

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 2011. 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 2011.

2. Significant Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the financial year ended 30 June 2011, except for the adoption of the following Amendments to FRSs, IC Interpretation and Amendments to IC Interpretation:

On 1 July 2011, the Group adopted the following Amendments to FRSs, IC Interpretation and Amendments to IC Interpretation mandatory for annual financial periods beginning on or after 1 July 2011

Effective for financial periods beginning on or after 1 January 2011

- Amendments to FRS 1: Limited Exemption from Comparative FRS 7 Disclosure 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
- Amendments to FRSs and IC Interpretation 13 contained in the documents entitled “Improvements to FRSs (2010)”
- Technical Release 3: Guidance on Disclosures of Transition to IFRSs
- Technical Release i4: Shariah Compliant Sale Contracts

Effective for financial periods beginning on or after 1 July 2011

- IC Interpretation 19: Extinguishing Financial Liabilities with Equity Instruments
- Amendments to IC Interpretation 14: Prepayments of a Minimum Funding Requirements

The adoption of Amendments to FRSs, IC Interpretations and Amendments to IC Interpretations do not have any significant financial impacts on the results and the financial position of the Group for the current quarter.

3. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the financial year ended 30 June 2011 was not qualified.

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 year ended 30 June 2012.

5. Changes in Estimates

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

6. 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.

7. Dividend Payable

At the Sixteenth annual general meeting held on 16 December 2011, the shareholders approved a first and final single tier dividend of 10 sen per ordinary share of RM0.50 each, amounting to RM31,167,726.40. The dividend was paid on 9 March 2012 in respect of the financial year ended 30 June 2011 (2010: 2 sen per ordinary share of RM0.50 each).



8. Segmental Information

Segmental information for the current financial year ended 30 June 2012 is as followed:

	<i>Oil palm plantations and palm products processing</i>		<i>Oleochemical Products</i>		<i>Others</i>		<i>Adjustments and eliminations</i>		<i>Per consolidated financial statements</i>	
	<i>30.06.2012</i>	<i>30.06.2011</i>	<i>30.06.2012</i>	<i>30.06.2011</i>	<i>30.06.2012</i>	<i>30.06.2011</i>	<i>30.06.2012</i>	<i>30.06.2011</i>	<i>30.06.2012</i>	<i>30.06.2011</i>
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
3 Months Ended 30 June										
Revenue										
External Sales	292,244	341,214	59,300	56,115	-	100	-	-	351,544	397,429
Inter-segment	-	-	-	-	797	4,675	(797)	(4,675)	-	-
Total Revenue	292,244	341,214	59,300	56,115	797	4,775	(797)	(4,675)	351,544	397,429
Results										
Interest income	117	164	10	11	13	5	-	-	140	180
Depreciation	5,293	9,086	1,774	2,259	471	471	-	-	7,538	11,816
Segment profit/(loss)	17,484	81,371	(9,523)	(7,036)	(2,546)	(180)	-	-	5,415	74,155
12 Months Ended 30 June										
Revenue										
External Sales	1,070,618	1,007,227	226,122	243,770	-	100	-	-	1,296,740	1,251,097
Inter-segment	-	-	-	-	7,212	12,689	(7,212)	(12,689)	-	-
Total Revenue	1,070,618	1,007,227	226,122	243,770	7,212	12,789	(7,212)	(12,689)	1,296,740	1,251,097
Results										
Interest income	922	616	33	44	13	5	-	-	968	665
Depreciation	21,884	23,673	6,943	7,086	1,881	1,884	-	-	30,708	32,643
Segment profit/(loss)	70,421	148,522	(17,655)	(718)	(2,413)	176	-	-	50,353	147,980

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 2012.

11. Changes in Composition of the Group

There were no changes in the composition of the Group during the current quarter.

12. Capital Commitments

The amount of capital commitments for the purchase of property, plant and equipment not provided for in the financial statements as at 30 June 2012 is as follows:

Approved and contracted for	<i>RM'000</i> <u>16,794</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 its subsidiary companies. The amount utilised and outstanding as at 30 June 2012 amounted to approximately RM405million.

