137,643</u>	<u>17,981</u>	<u>423,182</u>



## **25. Off Balance Sheet Financial Instruments**

*Notional amount  
as at  
30.6.2011  
RM '000*

Contingent liabilities

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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.

## **26. Material Litigation**

- i) 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, the contractor 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.

- ii) 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 RM11.4 million (RMB24.8 million) from a third party, as DMGZ is contending that the third party 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. Legal proceeding is now in progress.
- iii) DMGZ, a subsidiary of the Group, is defending a claim of 500mt of palm oil product (market value about RM2 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.
- iv) 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 (market value about RM17.8 million) without their consent. DMGZ contended that proper authorisation has been received for the release of goods. On 30 November 2010, judgement was awarded to DMGZ but the plaintiff filed his appeal on 16 December 2010. Legal proceeding is now in progress.

- v) On 15 April 2010, a subsidiary of the Group, Dongma Oils & Fats (Guangzhou Free Trade Zone) Co. Ltd. (DMGZ), received a claim to deliver 1,700mt of refined palm oil product with market value of RM6.7 million (RMB14.5 million) from the customer. The customer also claiming for interest loss due to non-delivery of goods amounting to approximately RM1.17 million (RMB2.5 million) calculated up to the date of affidavit. The plaintiff claimed that his agent stored the oil in DMGZ's tank but DMGZ contended that the oil stored by his agent has already been despatched to their customers based on the said agent's instruction. Legal proceeding is now in progress.
- vi) A customer of Dongma Oils & Fats (Guangzhou Free Trade Zone) Co. Ltd. (DMGZ), a subsidiary of the Group, is claiming approximately RM420,000 (RMB913,000) as excess payment to DMGZ. DMGZ counter-claimed the customer on 24 June 2010 for reimbursement of import duty and valued added tax as well as storage rental totalling RM928,000 (RMB2,017,917.12) and the customer has to pay to DMGZ the differential of RM508,000 (RMB1,104,917.12) after netting the abovementioned excess payment. On 19 November 2010, judgement was given in favour of the Plaintiff and DMGZ is in the process of filing its appeal. Legal proceeding is now in process.

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 2010.

## 27. Dividend Payable

No interim dividend has been declared for the financial year ended 30 June 2011.

## 28. Earnings Per Share

### (a) Basic

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

	<i>3 months ended</i>		<i>12 months ended</i>	
	<i>30.6.2011</i>	<i>30.6.2010</i>	<i>30.6.2011</i>	<i>30.6.2010</i>
Profit for the year attributable to ordinary equity holders of the parent (RM'000)	55,222	16,505	115,475	4,366
Weighted average number of ordinary shares in issue ('000)	311,677	311,677	311,677	311,677
Basic earnings per share (sen)	17.72	5.30	37.05	1.40

**(b) Diluted**

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

	<i>3 months ended</i>		<i>12 months ended</i>	
	<i>30.6.2011</i>	<i>30.6.2010</i>	<i>30.6.2011</i>	<i>30.6.2010</i>
Profit for the year attributable to ordinary equity holders of the parent (RM'000)	55,222	16,505	115,475	4,366
Weighted average number of ordinary shares in issue ('000):	311,677	311,677	311,677	311,677
Effect of dilution: Share options	-	5,555	-	5,704
Adjusted weighted average number of ordinary shares in issue and issuable	311,677	317,232	311,677	317,381
Diluted earnings per share (sen)	17.72	5.20	37.05	1.38

**29. Authorisation for Issue**

The condensed consolidated interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 25 August 2011.