



Condensed Consolidated Statement of Comprehensive Income
For The Period Ended 30 September 2014

	Note	3 months Ended		3 months Ended	
		30.09.14 RM'000	30.09.13 RM'000	30.09.14 RM'000	30.09.13 RM'000
Revenue	8	295,261	357,288	295,261	357,288
Cost of Sales		(267,591)	(319,141)	(267,591)	(319,141)
Gross Profit		27,670	38,147	27,670	38,147
Other Items of Income					
Interest Income		579	372	579	372
Other Operating Income		3,918	2,216	3,918	2,216
Other Items of Expenses					
Selling Expenses		(10,967)	(10,739)	(10,967)	(10,739)
Administrative Expenses		(9,820)	(10,085)	(9,820)	(10,085)
Finance Costs		(6,528)	(6,585)	(6,528)	(6,585)
Profit Before Tax	8	4,852	13,326	4,852	13,326
Income Tax Expense	20	(1,550)	(1,500)	(1,550)	(1,500)
Profit For The Period		3,302	11,826	3,302	11,826
Other Comprehensive Profit:					
Foreign Currency Translation		4,593	4,359	4,593	4,359
		4,593	4,359	4,593	4,359
Total Comprehensive Profit For The Period		7,895	16,185	7,895	16,185
Profit For The Period Attributable To:					
Owners of the Company		3,307	11,831	3,307	11,831
Non-controlling Interests		(5)	(5)	(5)	(5)
		3,302	11,826	3,302	11,826
Total Comprehensive Profit Attributable To:					
Owners of the Company		7,900	16,190	7,900	16,190
Non-controlling Interests		(5)	(5)	(5)	(5)
		7,895	16,185	7,895	16,185
Earnings Per Share Attributable to Owners of The Company (Sen Per Share):					
		3 months Ended	3 months Ended	3 months Ended	3 months Ended
		30.09.14	30.09.13	30.09.14	30.09.13
Basic	26 (a)	1.06	3.80	1.06	3.80
Diluted	26 (b)	1.06	3.80	1.06	3.80

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements year ended 30 June 2014 and the accompanying explanatory notes attached to the interim financial statements.



Condensed Consolidated Statement of Financial Position
As At 30 September 2014

	Note	As at 30.09.14 RM'000	As at 30.06.14 RM'000 (Audited)
ASSETS			
Non-Current Assets			
Property, plant and equipment	9	1,159,199	1,158,366
Biological assets	9	729,816	726,951
Investment properties	9	27,046	27,046
Land use rights		16,003	15,800
Other receivables		8,097	8,179
		<u>1,940,161</u>	<u>1,936,342</u>
Current Assets			
Inventories		167,863	138,182
Derivative assets		3,678	3,479
Trade receivables		84,427	34,565
Other receivables		27,366	25,195
Tax recoverable		9,207	7,115
Short-term deposits with licensed banks	23	35,635	19,568
Cash and bank balances	23	57,995	75,258
		<u>386,171</u>	<u>303,362</u>
TOTAL ASSETS		<u><u>2,326,332</u></u>	<u><u>2,239,704</u></u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		155,839	155,839
Share premium		53,727	53,727
Retained earnings	22	249,951	246,644
Other reserves		922,977	918,384
		<u>1,382,494</u>	<u>1,374,594</u>
Non-controlling interests		5	10
Total Equity		<u>1,382,499</u>	<u>1,374,604</u>
Non-Current Liabilities			
Borrowings	24	302,533	108,044
Deferred tax liabilities		163,156	163,653
		<u>465,689</u>	<u>271,697</u>
Current Liabilities			
Borrowings	24	394,789	465,881
Trade payables		50,096	95,600
Other payables		24,278	22,105
Derivative liabilities		8,981	9,817
		<u>478,144</u>	<u>593,403</u>
Total Liabilities		<u>943,833</u>	<u>865,100</u>
TOTAL EQUITY AND LIABILITIES		<u><u>2,326,332</u></u>	<u><u>2,239,704</u></u>

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements year ended 30 June 2014 and the accompanying explanatory notes attached to the interim financial statements.

