



Condensed Consolidated Statement of Comprehensive Income
For The Period Ended 30 September 2012

	Note	3 months Ended		3 months Ended	
		30.09.12 RM'000	30.09.11 RM'000	30.09.12 RM'000	30.09.11 RM'000
Revenue	8	355,512	359,851	355,512	359,851
Cost of Sales		(317,497)	(311,987)	(317,497)	(311,987)
Gross Profit		38,015	47,864	38,015	47,864
Other Items of Income					
Interest Income		81	205	81	205
Other Operating Income		950	1,136	950	1,136
Other Items of Expenses					
Selling Expenses		(12,772)	(10,413)	(12,772)	(10,413)
Administrative Expenses		(9,632)	(9,024)	(9,632)	(9,024)
Finance Costs		(7,885)	(5,310)	(7,885)	(5,310)
Profit Before Tax	8	8,757	24,458	8,757	24,458
Income Tax Expense	20	457	(4,110)	457	(4,110)
Profit For The Period		9,214	20,348	9,214	20,348
Other Comprehensive (loss)/Profit:					
Gain on Fair Value Changes in Derivatives		-	41	-	41
Foreign Currency Translation		(9,057)	11,143	(9,057)	11,143
		(9,057)	11,184	(9,057)	11,184
Total Comprehensive Profit For The Period		157	31,532	157	31,532
Profit/(Loss) For The Period Attributable To:					
Owners of the Company		9,253	20,403	9,253	20,403
Non-controlling Interests		(39)	(55)	(39)	(55)
		9,214	20,348	9,214	20,348
Total Comprehensive Profit/(Loss) Attributable To:					
Owners of the Company		196	31,587	196	31,587
Non-controlling Interests		(39)	(55)	(39)	(55)
		157	31,532	157	31,532
Earnings Per Share Attributable to Owners Of The Company (Sen Per Share):					
		3 months Ended	3 months Ended	3 months Ended	3 months Ended
		30.09.12	30.09.11	30.09.12	30.09.11
Basic	26 (a)	2.97	6.55	2.97	6.55
Diluted	26 (b)	2.97	6.55	2.97	6.55

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statement year ended 30 June 2012 and the accompanying explanatory notes attached to the interim financial statements.



Condensed Consolidated Statement of Financial Position
As At 30 September 2012

	Note	As at 30.09.12 RM'000	As at 30.06.12 RM'000 (Audited)	
ASSETS				
Non-Current Assets				
Property, plant and equipment	9	1,146,720	1,160,459	(13,739)
Biological assets	9	690,100	688,462	1,638
Investment properties		9,732	9,732	-
Land use rights		15,266	16,014	(748)
Deferred tax assets		2,406	2,406	-
Other receivables		18,985	18,985	-
		<u>1,883,209</u>	<u>1,896,058</u>	
Current Assets				
Inventories		135,413	172,317	(36,904)
Derivative assets		1,091	2,283	(1,192)
Trade receivables		132,136	77,985	54,151
Other receivables		35,442	37,909	(2,467)
Tax recoverable		18,393	14,913	3,480
Cash and bank balances		75,992	129,846	(53,854)
		<u>398,467</u>	<u>435,253</u>	
TOTAL ASSETS		<u>2,281,676</u>	<u>2,331,311</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	349,803	340,550	9,253
Other reserves		796,554	805,611	(9,057)
		<u>1,355,923</u>	<u>1,355,727</u>	
Non-controlling interests		247	286	
Total Equity		<u>1,356,170</u>	<u>1,356,013</u>	
Non-Current Liabilities				
Borrowings	23	133,100	153,982	(20,882)
Deferred tax liabilities		140,869	141,369	(500)
		<u>273,969</u>	<u>295,351</u>	
Current Liabilities				
Borrowings	23	573,757	612,230	(38,473)
Trade payables		64,528	47,511	17,017
Other payables		13,252	20,206	(6,954)
		<u>651,537</u>	<u>679,947</u>	
Total Liabilities		<u>925,506</u>	<u>975,298</u>	
TOTAL EQUITY AND LIABILITIES		<u>2,281,676</u>	<u>2,331,311</u>	

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statement year ended 30 June 2012 and the accompanying explanatory notes attached to the interim financial statements.



	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	Non-Distributable	Fair Value Adjustment Reserve RM'000	Foreign Currency Translation Reserve RM'000	Attributable to Owners of the Company, Total RM'000	Non-controlling Interests RM'000	Total Equity RM'000
At 1 July 2011	155,839	53,727	336,869	658,034	658,973	4,193	(5,132)	1,204,469	454	1,204,923
Total comprehensive income	-	-	20,403	11,184	-	41	11,143	31,587	(128)	31,459
At 30 September 2011	155,839	53,727	357,272	669,218	658,973	4,234	6,011	1,236,056	326	1,236,382
At 1 July 2012	155,839	53,727	340,550	805,611	787,145	4,193	14,273	1,355,727	286	1,356,013
Total comprehensive income	-	-	9,253	(9,057)	-	-	(9,057)	196	(39)	157
At 30 September 2012	155,839	53,727	349,803	796,554	787,145	4,193	5,216	1,355,923	247	1,356,170

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 30 June 2012 and the accompanying explanatory notes attached to the interim financial statements.



