

**GLENEALY PLANTATIONS (MALAYA) BERHAD**  
**Company No:3453-X**

QUARTERLY REPORT

Quarterly report on consolidated results for the 3rd quarter ended 31 March 2007. The figures have not been audited.

The condensed consolidated income statement should be read in conjunction with the annual financial report for the year ended 30 June 2006.

CONDENSED CONSOLIDATED INCOME STATEMENT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	31/3/2007 RM'000	31/3/2006 RM'000	31/3/2007 RM'000	31/3/2006 RM'000
Revenue	32,707	30,072	98,823	81,299
Other operating income	879	955	2,825	2,663
Operating expenses	(22,086)	(25,947)	(68,100)	(59,011)
Profit from operations	11,500	5,080	33,548	24,951
Finance costs	-	-	-	-
Share of (loss)/profit in associate	(114)	(100)	(745)	160
Profit before income tax	11,386	4,980	32,803	25,111
Taxation	(3,313)	(1,887)	(9,105)	(7,895)
Profit for the period	8,073	3,093	23,698	17,216
Attributable to:				
Shareholders of the Company	6,406	2,351	18,771	14,048
Minority Interests	1,667	742	4,927	3,168
Profit for the period	8,073	3,093	23,698	17,216
<b>(a) Basic earnings per share attributable to shareholders of the Company (sen):</b>	5.61	2.06	16.45	12.26
Profit for the period (RM '000)	6,406	2,351	18,771	14,048
Weighted average number of ordinary shares on issue during the reporting quarter (' 000)	114,091	114,145	114,091	114,630
<b>(b) Diluted earnings per share (sen)</b>	Not applicable	Not applicable	Not applicable	Not applicable

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UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2007

The condensed consolidated balance sheet should be read in conjunction with the annual financial report as at 30 June 2006.

	AS AT END OF CURRENT PERIOD 31/3/2007 RM'000	AS AT PRECEDING FINANCIAL YEAR 30/06/2006 RM'000
Property, plant and equipment	382,800	371,854
Forest plantations	3,362	3,028
Investment in associate	1,970	1,908
Investments	957	957
<b>Current assets</b>		
Inventories	5,793	5,225
Trade and other receivables	14,120	8,864
Tax recoverable	1,465	1,967
Deposits, bank and cash balances	106,264	106,437
	<u>127,642</u>	<u>122,493</u>
<b>Current liabilities</b>		
Trade and other payables	19,314	23,690
Tax liabilities	636	424
	<u>19,950</u>	<u>24,114</u>
Net current assets	<u>107,692</u>	<u>98,379</u>
Deferred taxation	68,097	63,399
	<u>428,684</u>	<u>412,727</u>
<b>Capital and reserves</b>		
Share capital	115,362	115,362
Share premium	2,818	2,818
Treasury shares	(2,423)	(2,423)
Other reserve	163,840	163,840
Proposed dividends reserve	-	6,572
Retained earnings	112,187	93,416
Equity attributable to shareholders of the Company	<u>391,784</u>	<u>379,585</u>
Minority interests	36,900	33,142
	<u>428,684</u>	<u>412,727</u>
Net assets per share (RM)	3.43	3.33

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UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 31 MARCH 2007

The condensed cash flow statement should be read in conjunction with the annual financial report for the year ended 30 June 2006.

	UNAUDITED FOR THE CURRENT PERIOD ENDED 31/3/2007 RM'000	UNAUDITED FOR THE CORRESPONDING PERIOD ENDED 31/03/2006 RM'000
Profit after taxation	23,698	17,216
Adjustments:		
Depreciation and amortisation	17,069	16,411
Taxation	9,105	7,895
Interest income	(2,610)	(2,307)
Plantation development expenditure written off	495	626
Gain on disposal of property, plant and machinery	-	(7)
Share of loss/(profit) of in associate	745	(160)
	48,502	39,674
Changes in working capital		
Current assets	(5,824)	(5,082)
Current liabilities	(4,384)	2,822
Net tax paid	(3,685)	(6,623)
Restricted fixed deposits	(23)	-
Net cash flow from operating activities	34,586	30,791
Purchase of property, plant, equipment and plantation development expenditure	(28,844)	(31,271)
Purchase of subsidiary's shares from minority shareholders		(6)
Investment in an associate	(807)	-
Interest received	2,610	2,307
Net cash flow from investing activities	(27,041)	(28,970)
Purchase of treasury shares	-	(2,355)
Dividend paid	(6,572)	(6,643)
Dividend paid to minority shareholders	(1,169)	(387)
Net cash flow from financing activities	(7,741)	(9,385)
Net changes in cash and cash equivalents	(196)	(7,564)
Cash and cash equivalents at beginning of the financial year	105,102	113,276
Cash and cash equivalents at end of the financial year	104,906	105,712
Cash and cash equivalents as at 31 March 2007 is represented by:		
Cash and bank balances	4,142	1,972
Short term deposits	102,122	105,012
	106,264	106,984
Less: restricted balances	(1,358)	(1,272)
	104,906	105,712