Condensed Consolidated Statement of Changes in Equity
For The Period Ended 30 September 2014

	← Non-Distributable		Distributable		← Attributable to Owners of the Company			→		
	Share Capital RM'000	Share Premium RM'000	Retained Earnings RM'000	Other Reserves Total RM'000	Asset Revaluation Reserve RM'000	Fair Value Adjustment Reserve RM'000	Foreign Currency Translation Reserve RM'000	Equity Attributable to Owners of the Company, Total RM'000	Non-controlling Interests RM'000	Total Equity RM'000
At 1 July 2013	155,839	53,727	370,648	804,260	783,200	4,193	16,867	1,384,474	115	1,384,589
Total comprehensive income	-	-	11,831	4,359	-	-	4,359	16,190	(5)	16,185
At 30 September 2013	155,839	53,727	382,479	808,619	783,200	4,193	21,226	1,400,664	110	1,400,774
At 1 July 2014	155,839	53,727	246,644	918,384	895,169	4,193	19,022	1,374,594	10	1,374,604
Total comprehensive income	-	-	3,307	4,593	-	-	4,593	7,900	(5)	7,895
At 30 September 2014	155,839	53,727	249,951	922,977	895,169	4,193	23,615	1,382,494	5	1,382,499

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 30 June 2014 and the accompanying explanatory notes attached to the interim financial statements.



Condensed Consolidated Statements of Cash Flows
For the Period Ended 30 September 2014

	3 months Ended	
	30.09.14 RM'000	30.09.13 RM'000
OPERATING ACTIVITIES		
Profit before taxation	4,852	13,326
Adjustments for:		
Depreciation of property, plant and equipment	9,018	8,839
Gain on disposal of property, plant and equipment	(70)	(53)
Property, plant and equipment written off	76	-
Net fair value changes on derivative financial instruments	(1,035)	1,981
Amortisation of Sukuk Ijarah	-	125
Interest expense	6,528	6,460
Interest income	(579)	(372)
Operating cash flows before working capital changes	18,790	30,306
Changes in working capital:		
(Increase)/Decrease in inventories	(29,681)	23,012
(Increase)/Decrease in receivables	(51,951)	44,474
Decrease in payables	(43,331)	(68,390)
Total changes in working capital	(124,963)	(904)
Cash flows from operations	(106,173)	29,402
Income tax paid	(4,139)	(3,437)
Interest paid	(6,528)	(6,585)
Net cash flows (used in)/generated from operating activities	(116,840)	19,380
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(3,583)	(5,698)
Plantation development expenditure	(2,865)	(1,306)
Proceeds from disposal of property, plant and equipment	70	88
Interest received	579	372
Net cash flows used in investing activities	(5,799)	(6,544)
FINANCING ACTIVITIES		
Drawdown of short term revolving credits	30,000	60,000
Repayment of short term revolving credits	(30,000)	(60,000)
Drawdown of term loans	223,667	1,088
Repayment of term loans	(18,486)	(29,510)
Drawdown of hire purchase financing	-	296
Repayment of hire purchase financing	(685)	(714)
Drawdown of bankers' acceptances and trust receipts	556,402	619,556
Repayment of bankers' acceptances and trust receipts	(637,501)	(590,175)
Net cash flows generated from financing activities	123,397	541
Net increase in cash and cash equivalents	758	13,377
Effect of exchange rate differences	(1,954)	(6,165)
Cash and cash equivalents at beginning of period	90,531	97,816
Cash and cash equivalents at end of period (Note 23)	89,335	105,028

The condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the year ended 30 June 2014 and the accompanying explanatory notes attached to the interim financial statements.

1. Basis of Preparation

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

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 2014. 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 2014.