Condensed Consolidated Statements of Cash Flows
For the Period Ended 30 September 2012

	No	3 months Ended	
		30.09.12 RM'000	30.09.11 RM'000
OPERATING ACTIVITIES			
Profit before taxation		8,757	24,458
Adjustments for:			
Depreciation of property, plant and equipment		7,885	7,949
Fair value changes on forward currency contract		1,190	-
Amortisation of Sukuk Ijarah		125	125
Interest expense		7,759	5,185
Interest income		(81)	(1,058)
Operating cash flows before working capital changes		25,635	36,659
Changes in working capital:			
Decrease in inventories		36,904	64,553
Increase in receivables		(51,684)	(1,981)
Increase/(decrease) in payables		10,063	(60,904)
Total changes in working capital		(4,717)	1,668
Cash flows from operations		20,918	38,327
Income tax paid		(3,523)	(2,209)
Interest paid		(7,884)	(5,310)
Net cash flows from operating activities		9,511	30,808
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(7,800)	(8,232)
Plantation development expenditure		(1,638)	(1,338)
Proceeds from disposal of property, plant and equipment		145	-
Interest received		81	1,058
Net cash flows used in investing activities		(9,212)	(8,512)
FINANCING ACTIVITIES			
Drawdown of short term revolving credits		41,859	56,965
Repayment of short term revolving credits		(45,328)	(97,429)
Drawdown of term loans		20,621	2,062
Repayment of term loans		(25,202)	(789)
Drawdown of hire purchase financing		936	1,354
Repayment of hire purchase financing		(527)	(3,387)
Drawdown of bankers' acceptances		508,096	618,254
Repayment of bankers acceptances		(559,810)	(626,846)
Net cash flows used in financing activities		(59,355)	(49,816)
Net decrease in cash and cash equivalents		(59,056)	(27,520)
Effect of exchange rate differences		5,202	(13,909)
Cash and cash equivalents at beginning of period		129,846	118,884
Cash and cash equivalents at end of period		75,992	77,455

The condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the year ended 30 June 2012 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, 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 2012. 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 2012.

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 2012, except for the adoption of the following new/amendments to FRSs:

On 1 July 2012, the Group adopted the following new and amended FRSs mandatory for annual financial periods beginning on or after 1 July 2012

Effective for financial periods beginning on or after 1 January 2012

- FRS 124: Related Party Disclosures
- Amendments to FRS 1: Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters
- Amendments to FRS 112: Deferred Tax – Recovery of Underlying Assets
- Amendments to FRS 7: Transfers of Financial Assets

Effective for financial periods beginning on or after 1 March 2012

- Amendments to FRS 9 (IFRS 9(2009)), FRS 9(IFRS 9(2010)), and FRS 7: Mandatory Effective Date of FRS 9 and Transition Disclosures

Effective for financial periods beginning on or after 1 July 2012

- Amendments to FRS 101: Presentation of Items of Other Comprehensive Income

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.

As stated in our audited financial statements for the financial year ended 30 June 2012, 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 2015.

3. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the financial year ended 30 June 2012 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

At the forthcoming Annual General Meeting, a first and final single tier dividend of 5 sen per ordinary share of RM0.50 each which is not taxable in the hands of the shareholders pursuant to paragraph 12B of Schedule 6 of the Income Tax Act 1967 will be proposed for shareholders' approval. The proposed dividend if approved is amounting to RM15,583,863.20. The financial statements for the current financial period do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 30 June 2013.



Notes to the Condensed Consolidated Interim Financial Statements – 30 September 2012

8. Segmental Information

Segmental information for the current financial period ended 30 September 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>30.09.2012</i>	<i>30.09.2011</i>	<i>30.09.2012</i>	<i>30.09.2011</i>	<i>30.09.2012</i>	<i>30.09.2011</i>	<i>30.09.2012</i>	<i>30.09.2011</i>	<i>30.09.2012</i>	<i>30.09.2011</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 September										
Revenue										
External Sales	300,428	300,588	55,084	59,263	-	-	-	-	355,512	359,851
Inter-segment	-	-	-	-	2,065	2,450	(2,065)	(2,450)	-	-
Total Revenue	300,428	300,588	55,084	59,263	2,065	2,450	(2,065)	(2,450)	355,512	359,851
Results										
Interest income	76	198	5	7	-	-	-	-	81	205
Depreciation	5,660	5,545	1,754	1,935	471	469	-	-	7,885	7,949
Segment profit/(loss)	12,544	27,171	(3,630)	(2,769)	(157)	56	-	-	8,757	24,458
3 Months Ended 30 September										
Revenue										
External Sales	300,428	300,588	55,084	59,263	-	-	-	-	355,512	359,851
Inter-segment	-	-	-	-	2,065	2,450	(2,065)	(2,450)	-	-
Total Revenue	300,428	300,588	55,084	59,263	2,065	2,450	(2,065)	(2,450)	355,512	359,851
Results										
Interest income	76	198	5	7	-	-	-	-	81	205
Depreciation	5,660	5,545	1,754	1,935	471	469	-	-	7,885	7,949
Segment profit/(loss)	12,544	27,171	(3,630)	(2,769)	(157)	56	-	-	8,757	24,458

9. Carrying Amount of Revalued Assets

The valuations of land, buildings and plantation infrastructure included within property, plant and equipment and biological assets have been brought forward without amendment from the financial statements for the financial year ended 30 June 2012.