14. Subsequent Events

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

15. Performance Review

Oil palm plantations and palm products processing

This major segment of the Group has contributed 83% of the Group's revenue. For the current quarter under review, the Group recorded revenue of RM292,244,000 compared with RM341,214,000 reported in the corresponding period of the preceding year, a decrease of RM48,970,000 or 14%. The decrease was mainly due to the decrease in palm products' sales volume in the current quarter as compared to the corresponding period of the preceding year.

The average CPO price traded for the current quarter was RM2,930 per MT as compared to RM2,861 per MT in Q4 FYE2011.

Oleochemicals

This division has accounted for 17% of the total Group's revenue for the current quarter. Revenue from this division for the current quarter has increased by RM3,185,000 or 6% to RM59,300,000, as compared to RM56,115,000 in the corresponding period of the preceding year. The increase is mainly due to the increase in sales volume of the oleochemical products.

Others

Others segments' results are insignificant to the Group.

16. Comment on Material Change in Profit Before Tax

Profit before tax of the Group during the quarter has decreased by RM68,740,000 or 93%. The decrease was principally attributed by the following:

- a) the profit in Q4 2011 consists of a gain on disposal of a subsidiary and property, plant and equipment of approximately RM53 million;
- b) competitive refining margin; and
- c) contribution from oil mill divisions is less satisfactory which is caused by the modification and upgrading of certain oil mill production processes. However, the management expects such adverse performance of oil mill to be temporary and its performance will be improved upon the completion of the upgrading and modification exercise.

17. Profit before tax

Profit before tax for the period/year is arrived at after crediting/(charging):

	<i>3 months ended</i>		<i>12 months ended</i>	
	<i>30.06.2012</i>	<i>30.06.2011</i>	<i>30.06.2012</i>	<i>30.06.2011</i>
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
				<i>(Audited)</i>
Interest income	140	180	968	665
Other income	2,297	50,260	4,883	57,853
Interest expense	(8,006)	(7,050)	(23,874)	(28,771)
Impairment allowance on trade receivables	-	(118)	-	(118)
Reversal of impairment allowance on trade receivables	-	66	-	66
Gain on disposal of a subsidiary	-	30,972	-	30,972
Gain on disposal of property, plant & equipment	(32)	21,616	158	21,615
Depreciation on property, plant & equipment	(7,538)	(11,816)	(30,708)	(32,643)
Realised foreign exchange gain/(loss)	3,052	(2,579)	293	2,742

18. Commentary on Prospects

Due to the steady prices of palm products, the Board of Directors expects the results of the Group for the current financial year to be stable.

19. 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.

20. Income Tax Expense

	<i>3 months ended</i>		<i>12 months ended</i>	
	<i>30.06.2012</i>	<i>30.06.2011</i>	<i>30.06.2012</i>	<i>30.06.2011</i>
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
				<i>(Audited)</i>
Current income tax:				
- Malaysian income tax	(2,478)	(9,493)	(13,284)	(24,313)
- Foreign tax	(20)	-	(20)	-
Deferred tax	(1,760)	(8,570)	(760)	(7,570)
Total income tax expense	(4,258)	(18,063)	(14,064)	(31,883)

The effective tax rate for the current quarter was higher than the statutory income tax rate principally due to the availability of non-deductible expenses and losses incurred in foreign subsidiaries.

21. Corporate Proposals

There are no corporate proposals announced but not completed as at 25 August 2012.

22. Retained Earnings

The breakdown of retained profits of the Group as at 30 June 2012 is as follows:

	<i>As at</i> 30.06.2012 <i>RM'000</i>	<i>As at</i> 30.6.2011 <i>RM'000</i> <i>(Audited)</i>
Total retained earnings of the Company and its subsidiaries:		
- Realised	606,982	608,110
- Unrealised	<u>(70,877)</u>	<u>(71,638)</u>
	536,105	536,472
Less: Consolidation adjustments	<u>(192,119)</u>	<u>(199,603)</u>
Total group retained earnings as per consolidated accounts	<u><u>343,986</u></u>	<u><u>336,869</u></u>

23. Borrowings

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

Short term borrowings		
- Secured	632,544	544,014
Long term borrowings		
- Secured	<u>132,679</u>	<u>178,664</u>
	<u><u>765,223</u></u>	<u><u>722,678</u></u>

Included in long term secured borrowings are RM20 million and RM113 million nominal value of Sukuk Ijarah and term loan respectively.

