

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

QUARTERLY REPORT ON THE CONSOLIDATED RESULTS FOR THE 2ND QUARTER ENDED 31 DECEMBER 2009

The figures have not been audited

CONDENSED CONSOLIDATED INCOME STATEMENTS

	Individual Quarter		Cumulative	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
	31/12/2009 RM'000	31/12/2008 RM'000	31/12/2009 RM'000	31/12/2008 RM'000
Revenue	52,539	31,865	93,601	94,094
Other operating income	598	1,684	1,623	3,357
Operating expenses	(34,675)	(23,331)	(67,877)	(62,722)
Profit from operations	18,462	10,218	27,347	34,729
Share of loss after tax of associates	(92)	(343)	(310)	(482)
Profit before taxation	18,370	9,875	27,037	34,247
Taxation	(5,120)	(868)	(6,100)	(8,877)
Net profit for the period	13,250	9,007	20,937	25,370
	=====	=====	=====	=====
Attributable to:				
Equity holders of the Company	10,932	7,102	17,563	19,919
Minority interests	2,318	1,905	3,374	5,451
Profit for the period	13,250	9,007	20,937	25,370
	=====	=====	=====	=====
(a) Basic earnings per share (sen)	9.58	6.22	15.39	17.46
Net profit for the period (RM'000)	10,932	7,102	17,563	19,919
Weighted average number of ordinary shares on issue during the reporting quarter ('000)	114,091	114,091	114,091	114,091
(b) Diluted earnings per share (sen)	N/A	N/A	N/A	N/A

The condensed consolidated income statements should be read in conjunction with the annual financial statements for the financial year ended 30 June 2009.

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE 2ND QUARTER ENDED 31 DECEMBER 2009**The figures have not been audited****CONDENSED CONSOLIDATED BALANCE SHEETS**

	As at end of current quarter 31/12/2009	As at preceding financial year end 30/6/2009
	RM'000	RM'000
Non-current assets		
Property, plant and equipment	218,021	206,501
Prepaid lease payments	47,959	48,238
Biological assets	245,708	227,314
Investment in associates	466	777
Investments	957	957
	<hr/>	<hr/>
	513,111	493,787
	-----	-----
Current assets		
Inventories	15,150	10,358
Receivables, deposits and prepayments	28,034	17,237
Tax recoverable	8,575	8,014
Cash and cash equivalents	120,526	158,802
	<hr/>	<hr/>
	172,285	194,411
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Current liabilities		
Payables and accruals	37,755	53,614
Current tax liabilities	3,125	2,576
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	40,880	56,190
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Net current assets	131,405	138,221
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Non-current liabilities		
Deferred tax liabilities	81,934	81,261
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	562,582	550,747
	=====	=====

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CONDENSED CONSOLIDATED BALANCE SHEETS (CONTINUED)

	As at end of current quarter 31/12/2009 RM'000	As at preceding financial year end 30/6/2009 RM'000
Capital and reserves		
Share capital	115,362	115,362
Share premium	2,818	2,818
Treasury shares	(2,423)	(2,423)
Exchange reserve	268	(853)
Other reserve	163,840	163,840
Retained earnings	228,036	219,030
	<hr/>	<hr/>
Total equity attributable to shareholders of the Company	507,901	497,774
Minority interests	54,681	52,973
	<hr/>	<hr/>
	562,582	550,747
	=====	=====
 Net asset per share attributable to equity holders of the Company (RM)	 4.45	 4.36

The condensed consolidated balance sheets should be read in conjunction with the annual financial statements for the financial year ended 30 June 2009.

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**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE 2ND QUARTER
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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	<i>Issued and fully paid ordinary shares of RM1 each</i>						Total equity attributable to equity shareholders		
	Share capital	Share premium	Treasury shares	Exchange reserve	Other reserve	Retained profits	of the Company	Minority interests	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 July 2008	115,362	2,818	(2,423)	202	163,840	202,957	482,756	53,415	536,171
Net profit for the period	-	-	-	-	-	19,919	19,919	5,451	25,370
Net loss not recognised in the income statement	-	-	-	(990)	-	-	(990)	-	(990)
Dividend paid in respect of financial year ended 30 June 2008	-	-	-	-	-	(17,114)	(17,114)	(402)	(17,516)
Addition Investment in a subsidiary	-	-	-	-	-	-	-	(26)	(26)
At 31 December 2008	115,362	2,818	(2,423)	(788)	163,840	205,762	484,571	58,438	543,009