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 2014, except for the adoption of the following new/amendments to FRSs:

On 1 July 2014, the Group adopted the following new and amended FRSs mandatory for annual financial periods beginning on or after 1 July 2014

Effective for financial periods beginning on or after 1 January 2014

- Amendments to FRS 136: Recoverable Amount Disclosures for Non-Financial Assets
- Amendments to FRS 132: Offsetting Financial Assets and Financial Liabilities
- Amendments to FRS 10, FRS 12 and FRS 127: Investment Entities
- Amendments to FRS 139: Novation of Derivatives and Continuation of Hedge Accounting
- IC Interpretation 21: Levies

Effective for financial periods beginning on or after 1 July 2014

- Amendments to FRS 119: Defined Benefit Plans: Employee Contributions
- Annual Improvements to FRSs 2010-2012 Cycle
- Annual Improvements to FRSs 2011-2013 Cycle

The adoption of the above new/amended FRSs do not have any significant financial impacts on the results and the financial position of the Group for the current quarter, except as disclosed below:

Amendments to FRS 139: Novation of Derivatives and Continuation of Hedge Accounting

These amendments provide relief from discounting hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. The Group has not novated its derivatives during the current period. However, these amendments would be considered for future novation.

As stated in our audited financial statements for the financial year ended 30 June 2014, the Group has yet to adopt the Malaysian Financial Reporting Standards (“MFRS”) framework, but has elected to be a transitioning entity which will only adopt the MFRS framework for the financial year ending 30 June 2018.

3. Auditors’ Report on Preceding Annual Financial Statements

The auditors’ report on the financial statements for the financial year ended 30 June 2014 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 current quarter under review.

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

No dividend was paid/payable during the current under review.

Notes to the Condensed Consolidated Interim Financial Statements – 30 September 2014

8. Segmental Information

Segmental information for the current financial period ended 30 September 2014 is as follows:

	<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>30.9.14</i>	<i>30.9.13</i>	<i>30.9.14</i>	<i>30.9.13</i>	<i>30.9.14</i>	<i>30.9.13</i>	<i>30.9.14</i>	<i>30.9.13</i>	<i>30.9.14</i>	<i>30.9.13</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 September										
Revenue										
External Sales	240,340	293,116	54,921	64,172	-	-	-	-	295,261	357,288
Inter-segment	-	-	-	-	962	1,239	(962)	(1,239)	-	-
Total Revenue	240,340	293,116	54,921	64,172	962	1,239	(962)	(1,239)	295,261	357,288
Results										
Interest income	549	326	30	46	-	-	-	-	579	372
Depreciation	6,982	6,437	1,597	1,963	439	439	-	-	9,018	8,839
Segment profit/(loss)	5,565	14,976	(753)	(1,712)	40	62	-	-	4,852	13,326
3 Months Ended 30 September										
Revenue										
External Sales	240,340	293,116	54,921	64,172	-	-	-	-	295,261	357,288
Inter-segment	-	-	-	-	962	1,239	(962)	(1,239)	-	-
Total Revenue	240,340	293,116	54,921	64,172	962	1,239	(962)	(1,239)	295,261	357,288
Results										
Interest income	549	326	30	46	-	-	-	-	579	372
Depreciation	6,982	6,437	1,597	1,963	439	439	-	-	9,018	8,839
Segment profit/(loss)	5,565	14,976	(753)	(1,712)	40	62	-	-	4,852	13,326

9. Carrying Amount of Revalued Assets

The valuation of land and buildings included within property, plant and equipment, biological assets and investment properties have been brought forward without amendment from the financial statements for the financial year ended 30 June 2014.

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 September 2014.

11. Changes in Composition of the Group

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

12. Capital Commitments

There were no capital commitments for the purchase of property, plant and equipment not provided for in the financial statements as at 30 September 2014.

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 September 2014 amounted to approximately RM365 million.

