

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

QUARTERLY REPORT

Quarterly report on consolidated results for the 1st quarter ended 30 September 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 2007.

CONDENSED CONSOLIDATED INCOME STATEMENT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	30/9/2007 RM'000	30/9/2006 RM'000	30/9/2007 RM'000	30/9/2006 RM'000
Revenue	53,480	29,400	53,480	29,400
Other operating income	1,339	1,007	1,339	1,007
Operating expenses	(29,004)	(22,475)	(29,004)	(22,475)
Profit from operations	25,815	7,932	25,815	7,932
Finance costs	-	-	-	-
Share of (loss)/profit in associate	(282)	(507)	(282)	(507)
Profit before income tax	25,533	7,425	25,533	7,425
Taxation	(6,428)	(1,745)	(6,428)	(1,745)
Profit for the period	19,105	5,680	19,105	5,680
Attributable to:				
Shareholders of the Company	15,788	4,534	15,788	4,534
Minority Interests	3,317	1,146	3,317	1,146
Profit for the period	19,105	5,680	19,105	5,680
<b>(a) Basic earnings per share attributable to shareholders of the Company (sen):</b>	13.84	3.98	13.84	3.98
Profit for the period (RM '000)	15,788	4,534	15,788	4,534
Weighted average number of ordinary shares on issue during the reporting quarter (' 000)	114,091	113,979	114,091	113,979
<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 30 SEPTEMBER 2007

The condensed consolidated balance sheet should be read in conjunction with the annual financial report as at 30 June 2007.

	AS AT END OF CURRENT PERIOD 30/9/2007 RM'000	AS AT PRECEDING FINANCIAL YEAR 30/06/2007 RM'000
Property, plant and equipment	145,869	144,997
Prepaid lease payments	30,286	29,870
Biological assets	217,389	216,468
Investment in associate	639	921
Investments	957	957
<b>Current assets</b>		
Inventories	8,468	4,839
Trade and other receivables	18,915	14,627
Tax recoverable	1,403	1,403
Deposits, bank and cash balances	140,783	125,394
	<u>169,569</u>	<u>146,263</u>
<b>Current liabilities</b>		
Trade and other payables	22,987	22,221
Tax liabilities	4,084	2,179
	<u>27,071</u>	<u>24,400</u>
Net current assets	<u>142,498</u>	<u>121,863</u>
Deferred taxation	74,432	70,566
	<u>463,206</u>	<u>444,510</u>
<b>Capital and reserves</b>		
Share capital	115,362	115,362
Share premium	2,818	2,818
Treasury shares	(2,423)	(2,423)
Exchange reserve	(206)	203
Other reserve	163,840	163,840
Retained earnings	140,550	124,762
Equity attributable to shareholders of the Company	<u>419,941</u>	<u>404,562</u>
Minority interests	43,265	39,948
	<u>463,206</u>	<u>444,510</u>
Net assets per share (RM)	3.68	3.55

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UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2007

The condensed cash flow statement should be read in conjunction with the annual financial report for the year ended 30 June 2007.

	UNAUDITED FOR THE CURRENT PERIOD ENDED 30/9/2007 RM'000	UNAUDITED FOR THE CORRESPONDING PERIOD ENDED 30/06/2007 RM'000
Profit after taxation	19,105	39,321
Adjustments:		
Depreciation of property, plant and equipment	3,277	13,398
Depreciation of prepaid lease payments	130	524
Depreciation of biological assets	2,442	9,953
Taxation	6,428	13,602
Interest income	(1,111)	(3,433)
Biological assets written off	421	410
Property, plant and equipment written off	87	394
Gain on disposal of property, plant and machinery	-	(77)
Share of loss/(profit) of in associate	282	987
Dividend income	-	(126)
	31,061	74,953
Changes in working capital		
Current assets	(7,917)	(5,377)
Current liabilities	766	(2,463)
Net tax paid	(657)	(4,116)
Restricted fixed deposits	-	(45)
Net cash flow from operating activities	23,253	62,952
Purchase of property, plant, equipment	(4,236)	(22,584)
Additions of prepaid lease payments	(546)	(353)
Additions of biological assets	(3,784)	(17,202)
Proceeds from disposal of property, plant and equipment	-	78
Interest received	1,111	3,433
Dividend received	-	126
Net cash flow from investing activities	(7,455)	(36,502)
Dividend paid	-	(6,572)
Dividend paid to minority shareholders	-	(1,169)
Net cash flow from financing activities	-	(7,741)
Net changes in cash and cash equivalents	15,798	18,709
Cash and cash equivalents at beginning of the financial year	124,014	105,102
Foreign exchange difference	(409)	203
Cash and cash equivalents at end of the financial year	139,403	124,014
Cash and cash equivalents as at 30 September 2007 is represented by:		
Cash and bank balances	10,761	9,219
Short term deposits	130,022	116,175
	140,783	125,394
Less: restricted balances	(1,380)	(1,380)
	139,403	124,014

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 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 2007.

	Issued and fully paid up ordinary shares of RM 1 each						Total equity attributable to equity holders of the Company RM ' 000	Minority interests RM ' 000	Total equity RM ' 000
	Non-Distributable		Distributable						
	Share capital RM ' 000	Share premium RM ' 000	Treasury shares RM ' 000	Exchange reserve RM ' 000	Other reserve RM ' 000	Retained earnings RM ' 000			
As at 1 July 2006	115,362	2,818	(2,423)	-	163,840	99,988	379,585	33,142	412,727
Net profit for the year	-	-	-	-	-	4,534	4,534	1,146	5,680
At 30 September 2006	115,362	2,818	(2,423)	-	163,840	104,522	384,119	34,288	418,407
At 1 July 2007	115,362	2,818	(2,423)	203	163,840	124,762	404,562	39,948	444,510
Net profit for the year	-	-	-	-	-	15,788	15,788	3,317	19,105
Net gain/(loss) not recognised in income statement	-	-	-	(409)	-	-	(409)	-	(409)
At 30 September 2007	115,362	2,818	(2,423)	(206)	163,840	140,550	419,941	43,265	463,206

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**NOTES TO 1st QUARTER FINANCIAL STATEMENTS**  
**for the financial quarter ended 30 September 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 2007. 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 2007.

