

Condensed Consolidated Balance Sheet  
At 30 June 2005

	30 June 2005 RM'000	31 December 2004 RM'000
<b>Property, Plant &amp; Equipment</b>	453,958	435,925
<b>Deferred tax assets</b>	4,491	4,491
<b>Other Investments</b>	49	49
<b>Intangible Assets</b>	1,099	1,173
	459,597	441,638
<b>Current Assets</b>		
Inventories	14,597	13,564
Trade and other receivables	3,465	9,360
Cash & Cash Equivalents	49,421	51,432
	67,483	74,356
<b>Current Liabilities</b>		
Trade & other payables	32,470	36,468
Borrowings	34,347	35,168
Taxation	1,462	3,511
Bank overdraft	3,670	2,638
	71,949	77,785
<b>Net Current Assets</b>	(4,466)	(3,429)
	455,131	438,209
<b>Financed by:</b>		
<b>Capital And Reserve</b>		
Share Capital	94,968	94,968
Retained Profits	140,026	132,290
	234,994	227,258
<b>Minority Shareholders' Interests</b>	10,589	12,201
<b>Long Term And Deferred Liabilities</b>		
Borrowings	167,810	150,310
Deferred taxation	26,537	26,537
Other deferred liabilities	15,203	21,903
	209,550	198,750
	455,133	438,209

The notes set out on pages 5 to 6 form an integral part of, and, should be read in conjunction with, this interim financial report.



## Condensed Consolidated Income Statements

For the six months ended 30 June 2005

	3 months ended 30 June		3 months ended 30 June	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
<b>Revenue</b>	41,824	40,435	80,967	73,958
<b>Operating Profit</b>	8,544	11,765	16,150	22,784
Interest expense	-2,158	-1,136	-4,304	-2,644
Other Income	619	457	994	958
Share of Profit (Loss) of an associate	0	0	0	0
Profit/(Loss) on disposal of investment	0	0	0	0
<b>Profit before taxation</b>	7,005	11,086	12,840	21,098
Tax expense	-3,716	-3,535	-6,718	-7,130
<b>Profit after taxation</b>	3,289	7,551	6,122	13,968
Add: Minority Interests	749	395	1,613	722
<b>Net Profit for the period</b>	4,038	7,946	7,735	14,690
Basic earnings per ordinary share (sen)	4.25	8.36	8.14	15.47
Diluted earnings per ordinary share (sen)	4.25	8.36	8.14	15.47

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## Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2005

	Share Capital (Non- distributable) RM'000	Distributable Retained Profits RM'000	Total RM'000
At 1 January 2005	94,968	132,290	227,258
Net profit for the period	0	7,735	7,735
Dividends	0	0	0
At 30 June 2005	94,968	140,025	234,993
At 1 January 2004	94,968	101,847	196,815
Net profit for the year	0	14,690	14,690
Dividends	0	0	0
At 30 June 2004	94,968	108,591	211,505

The notes set out on pages 5 to 6 form an integral part of, and, should be read in conjunction with, this interim financial report.



## Condensed Consolidated Cash Flow Statement

For the six months ended 30 June 2005

	30 June 2005	30 June 2004
	RM'000	RM'000
<b>Net cash inflow from operating activities</b>	11,882	14,932
<b>Net cash outflow from investing activities</b>	(26,033)	(42,382)
<b>Net cash inflow/(outflow) from financing activities</b>	11,108	(30,461)
Net increase/(decrease) in cash and cash Equivalents	(3,043)	3011
<b>Cash and cash equivalents at 1 January</b>	48,794	44,348
<b>Cash and cash equivalents at 30 June</b>	45,751	47,359

The notes set out on pages 5 to 6 form an integral part of, and, should be read in conjunction with, this interim financial report.



## Part A – Explanatory Notes Pursuant to MASB 26

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### 1 Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of MASB 26: Interim Financial Reporting and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The Interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2004. 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 year ended 31 December 2004.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the financial statements for the year ended 31 December 2004.

### 2 Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the year ended 31 December 2004 was not qualified.

### 3 Comments About Seasonal or Cyclical Factors

The Group's performance is affected by the cropping pattern which normally reaches its peak at the second half of the year.