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 has contributed 81% of the Group's total revenue. For the current quarter under review, the segment recorded a revenue of RM240,340,000, as compared to the revenue reported in the corresponding period of preceding period, there is a decrease of 18% or RM52,776,000 in value. The decrease in revenue is particularly due to the lower realised CPO average unit selling price in current quarter as compared to the same corresponding quarter of preceding year. The realised CPO average unit selling price in Q1 FYE 2015 is RM2,417 per MT whilst in Q1 FYE 2014 is RM2,556 per MT.

Oleochemicals

Oleochemical division has accounted for 19% of the total Group's revenue for this quarter. The revenue has decreased by 14% or RM9,251,000 in value to RM54,921,000 for this quarter. The decrease is primarily resulting from the drop of sales volume traded in Stearic acid and Glycerine by 14% and 19% respectively, as compared to the same corresponding quarter of preceding year.

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 64% or RM8,474,000 in value. The decrease was principally attributed to the following:

- a) Decrease in volume sold in palm oil, particularly Crude Palm Oil by 18%; and
- b) Lower realised CPO average unit selling price in current quarter at RM2,417 per MT as compared to the same corresponding quarter of preceding year of RM2,556 per MT.

17. Profit before tax

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

	<i>3 months ended</i>		<i>3 months ended</i>	
	<i>30.9.2014</i>	<i>30.9.2013</i>	<i>30.9.2014</i>	<i>30.9.2013</i>
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Interest income	579	372	579	372
Interest expense	(6,528)	(6,585)	(6,528)	(6,585)
Gain on disposal of property, plant & equipment	70	53	70	53
Fair value gain/ (loss) on derivative financial instruments	2,332	(1,981)	2,332	(1,981)
Property, plant & equipment written off	(76)	-	(76)	-
Depreciation on property, plant & equipment	(9,018)	(8,839)	(9,018)	(8,839)
Realised foreign exchange gain	157	233	157	233

18. Commentary on Prospects

The recovery of the global economy remains slow and uneven, therefore the performance of the Group and the oil palm sector remain challenging.

Nevertheless, the Board of Directors expects that the Group will perform satisfactorily with sustainable performance and remains steadfast to its commitment to consistently enhance shareholders' return.

The Board of Directors is cautiously optimistic that the prospects for the oil palm industry remains bright in light of other various bullish demand factors and pricing trend is expected to be bullish in the near terms. The group is also actively exploring expansion opportunities by increasing its planting acreage in Malaysia.

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>3 months ended</i>	
	<i>30.9.2014</i>	<i>30.9.2013</i>	<i>30.9.2014</i>	<i>30.9.2013</i>
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Current income tax:				
- Malaysian income tax	(2,050)	(2,000)	(2,050)	(2,000)
Deferred tax	500	500	500	500
Total income tax expense	(1,550)	(1,500)	(1,550)	(1,500)

The effective tax rate for the current period was higher than the statutory income tax rate principally due to the current period's taxable profit for its plantations and palm product processing operations, certain expenses which are not deductible for tax purposes and losses incurred in foreign subsidiaries.

21. Corporate Proposals

There are no corporate proposals announced but not completed as at 24 November 2014.

22. Retained Earnings

The breakdown of retained profits of the Group as at 30 September 2014 is as follows:

	<i>As at</i>	<i>As at</i>
	<i>30.9.2014</i>	<i>30.6.2014</i>
	<i>RM'000</i>	<i>RM'000</i>
		<i>(Audited)</i>
Total retained earnings of the Company and its subsidiaries:		
- Realised	673,041	550,663
- Unrealised	(95,328)	(95,828)
	577,713	454,835
Less: Consolidation adjustments	(327,762)	(208,191)
Total Group retained earnings as per consolidated accounts	249,951	246,644