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2007

The condensed consolidated statement of changes in equity should be read in conjunction with the annual financial report for the year ended 30 June 2006.

	Issued and fully paid up ordinary shares of RM 1 each		Non-Distributable				Distributable		Total equity attributable to equity holders of the Company RM ' 000	Minority interests RM ' 000	Total equity RM ' 000
	Share capital RM ' 000	Share premium RM ' 000	Treasury shares RM ' 000	Other reserve RM ' 000	Proposed dividend reserve RM ' 000	Retained earnings RM ' 000					
As at 1 July 2005 - restated	115,362	2,818	(67)	163,840	6,643	84,856	373,452	30,514	403,966		
Net profit for the year	-	-	-	-	-	14,048	14,048	3,168	17,216		
Purchase of treasury shares	-	-	(2,355)	-	-	-	(2,355)	(10)	(2,365)		
Dividend paid	-	-	-	-	(6,643)	-	(6,643)	(385)	(7,028)		
At 31 March 2006	115,362	2,818	(2,422)	163,840	-	98,904	378,502	33,287	411,789		
At 1 July 2006 - restated	115,362	2,818	(2,423)	163,840	6,572	93,416	379,585	33,142	412,727		
Net profit for the year	-	-	-	-	-	18,771	18,771	4,927	23,698		
Dividend paid	-	-	-	-	(6,572)	-	(6,572)	(1,169)	(7,741)		
At 31 March 2007	115,362	2,818	(2,423)	163,840	-	112,187	391,784	36,900	428,684		

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**NOTES TO 3rd QUARTER FINANCIAL STATEMENTS**  
**for the financial quarter ended 31 March 2007**

**1. Basis of preparation**

The interim financial statements are unaudited and have been prepared in accordance with the requirements of Financial Reporting Standards ("FRS") No. 134: Interim Financial Reporting and Part K of the Bursa Malaysia Securities Berhad ("Bursa Malaysia")

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 30 June 2006. 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 2006.

**2. Changes in Accounting Policies**

The significant accounting policies adopted in the unaudited interim financial statements are consistent with those adopted in the Group's audited financial statements for the year ended 30 June 2006 except for adoption of the following revised Financial Reporting Standards ("FRS") issued by MASB that are effective for the Group's financial statements commencing 1 July 2006:-

- FRS 2 Share-based Payment
- FRS 3 Business Combinations
- FRS 5 Non-current Assets Held for Sale and Discontinued Operations
- FRS 101 Presentation of Financial Statements
- FRS 102 Inventories
- FRS 108 Accounting Policies, Changes in Accounting Estimates and Errors
- FRS 110 Events after Balance Sheet Date
- FRS 116 Property, Plant and Equipment
- FRS 121 The Effects of Changes in Foreign Exchange Rates
- FRS 127 Consolidated and Separate Financial Statements
- FRS 128 Investment in Associates
- FRS 131 Interest in Joint Ventures
- FRS 132 Financial Instruments: Disclosure and Presentation
- FRS 133 Earnings Per Share

FRS 136 Impairment of Assets  
FRS 138 Intangible Assets  
FRS 140 Investment Property

The adoption of the above mentioned standards does not have significant impact on the Group. The principal effects of the changes in accounting policies with respect to the adoption of the new and revised FRS are discussed below:-

(a) FRS 101 : Presentation of Financial Statements

The adoption of the revised FRS 101 has affected the presentation of minority interest, share of net after-tax results of associates and other disclosures. Minority interest is now presented within total equity in the consolidated balance sheet and as an allocation from net profit for the period in the consolidated income statement. The movement of minority interest is now presented as in the consolidated statement of changes in equity.

The presentation of the comparative figures in the financial statements of the Group has been restated to conform with the current period's presentation.

(b) FRS 116 : Property, Plant and Equipment

In accordance with FRS 116, the asset's residual values, useful lives and depreciation method will be assessed at each financial year and adjusted if necessary. If the residual value of an asset increases to an amount equal to or greater than the asset's carrying amount, the asset's depreciation charge is zero unless and until its residual value subsequently decreases to an amount below the asset's carrying amount.