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 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 September 2012 is as follows:

Approved and contracted for	<i>RM'000</i> <u>12,959</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 September 2012 amounted to approximately RM422 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 of the Group has contributed 85% of the Group's revenue. For the current quarter under review, the Group recorded revenue of RM355,512,000 compared with RM359,851,000 reported in the corresponding period of the preceding year, a decrease of RM4,339,000 or 1%. The decrease was principally attributed to the effect of lower realised average selling prices and sales volume of palm products in the current quarter as compared to the corresponding period of the preceding year.

The average CPO price traded for the current quarter was RM2,797 per MT as compared to RM2,998 per MT in Q1 FYE2012.

Oleochemicals

This division has accounted for 15% of the total Group's revenue for the current quarter. Revenue from this division for the current quarter has decreased by RM4,179,000 or 7% to RM55,084,000, as compared to RM59,263,000 in the corresponding period of the preceding year. The decrease is mainly due to the decrease in sales prices 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 RM15,701,000 or 64%. The decrease was principally attributed by the following:

- a) weaker selling prices realised coupled with lower production of palm products; and
- b) higher cost of production largely due to increase in harvester wages and fertilisation costs; and
- c) competitive refining margin.

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>30.09.2012</i>	<i>30.09.2011</i>	<i>30.09.2012</i>	<i>30.09.2011</i>
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Interest income	81	205	81	205
Other income	950	1,136	950	1,136
Interest expense	(7,885)	(5,310)	(7,885)	(5,310)
Gain on disposal of property, plant & equipment	85	191	85	191
Depreciation on property, plant & equipment	(7,885)	(7,949)	(7,885)	(7,949)
Realised foreign exchange (loss)/gain	(37)	30	(37)	30

18. Commentary on Prospects

With the slowing global economy, the current financial year is expected to be challenging for our business operations. Nevertheless, the Board of Directors expects that it will perform satisfactorily with sustainable performances and remained steadfast to its commitment to consistently enhance shareholders' return.

The oil palm industry in Malaysia continues to face the labour shortage situation, prevailing lower CPO prices as well as challenging weather patterns. However, the Board of Directors is still cautiously optimistic that the prospects for the oil palm industry remain bright, in light of various bullish demand factors, and expected recovery in palm oil prices beginning early 2013.

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>30.09.2012</i>	<i>30.09.2011</i>	<i>30.09.2012</i>	<i>30.06.2011</i>
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Current income tax:				
- Malaysian income tax	(43)	(4,610)	(43)	(4,610)
Deferred tax	500	500	500	500
Total income tax expense	457	(4,110)	457	(4,110)

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

21. Corporate Proposals

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

22. Retained Earnings

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

	<i>As at</i> 30.09.2012 <i>RM'000</i>	<i>As at</i> 30.6.2012 <i>RM'000</i> <i>(Audited)</i>
Total retained earnings of the Company and its subsidiaries:		
- Realised	620,153	620,596
- Unrealised	(110,686)	(111,186)
	<u>509,467</u>	<u>509,410</u>
Less: Consolidation adjustments	(159,664)	(168,860)
Total group retained earnings as per consolidated accounts	<u><u>349,803</u></u>	<u><u>340,550</u></u>

23. Borrowings

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

Short term borrowings		
- Secured	573,757	612,230
Long term borrowings		
- Secured	133,100	153,982
	<u>706,857</u>	<u>766,212</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	85,110	-	265,891
Renminbi	-	49,389	23,880
Total	<u><u>85,110</u></u>	<u><u>49,389</u></u>	<u><u>289,771</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 2012.

25. Dividend

No interim dividend has been declared for the financial year ending 30 June 2013.

26. 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>30.09.2012</i>	<i>30.09.2011</i>	<i>30.09.2012</i>	<i>30.09.2011</i>
Profit for the period attributable to owners of the Company (RM’000)	9,253	20,403	9,253	20,403
Weighted average number of ordinary shares in issue (‘000)	311,677	311,677	311,677	311,677
Basic earnings per share (sen)	2.97	6.55	2.97	6.55

(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>30.09.2012</i>	<i>30.09.2011</i>	<i>30.09.2012</i>	<i>30.06.2011</i>
Profit for the period attributable to owners of the Company (RM'000)	9,253	20,403	9,253	20,403
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	311,677	311,677	311,677	311,677
Diluted earnings per share (sen)	2.97	6.55	2.97	6.55

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 November 2012.