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

	<i>Issued and fully paid ordinary shares of RM1 each</i>								
	Share capital	Share premium	Treasury shares	Exchange reserve	Other reserve	Retained profits	Total equity attributable to equity shareholders of the Company	Minority interests	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 July 2009	115,362	2,818	(2,423)	(853)	163,840	219,030	497,774	52,973	550,747
Net profit for the period	-	-	-	-	-	17,563	17,563	3,374	20,937
Net gain not recognised in the income statement	-	-	-	1,121	-	-	1,121	-	1,121
Dividend paid in respect of financial year ended 30 June 2009	-	-	-	-	-	(8,557)	(8,557)	(1,639)	(10,196)
Addition Investment in a subsidiary	-	-	-	-	-	-	-	(27)	(27)
At 31 December 2009	115,362	2,818	(2,423)	268	163,840	228,036	507,901	54,681	562,582

The condensed consolidated statements of changes in equity should be read in conjunction with the annual financial statements for the financial year ended 30 June 2009.

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE 2ND QUARTER ENDED 31 DECEMBER 2009**The figures have not been audited****CONDENSED CONSOLIDATED CASH FLOW STATEMENTS**

	Current period ended 31/12/2009 RM'000	Corresponding period ended 31/12/2008 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit after taxation	20,937	25,370
Adjustments for:-		
Depreciation and amortisation	17,084	13,670
Taxation	6,100	8,877
Dividend income	(24)	0
Interest income	(1,493)	(3,327)
Biological assets and property, plant and equipment written off	225	0
Share of loss after tax of associates	310	482
Operating profit before working capital changes	43,139	45,072
Change in inventories	(4,792)	(8,692)
Change in receivables, deposits and prepayments	(10,797)	8,314
Change in payables and accruals	(15,856)	(1,333)
Cash generated from operations	11,694	43,361
Taxes paid	(5,441)	(4,683)
Net cash generated from operating activities	6,253	38,678
CASH FLOWS FROM INVESTING ACTIVITIES		
Addition of biological assets and property, plant and equipment	(36,952)	(42,674)
Purchase of shares from minority shareholders	(27)	(27)
Dividend income	24	0
Interest received	1,493	3,327
Proceeds from disposal of property, plant and equipment	8	0
Net cash used in investing activities	(35,454)	(39,374)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid to shareholders	(8,557)	(17,114)
Dividends paid to minority shareholders	(1,639)	(402)
Net cash used in financing activities	(10,196)	(17,516)
Net decrease in cash and cash equivalents	(39,397)	(18,212)
Cash and cash equivalents at beginning of financial year	157,217	192,997
Foreign exchange difference on opening balances	1,121	(990)
Cash and cash equivalents at end of the period	118,941	173,795

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CONDENSED CONSOLIDATED CASH FLOW STATEMENTS (CONTINUED)

	Current period ended 31/12/2009 RM'000	Corresponding period ended 31/12/2008 RM'000
Cash and cash equivalents are represented by:		
Cash and bank balances	5,603	7,287
Deposits	114,923	167,931
	<u>120,526</u>	<u>175,218</u>
Less: Restricted balances	(1,585)	(1,423)
	<u>118,941</u>	<u>173,795</u>
	=====	=====

The condensed consolidated cash flow statements should be read in conjunction with the annual financial statements for the financial year ended 30 June 2009.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE 2ND QUARTER ENDED 31 DECEMBER 2009

1. **Basis of preparation**

The condensed consolidated interim financial statements are unaudited and have been prepared in accordance with the requirements of Financial Reporting Standard (“FRS”) 134, ‘Interim Financial Reporting’ and the applicable disclosure provisions 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 of the Group for the financial year ended 30 June 2009. 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 2009.

Except as described below, the significant accounting policies adopted in the unaudited condensed consolidated interim financial statements are consistent with those adopted in the Group’s audited financial statements for the financial year ended 30 June 2009.

Change in accounting policy – FRS 8, ‘Operating segments’.

As of 1 July 2009, the Group determines and presents operating segments based on the information that is internally provided to the Managing Director, who is the Group’s chief operating decision maker. This change in accounting policy is due to the adoption of FRS 8. Previously, FRS 114₂₀₀₄, ‘Segment reporting’ was not applicable because all the Group’s plantations are located in a single geographical location.

Comparative segment information has been presented. Since the change in accounting policy only impacts presentation and disclosure aspects, there is no impact on earnings per ordinary share.

2. **Preceding annual financial statements**

The audit report of the preceding annual financial statements for the year ended 30 June 2009 was unqualified.

3. **Seasonality of 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, Crude Palm Oil (“CPO”) prices have declined due to market concerns of a potential oversupply situation and weakness in the general economy. The average CPO price achieved for the quarter under review was RM2,210/MT, which was lower than the preceding financial quarter of RM2,252/MT.