The Group has applied the above accounting policies and there is no material impact to the financial results of the Group.

**3. Preceding annual financial statements**

The audit report of the preceding annual financial statements for the year ended 30 June 2006 was unqualified.

**4. Seasonality or Cyclical Factors**

Climate conditions and the age of the palms have an effect on the oil palm plantations' operational performance. Movement in CPO prices is in line with the world demand and supply situation. The average CPO price achieved for the quarter under review of RM1,919 / MT was higher than the preceding quarter's of RM1,644 / MT.

**5. Exceptional item**

There were no items for which by nature or amount affecting assets, liabilities, equity, net income, or cash flows that were unusual because of their nature, size, or incidence during the quarter under review.

**6. Changes in estimates**

There were no changes in estimates of amounts reported in prior financial years that have a material effect in the quarter under review.

**7. Changes in debt and equity**

There were no issuances, cancellations, repurchases, resale and repayment of debt and equity securities in the quarter under review.

**8. Dividends paid**

The Company paid a first and final dividend of 8 sen per share on 114,090,792 ordinary shares, less 28% income tax amounting to RM6,572,000 for financial year ended 30 June 2006 on 11 December 2006.

**9. Segmental information**

All of the Group's plantations are located in East Malaysia and therefore segmental reporting is not applicable.

**10. Valuations of property, plant and equipment**

The Company does not have a policy on revaluing its property, plant and equipment.

**11. Material events subsequent to the end of the reporting quarter**

There were no material events subsequent to the end of the quarter under review that have not been reflected in the financial statements.

**12. Changes in the composition of the Group**

There were no changes in the composition of the Group during the current quarter and financial year to-date including business combination, acquisition or disposal of subsidiaries and long term investments, restructuring and discontinuing operations.

**13. Contingent liabilities or contingent assets**

No contingent liabilities or contingent assets had arisen since the last annual balance sheet date except for that disclosed in Note 20: Material Litigation below.

**14. Taxation**

Taxation comprises:-

	Individual Quarter <u>Jan 07- Mar 07</u> <u>RM ' 000</u>	Cumulative Year to Date July 06 - Mar 07 <u>RM ' 000</u>
Current taxation	1,753	4,408
Deferred taxation	1,560	5,297
	<u>3,313</u>	<u>9,705</u>
Over provision of deferred tax in respect of prior years	-	(600)
	<u>3,313</u>	<u>9,105</u>

The Group's effective tax rate for the current reporting quarter is higher than the statutory tax rate due to certain expenses not being allowable for tax purposes.



**15. Profits/(losses) on sale of unquoted investments and/or properties**

There were no disposals of unquoted investments and/ or properties during the quarter under review.

**16. Quoted securities**

Total investments in quoted securities as at 31 March 2007 were as follows:

	RM'000
(i) At cost	957
(ii) At carrying value/book value	957
(iii) At market value	3,532

**17. Status of Corporate Proposals**

There were no new corporate proposals during the quarter under review.

**18. Group borrowings and debt securities**

The Group does not have any borrowings or debt securities at the end of the reporting quarter.

**19. Off balance sheet financial instruments**

There were no financial instruments with off balance sheet risk as at the date of this report.

## 20. Material litigation

There were no pending material litigation as at the date of this report except for the following:

### Wembley I.B.A.E Sdn Bhd (in Liquidation) v Timor Enterprises Sdn Bhd (hereinafter referred to as "Suit II")

The Company had announced on 28 March 2003 that its wholly owned sub-subsidiary company Timor Enterprises Sdn Bhd (hereinafter referred to as "Defendant") had been served with a Writ of Summons on 20 March 2003 in respect of Suit II by Wembley I.B.A.E Sdn Bhd (in Liquidation) (hereinafter referred to as "Plaintiff") which was the Defendant's main contractor for its oil mill factory project in Lahad Datu, Sabah (hereinafter referred to as "Oil Mill").

The Plaintiff's claims against the Defendant which were in respect of the Oil Mill were judgement for the sum alleged to be in arrears of RM 799,893.17 plus interest costs before the judgement date up to the date of full settlement, costs of Suit II and any other relief deemed fit and proper by the High Court. The Board of Directors are of the view that there are no such sums due and owing by the Defendant to the Plaintiff and the Defendant's solicitors had filed a defence and served it upon the solicitors of the Plaintiff on 10 April 2003. The solicitors for the Plaintiff had served a notice to the Defendant to file an affidavit verifying existence of documents on 22 March 2004.