### 4 Unusual Items due to their Nature, Size or Incidence

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 Material 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 Debt and Equity Securities

There were no issuances, cancellations, repurchases, resale or repayment of debt and equity securities for the current financial year-to-date.

### 7 Dividends paid

There were no dividend paid in the quarter under review.

### 8 Segment Information

No segment analysis is prepared as the Company is primarily engaged in the oil palm industry in Malaysia.

### 9 Carrying Amount of Revalued Assets

The valuations of land and buildings have been brought forward, without amendment from the previous annual report.

### 10 Material events subsequent to the end of the interim period

There were no material events subsequent to the end of the current quarter.

### 11 Changes in the composition of the Group

There were no changes in the composition of the Group arising from business combinations, acquisition or disposal of subsidiary companies and long-term investments, restructurings, and discontinued operations for the current interim period.



## Part A – Explanatory Notes Pursuant to MASB 26

### 12 Changes in Contingent Liabilities and Contingent Assets

There were no changes in contingent liabilities or contingent assets since the last annual balance sheet as at 31 December 2004, except for the following:-

	Company RM'000
Corporate guarantees favouring banks for loan granted to subsidiaries	89,000
Loans drawn down by subsidiaries	(68,000)
<b>Contingent liabilities</b>	<b>21,000</b>

### 13 Capital Commitments

The amount of commitments for the purchase of property, plant and equipment and for plantation development expenditure not provide for in the financial statements as at 31 March 2005 is as follows:-

	30 June 2005 RM '000
Property, Plant and Equipment	
Authorised but not contracted for	83,881
Contracted but not provided for in the financial statements	14,448
	<b>98,329</b>
Plantation Development Expenditure	
Authorised but not contracted for	27,230
Contracted but not provided for in the financial statements	0
	<b>27,230</b>

### 14 Related Party Transaction

Significant related party transactions other than those disclosed elsewhere in the financial statements are as follows:-

Transactions with companies in which Datuk Ling Chiong Ho, a Director, has or is deemed to have substantial interests:-

	6 months ended 30 June 2005 RM '000
<u>Nature of transactions</u>	
Purchase of consumables from Shin Yang Services Sdn Bhd , Shin Yang Trading Sdn Bhd , Hollystone Quarry Sdn Bhd, Shin Yang Sawmill Sdn Bhd, Perkerjaan Piasau Konkerit Sdn Bhd, Shin Yang Sdn Bhd , Scott & English Trading (S'wak) Sdn Bhd, Miri Belait Transport Co Bhd and Melinau Transport Sdn Bhd	4,615
Purchase of farm machineries and spare parts from Dai Lieng Machinery Sdn Bhd and Dai Lieng Trading Sdn Bhd	1,869
Purchase of properties, plant and equipment from Shin Yang Holding Sdn Bhd, Shin Yang Trading Sdn Bhd, Tung Yuen Tugboat Sdn Bhd and Shin Yang Sdn Bhd	0
Interest charged by Shin Yang Holding Sdn Bhd	489
Purchase of fresh fruit bunches from Greenwood Estate Sdn Bhd and Jati Vista Sdn Bhd	1,781



## Part B – Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad

### 1 Review of performance

The Group registered revenue of RM81.0 million for the six months ended 30 June 2005 compared with RM74.0 million reported in the preceding year corresponding quarter. The revenue of the Group increased by RM7 million or 9.4%. Despite a general decline in CPO prices, the Group has show an improvement in revenue due to a significant improvement in CPO production.

The Group's profit before taxation for the six months ended 30 June 2005 decreased by RM8.2 million or 39.1% to RM12.8 million compared to the previous year corresponding period. This is attributable to the drop in CPO price and the losses incurred at Subsidiary Companies which were at early stages of maturity.

### 2 Comments on Material Change in Profit Before Taxation

For the quarter under review, the Group recorded a profit before tax, minority interest and extraordinary items of RM12.8 million compared to RM21.1 million in the preceding quarter. The drop was mainly due to the lower CPO prices and production coupled with losses at the subsidiary companies' level.

### 3 Commentary on Prospects

The performance of the Group for the remaining year is largely dependent on developments in the world edible oil market and their corresponding effect on CPO prices.