**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 2007 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 2007:-

FRS 117	Leases
FRS 124	Related Party Disclosures

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 117 : Leases

Prior to 1 July 2007, leasehold land held for own use was classified as property, plant and equipment and was stated at cost or valuation less accumulated depreciation. The adoption of the revised FRS 117 has resulted in the change in the accounting policy relating to the classification of leases of land to operating lease.

The Group has applied the change in accounting policy in respect of leasehold land in accordance with the transitional provisions of FRS 117. The unamortised carrying amounts of leasehold land are now classified as prepaid lease payments and amortised over the period of its remaining lease term as allowed by the transitional provisions. The classification of leasehold land as prepaid lease payments has been accounted for retrospectively and certain comparatives are restated as follows:

Effects on Balance Sheet as at 30 June 2007

Description of change	As previously reported RM'000	Effect of adopting FRS 117 RM'000	As restated RM'000
Property, plant and equipment	174,867	(29,870)	144,997
Prepaid lease payments	-	29,870	29,870

(b) FRS 124 : Related Party Disclosures

This standard will affect the identification of related parties and some other related party disclosures. The adoption of FRS 124 does not have significant financial impact to the Group.

**3. Preceding annual financial statements**

The audit report of the preceding annual financial statements for the year ended 30 June 2007 was unqualified.

**4. Seasonality or Cyclical Factors**

Climate conditions and the age of our palms continued to have effect on the oil palm plantations' operational performance. For the financial quarter under review, the CPO prices continued to rise due to the supply shortage of global edible oils and strong demand from importing countries. The average CPO price achieved for the quarter under review was RM2,574/MT, which was higher than the preceding financial quarter of RM2,407/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**

There were no dividends paid during the quarter under review.

**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 are no material events subsequent to the end of the quarter under review except for the following:

On 23 October 2007 the Company announced that an Extraordinary General Meeting will be held at Cempaka Room, Hotel Equatorial, Jalan Sultan Ismail , 50250 Kuala Lumpur on Tuesday, 15 November 2007 at 12.30 pm or immediately after the conclusion or adjournment of the Forty Eight Annual General Meeting of the Company, which will be held at the same venue and on the same day at 11.30 am, for the purpose of considering and if thought fit, passing the following resolutions with or without modifications:

i) Ordinary Resolution I

Proposed sub-licence of the oil palm compartment measuring approximately 21,123 hectares within a forest plantation land known as Jelalong Plantation held under Licence No. LPF/0007, at Tubau District, Bintulu Division, Sarawak from Samling Reforestration (Bintulu) Sdn. Bhd. ("SRB") to Timor Enterprises Sendirian Berhad ("Timor"), an indirectly wholly-owned subsidiary of the Company, for a cash consideration of RM19,237,000.

ii) Ordinary Resolution II

Proposed sub-licence of the tree plantation compartment measuring approximately 40,684 hectares within a forest plantation land known as Lana Plantation held under Licence No. LPF/0006, at Belaga District, Kapit Division, Sarawak from Timor to SRB, for a cash consideration of RM21,596,000.

#### **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 July 07 - Sept 07 <u>RM ' 000</u>	Cumulative Year to Date July 07 - Sept 07 <u>RM ' 000</u>
Current taxation	2,563	2,563
Deferred taxation	<u>3,865</u>	<u>3,865</u>
	<u>6,428</u>	<u>6,428</u>

**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 30 September 2007 were as follows:

	RM'000
(i) At cost	957
(ii) At carrying value/book value	957
(iii) At market value	3,618

**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 12 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 the issue of costs 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.

At present, no date has been fixed for the hearing of the Plaintiff's appeal to the Court of Appeal and the appeal remains pending determination.

**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 20,183 MT with an average CPO price of RM2,574 /MT as compared to 16,946 MT with an average CPO price of RM2,407/MT for the immediate preceding quarter. With both higher volumes and price of CPO sold, revenue for the financial quarter under review rose to RM53.5 million, which was higher than that in the preceding financial quarter of RM42.3 million. Profit before taxation of RM25.5 million was RM5.4 million higher than that of the preceding quarter mainly due to these factors.

On an earnings before interest, tax, depreciation and amortisation ("EBITDA") basis, the Group achieved RM30.3 million which was higher than the preceding quarter of RM25.1 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 83,603 MT. During the financial quarter, the Group produced 21,818 MT of CPO and 20,183 MT was sold at an average selling price of RM2,574/MT. With cost of production per MT being well managed, the Group achieved a profit before tax of RM25.5 million and earnings before interest, depreciation, tax and amortisation of RM30.3 million.

During the quarter under review, the Group planted an additional 336 hectares of oil palm in Sarawak, bringing the total immature area planted in Sarawak to 6,386 hectares.

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

Based on the prevailing prices of palm products, the outlook of the Group's performance continues to remain positive sustained by potential global supply shortage, possible lower soybean planting hectarage in US & South America, the bullish reaction to Indonesia's move to increase export taxes for palm oil and the continuing demand for biodiesel supported by high crude oil prices (Average to-date crude oil price for November 2007 is approximately USD95 per barrel).

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  
13 November 2007