The Defendant had filed an application to strike out the action. The Summons in Chambers was served onto the Plaintiff on 5 October 2004. The learned Senior Assistant Registrar had on 22 March 2005 made an order for the striking out of the Plaintiff's claim. However, the Plaintiff had on 24 March 2005 appealed against the decision. The hearing of the Plaintiff's appeal has been fixed for 14 September 2005.

On 14 September 2005, the learned Judge of the High Court dismissed the Plaintiff's appeal with costs to be paid by the Plaintiff to the Defendant.

The Plaintiff has since filed an appeal against the decision of the High Court to the Court of Appeal, and is pending determination.

The Group has in the meantime filed an application for an assessment of costs in respect of the High Court orders of 22 March 2005 and 14 September 2005. This application has been fixed for hearing before the learned Deputy Registrar on 6 September 2006.

On 6 September 2006, after hearing submissions, the Deputy Registrar informed both parties that decision on the application will be rendered on 11 October 2006.

Decision on the Defendant's application for an assessment of costs was delivered by the Deputy Registrar on 12 October 2006. In this regard, the learned Deputy Registrar had directed that several reductions were to be made in numerous items that were sought for in the application referred above. The Defendant's solicitors have reverted that the total sum of RM17,446.38 is payable to the Defendant as costs in respect of the High Court proceedings pursuant to the Deputy Registrar's decision on the Defendant's application for assessment of costs.

On 27 December 2006, the solicitors for the Plaintiff agreed to pay the sum of RM17,446.38 to the Defendant. The Defendant has agreed not to proceed with allocatur and to consider this case fully settled.

On 9 January 2007, a cheque of RM17,446.38 was received by the Defendant's solicitors and subsequently, the sum was forwarded to the Defendant.

**21. Material changes in the quarterly results compared to the results of the immediate preceding quarter**

For the financial quarter under review, the Group achieved total CPO sales of 16,450 MT and CPO price of RM1,919 /MT as compared to 21,934 MT and RM1,644/MT for the immediate preceding quarter. As a result of lower volume of CPO sold although at higher CPO prices, revenue for the financial quarter under review of RM32.7 million was lower than that in the preceding financial quarter of RM36.7 million. Profit before taxation of RM11.4 million was RM2.6 million lower than that of the preceding quarter due to lower volumes sold in the financial quarter under review.

On an earnings before interest, tax, depreciation and amortization ("EBITDA") basis, the Group achieved RM16.3 million which was lower than the preceding quarter of RM18.7 million.

**22. Review of performance of the Group for the current quarter and financial year-to-date**

The Group's Fresh Fruit Bunches ("FFB") production for the quarter under review was 64,489 MT. During the financial quarter, the Group produced 16,207 MT of CPO and 16,450 MT was sold at an average selling price of RM1,919/MT. With cost of production per MT being well managed, the Group achieved a profit before tax of RM11.4 million and earnings before interest, depreciation, tax and amortisation of RM16.3 million.

For the financial year to date, the Group's FFB production was 215,253 MT. With total CPO sales of 57,118 MT at an average price of RM1,682/MT, the company achieved a profit before tax of RM32.8 million and EBITDA of RM47.3 million. During the financial year to date, the Group planted an additional 1,601 hectares of oil palm in Sarawak, bringing the total immature area planted in Sarawak to 5,679 hectares.

**23. Commentary on the outlook for the Group**

CPO prices have risen further since the close of the financial quarter under review. The current outlook remains positive supported by the strong demand from the importing countries, such as China, India and the European Union, potential global supply shortage, trans-fatty acid regulations, possible lower soybean hectareage in the US and the continuing positive sentiments from biodiesel.

The Group will continue to emphasise the effective and efficient management of the estates and the mills. The Group's plantation maturity profile comprising palms that are reaching its peak production cycle should bring consistent improving yields to the Group.

**24. Variation of actual profit from forecast profit and shortfall in profit guarantee**

The Group did not issue any profit forecast for this quarter and therefore comments on variances with forecast profit are not applicable.

**25. Dividends**

The Board does not propose to declare or recommend any interim dividend for the current quarter and financial year to date.

BY ORDER OF THE BOARD

TAN GHEE KIAT (MICPA 811)  
T.V. SEKHAR A/L T.G. VENKATESAN (MICPA 1371)  
Secretaries  
Kuala Lumpur  
22 May 2007