Borrowings denominated in foreign currency:

	USD '000	RMB '000	RM'000 equivalent
United States Dollars	115,895	-	360,402
Renminbi	-	39,990	20,166
Total	<u><u>115,895</u></u>	<u><u>39,990</u></u>	<u><u>380,568</u></u>

24. Material Litigation

- i) On 18 March 1998, the Group is disputing a claim amounting to approximately RM8 million together with interests and costs from a commercial bank (“CB”) on two foreign currency forward contracts alleged to have been entered into by a subsidiary company.

In respect of the 1st foreign currency forward contract, judgment for the sum of RM2.6 million had been obtained by the CB on 24 March 1999. Subsequently, the Group filed a Notice of Appeal to the Court of Appeal and the Judge was found in favour of the Group. CB was then ordered to refund the sum of RM3.2 million together with interests and costs to the Group.

In respect of the 2nd foreign currency forward contract, CB is claiming for RM5 million together with interests and costs. The High Court Judge found in favour of CB. However, the Group has applied for a stay of execution of the Judgment. The Court held that the execution of the Judgment be stayed provided that a sum of RM6.8 million (“Sum”) be deposited into an interest bearing account in the joint names of the CB and the Group’s solicitors. The said Sum shall be paid to the successful party after the disposal of the Appeal. The Group’s lawyers are of the opinion that the Group has a good prospect of succeeding in the Court of Appeal.

- ii) On 15 April 2010, DMGZ received a claim to deliver 1,700 metric tonnes of refined palm oil product with market value of RM6.3 million (RMB13 million) from a third party. The plaintiff also claiming for interest loss due to non-delivery of goods amounting to approximately RM1.21 million (RMB2.5 million) calculated up to the date of affidavit. The plaintiff claims that his agent stored the oil in DMGZ’s tank but DMGZ contended that the oil stored by the agent has already been despatched to their customers based on the said agent’s instruction. Legal proceeding is now in progress.

Other than the above, there were no material changes in material litigation, including the status of pending material litigation since the date of last annual statement of financial position date of 30 June 2011.

25. Dividend

No interim dividend has been declared for the financial year ending 30 June 2012.

26. Earnings Per Share

(a) Basic

Basic earnings per share amounts are calculated by dividing profit for the period/year attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period/year.

	<i>3 months ended</i>		<i>12 months ended</i>	
	<i>30.06.2012</i>	<i>30.06.2011</i>	<i>30.06.2012</i>	<i>30.06.2011</i>
Profit for the period/year attributable to owners of the Company (RM’000)	1,195	56,200	36,435	116,315
Weighted average number of ordinary shares in issue (‘000)	311,677	311,677	311,677	311,677
Basic earnings per share (sen)	0.38	18.03	11.69	37.32

(b) Diluted

For the purpose of calculating diluted earnings per share, the profit for the period/year attributable to owners of the Company and the weighted average number of ordinary shares in issue during the period/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>30.06.2012</i>	<i>30.06.2011</i>	<i>30.06.2012</i>	<i>30.06.2011</i>
Profit for the period/year attributable to owners of the Company (RM'000)	1,195	56,200	36,435	116,315
Weighted average number of ordinary shares in issue ('000):	311,677	311,677	311,677	311,677
Effect of dilution:				
Share options	-	-	-	-
Adjusted weighted average number of ordinary shares in issue and issuable	<u>311,677</u>	<u>311,677</u>	<u>311,677</u>	<u>311,677</u>
Diluted earnings per share (sen)	<u>0.38</u>	<u>18.03</u>	<u>11.69</u>	<u>37.32</u>

27. 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 29 August 2012.