However, due to cyclicity of production patterns and higher yield from newly mature areas, the production of Fresh Fruit Bunches (“FFB”) increased from 73,728 MT in the immediate preceding financial quarter to 103,167 MT in the financial quarter under review.

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4. 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.

5. 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.

6. Changes in debt and equity securities

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

7. Dividends paid

The Company paid a final dividend of 10 sen per share less income tax amounting to RM8,556,809 for the financial year ended 30 June 2009 on 11 December 2009.

8. Segmental information

The chief operating decision maker has been identified as the Managing Director (“MD”). The MD reviews the Group’s internal reporting regularly, in order to assess performance and allocate resources. The Group has determined the operating segments based on these reports.

The MD considers the business from a geographic perspective. Each geographical location comprises oil palm plantations and palm oil mills. The plantations and mills in each operating segment are considered as a single integrated business unit with its own business unit managers. The reportable segments are Sabah and Sarawak.

The MD assesses the performance of the operating segments based on profit from these operations. This measure excludes expenses that are managed on a central basis and the Group’s share of results in associates. The segment assets comprise of operating assets related to the plantation operations, principally property, plant and equipment, prepaid lease payments, biological assets and inventories. The other assets in the balance sheet managed on a central basis are corporate fixed assets, receivables, deposits and prepayments, tax recoverable and cash and cash equivalents. These other assets form part of the reconciliation to the total assets in the balance sheet.

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For the period ended 31 December 2009

	Sabah		Sarawak		Total Group	
	31/12/09	31/12/08	31/12/09	31/12/08	31/12/09	31/12/08
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	48,743	51,170	44,833	42,889	93,576	94,059
Profit from operations	24,327	28,971	7,361	10,653	31,688	39,624
Total assets	186,113	195,176	335,332*	279,332	521,445	474,508

* Note: This includes 5,947 hectares of newly matured plantation areas and 4,455 hectares of immature plantation areas in Lana and Jelalong, Sarawak.

A reconciliation of total profit from operations to total consolidated profit before taxation is provided as follows:

	31/12/09	31/12/08
	RM'000	RM'000
Profit from operations for reportable segments	31,688	39,624
Expenses managed on a central basis	(4,341)	(4,895)
Consolidated profit from operations	27,347	34,729
Share of loss after tax of associates	(310)	(482)
Consolidated profit before taxation	27,037	34,247

Reportable segments' assets are reconciled to consolidated total assets as follows:

	31/12/09	31/12/08
	RM'000	RM'000
Total segment assets	521,445	474,508
Assets managed on a central basis	163,951	198,700
Consolidated total assets	685,396	673,208

9. Valuations of property, plant and equipment

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

10. Material events subsequent to the end of the reporting quarter

The Company's wholly-owned subsidiary company, Puncak Selasih Sdn Bhd ("Puncak") has on 8th January 2010 entered into the Conditional Sale and Purchase Agreements with Mr. Joyo Soetomo and Mr Didi Ferdinand Korompis (collectively, the "Vendors") to :

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(a) acquire 5,743,500 Ordinary Shares in PT Natura Pasific Nusantara (“PT NPN”) representing 70% of all shares issued by PT NPN from the Vendors for an indicative price of approximately RM8.9 million subject to adjustment arising from the due diligence review. PT NPN has approximately 4,335 hectares of land with Hak Guna Usaha.

(b) acquire 7,910,000 Ordinary Shares in PT Berau Karetindo Lestari (“PT BKL”) representing 70% of all shares issued by PT BKL from the Vendors for an indicative price of approximately RM10 million subject to adjustment arising from the due diligence review. PT BKL has approximately 7,023 hectares of land with Hak Guna Usaha.

Both PT NPN and PT BKL are involved in the business of oil palm plantation. The Conditional Sale and Purchase Agreements are subject to various conditions precedent including the following:-

(a) to obtain the approvals or evidence of report from the government institutions with respect to the sale of shares to Puncak;

(b) satisfactory outcome of all due diligence investigations conducted on the financial, legal, technical, tax, trading positions and prospects of PT NPN and PT BKL.

11. 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.

12. Contingent liabilities or contingent assets

No contingent liabilities or contingent assets had arisen since the last annual balance sheet date. The status of contingent liabilities as disclosed in the last annual balance sheet date is disclosed in Note 18 Material Litigation below.

13. Taxation

	Current quarter Oct'09 – Dec'09 RM'000	Current financial year-to-date Jul'09 – Dec'09 RM'000
Taxation based on profit for the period:		
Corporate income tax	2,974	5,154
Deferred taxation	2,146	2,536
	5,120	7,690
Under/(over) provision in respect of prior year:		
Corporate income tax	0	274
Deferred taxation	0	(1,864)
	5,120	6,100

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14. 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.