23. Cash and cash equivalents

	<i>As at</i> 30.9.2014 <i>RM'000</i>	<i>As at</i> 30.6.2014 <i>RM'000</i> <i>(Audited)</i>
Cash and bank balances	57,995	75,258
Short-term deposits with licensed banks	35,635	19,568
	<u>93,630</u>	<u>94,826</u>
Less: Short-term deposits pledged with licensed banks for bank facilities	(4,295)	(4,295)
Cash and cash equivalents	<u>89,335</u>	<u>90,531</u>

24. Borrowings

The Group borrowings were as follows:

Short term borrowings

- Secured	120,126	62,502
- Unsecured	274,663	403,379
	<u>394,789</u>	<u>465,881</u>

Long term borrowings

- Secured	302,533	108,044
	<u>697,322</u>	<u>573,925</u>

Included in long term secured borrowings is RM303 million nominal value of term loans.

Borrowings denominated in foreign currency:

	USD '000	RMB '000	RM'000 equivalent
United States Dollars	104,718	-	330,018
Renminbi	-	136,209	72,427
Total	<u>104,718</u>	<u>136,209</u>	<u>402,445</u>

25. Material Litigation

- (a) In response to a claim by Palm Energy Sdn. Bhd. (“PESB”), a wholly owned subsidiary, for liquidated damages, loss of revenue and refurbishment costs totalling approximately RM8 million, a 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. Subsequently, both parties have submitted the Remission of the Final Award to the Arbitrator for reconsideration as per the order of the High Court. The Arbitrator has made the Final Award (Replacing the Final Award dated 15 July 2009 following remission) on 14 January 2014, which essentially maintained the Final Award dated 15 July 2009, whereby PESB was required to pay the sum of RM420,087 to the contractor’s costs and costs of the Final Award. PESB has paid the sum of RM420,087 together with interest and cost of the Final Award. PESB has decided to oppose the contractor’s Bill of Costs, of RM670,233 and pending for taxation of this costs by the Registrar, High Court of Kuala Lumpur. Hearing date has not yet been set.

- (b) A Writ of Summons dated 27 June 2014 was served on Kwantas Oil Sdn Bhd (KOSB), a wholly-owned subsidiary of the Company, whereby the plaintiff was claiming for loss of profit of approximately RM66.9 million for alleged breach/repudiation of agreements entered into by plaintiff with KOSB in relation to the supply of organic palm wastes together with land leased by KOSB to the plaintiff, and in return, plaintiff to process the organic palm wastes to become bio-organic fertilizer (BF) and re-sell to KOSB.

KOSB filed its Statement of Defence and Counterclaim on 5 August 2014. The matter is pending for trial.

The directors are of the opinion that the claim by the plaintiff will not succeed and accordingly no further provision for liability has been made in these financial statements.

26. Dividend

No interim dividend has been declared for the financial year ending 30 June 2015.

27. Earnings Per Share

(a) Basic

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

	<i>3 months ended</i>		<i>3 months ended</i>	
	<i>30.9.2014</i>	<i>30.9.2013</i>	<i>30.9.2014</i>	<i>30.9.2013</i>
Profit for the period attributable to owners of the Company (RM'000)	3,307	11,831	3,307	11,831
Weighted average number of ordinary shares in issue ('000)	311,678	311,678	311,678	311,678
Basic earnings per share (sen)	1.06	3.80	1.06	3.80

(b) Diluted

For the purpose of calculating diluted earnings per share, the profit for the period attributable to owners of the Company 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.

	<i>3 months ended</i>		<i>3 months ended</i>	
	<i>30.9.2014</i>	<i>30.9.2013</i>	<i>30.9.2014</i>	<i>30.9.2013</i>
Profit for the period attributable to owners of the Company (RM'000)	3,307	11,831	3,307	11,831
Weighted average number of ordinary shares in issue ('000):	311,678	311,678	311,678	311,678
Effect of dilution: Share options	-	-	-	-
Adjusted weighted average number of ordinary shares in issue and issuable	311,678	311,678	311,678	311,678
Diluted earnings per share (sen)	1.06	3.80	1.06	3.80

28. 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 24 November 2014.