15. Quoted securities

(a) There were no purchases or disposals of quoted securities for the current quarter and financial year to date.

(b) Total investments in quoted securities as at 31 December 2009 were as follows:

	RM'000
(i) At carrying value / book value	957
(ii) At market value	2,701

16. Status of Corporate Proposals

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

17. Off balance sheet financial instruments

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

18. 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) (hereinafter referred to as "the Plaintiff") v Timor Enterprises Sdn Bhd (hereinafter referred to as "the Defendant")

The Company had announced on 28 March 2003 that its wholly owned sub-subsiary company Timor Enterprises Sdn Bhd (hereinafter referred to as "Defendant") had been served with a Writ of Summons on 20 March 2003 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.

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 defense and applied to strike out the action. 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.

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.

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On 30 November 2009, it was informed that the Plaintiff wishes to discontinue with the appeal. The Defendant was agreeable to this. At case management before the Deputy Registrar on 1 December 2009, the parties informed the Court of the discontinuance. The Deputy Registrar directed that a Notice of Discontinuance be filed in Court on 15 December 2009. On 17 December 2009, the duly executed Notice of Discontinuance was forwarded to the Plaintiff's Solicitors for further action.

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

For the financial quarter under review, the Group's FFB production increased by 29,439 MT to 103,167 MT as compared to the immediate preceding financial quarter. The Group achieved higher CPO sales of 23,348 MT with an average CPO price of RM2,210/MT, as compared to 18,167 MT with an average CPO price of RM2,252/MT for the immediate preceding financial quarter. As a result, the revenue for the financial quarter under review increased to RM52.5 million compared to that of the preceding financial quarter of RM41.1 million. Cost of production per MT of CPO was lower than that of the immediate preceding financial quarter, mainly due to the effect of higher FFB production which lowered fixed overheads allocation per MT. As a consequence, profit before taxation of RM18.4 million for the financial quarter under review was RM9.7 million higher as compared to the immediate preceding financial quarter.

On an earnings before interest, tax, depreciation and amortisation ("EBITDA") basis, the Group achieved RM25.9 million which was higher than the immediate preceding financial quarter of RM16.7 million.

20. Review of performance of the Group for the quarter and financial year-to-date

For the financial quarter under review, the Group harvested 103,167 MT of FFB and produced 25,449 MT of CPO. The Group sold 23,348 MT of CPO at an average price of RM 2,210/MT. It recorded a profit before tax of RM18.4 million and EBITDA of RM25.9 million. On a year-to-date, the Group harvested 176,895 MT of FFB, produced 44,752 MT of CPO and sold 41,515 MT of CPO at an average price of RM2,228/MT. It achieved a profit before tax of RM27.0 million and EBITDA of RM42.6 million.

In terms of segmental results, Sabah operations and Sarawak operations achieved an operating profit of RM24.3 million and RM7.4 million respectively. The lower operating profits for Sarawak was due to the inclusion of the results of newly matured areas in the Lana plantations totaling 5,947 hectares, which due to yields from newly matured palms, recorded operating losses of RM2.7 million. Expenses managed on a central basis amounted to RM4.3 million and this mainly relates to head office expenses and unrealized foreign exchange losses on foreign currency funds allocated for the Indonesian operations.

During the financial quarter, the Group planted an additional 126 hectares of oil palm plantations in Lana, Sarawak, bringing the total planted area in this estate to 8,625 hectares. As at the end of the financial quarter under review, 5,947 hectares of the plantation in Lana has matured, leaving the total immature area at 2,678 hectares. As for the new oil palm estate in Jelalong, Sarawak, the Group has to date planted 1,777 hectares.

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21. Commentary on the outlook of the Group

Palm oil prices firmed during the period on the back of increased demand from India and China, high crude oil price above US\$70 per barrel and a general optimism of a recovery in the world's economy. The outlook for palm oil price is stable in the short term as palm oil production is trending down seasonally and demand is expected to be stable. Risks include a bumper soyabean crop expected in South America, tightening of credit in China and a possible reversal in the price of crude oil and the world economy.

With the Group's matured areas moving to higher yielding profiles, the Group's production of CPO in the financial year ending 30 June 2010 is expected increase.

With CPO prices expected to remain stable and the increase in the Group's CPO production, the outlook for the financial year ending 30 June 2010 remains favourable.

22. 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.

23. Dividends

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

BY ORDER OF THE BOARD

TAN GHEE KIAT (MICPA 811)

T.V.SEKHAR (MICPA 1371)

Company Secretaries

Kuala Lumpur

10 February 2010