### 4 Profit Forecast or Profit Guarantee

The disclosure requirement for explanatory notes for the variance of actual profit after tax and minority interest and forecast profit after tax and minority interest and for the shortfall in profit guarantee are not applicable.

### 5 Tax expense

	3 months ended		3 months ended	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
Current tax expense	3,716	3,535	6,718	7,130
Deferred tax	0	0	0	0
	3,716	3,535	6,718	7,130

The Group's effective tax rate is higher than the prima facie tax rate as group relief is not available for losses incurred at the subsidiaries and non-deductibility for tax purposes of certain expenses.

### 6 Sale of Unquoted investments and properties

There is no sale of unquoted investments and properties during the period under review.

### 7 Quoted investments

There is no purchase or disposal of quoted securities. The investments in quoted securities as at 30 June 2005 is as follows:-

	Cost	Book Value	Market Value
	RM'000	RM'000	RM'000
Total quoted investments	87	49	30



## Part B – Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad

### 8 Status of corporate proposal announced

There are no corporate proposals announced but not completed as at the date of issue of this report except for the following:-

#### Joint Venture with Sarawak Economic Development Corporation (“SEDC”)

On 23 December 2004, it was announced that the Company had entered into a joint venture agreement with SEDC to develop a parcel of land into an oil palm estate. In the said agreement, both parties have also jointly agreed that a joint-venture company, namely SOP Karabungan Sdn Bhd, shall acquire the said land and carry out the development of the Land. The joint-venture exercise is still incomplete as both parties are still in the process of fulfilling the conditions precedent of the said agreement.

#### Proposed Rights Issue with Warrants

On 26 April 2005, it was announced that the Company had proposed to undertake a renounceable rights issue of 47,484,120 Rights Shares together with 23,742,060 free Rights Warrants at an issue price of RM1.40 per Rights Share on the basis of two (2) Rights Shares together with one (1) free Rights Warrant attached thereto for every four (4) existing Shares held on an entitlement date to be determined later upon obtaining the approvals from all relevant authorities and shareholders of SOP. The issue price of the Rights Shares together with the free Rights Warrants is payable in full upon acceptance.

The Bank Negara Malaysia had, via its letter dated 20 July 2005 (which was received on 2 August 2005), approved the Company's proposal for the issuance of 23,742,120 new rights warrants in conjunction with the Proposed Rights Issue with Warrants as well as the issuance of any additional rights warrants to be issued from time to time arising from any adjustments made pursuant to the provisions of the Deed Poll governing the rights warrants.

### 9 Borrowing and debt securities

	30 June 2005 RM'000
Current	
Secured	16,725
Unsecured	18,455
Non-current	
Secured	35,800
Unsecured	131,177
	202,157

The above borrowings are denominated in Ringgit Malaysia.

### 10 Off balance sheet financial instruments

During the financial year to date, the Group did not enter into any contract involving off balance sheet financial instruments.

### 11 Changes in material litigation

#### SOP Plantations (Suai) Sdn Bhd (“SOP (Suai)”)

- a) As reported in the last period, the Superintendent of Lands and Surveys, Sarawak, the State Government of Sarawak and Sarawak Oil Palms Berhad (“SOPB”), were sued by five individuals (“Plaintiffs”) claiming to have native customary rights over the lands in the area at Rumah Lasan and Rumah Timboo, Sungai Galasah, Suai, Niah, Miri Division, Sarawak which overlaps part of Lot 78 Sawai Land District, Sarawak, (“the disputed land”), totaling 1,226 hectares. The disputed land is one of the provisional leases of SOP (Suai), which is 85% owned subsidiary of SOPB. These five individuals claim to sue on behalf of themselves and all other proprietors, occupiers, holders or claimants of Native Customary Rights Lands situated at Rumah Lasan and Rumah Timboo, Sungai Galasah, Niah, Suai (“the Said Lands”).





## Part B – Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad

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The Plaintiffs claimed that the area covered by the provisional lease of the disputed land covers and includes a substantial part of the Said Lands. The relief sought by the Plaintiffs in the Suit include declarations that the Plaintiffs have native customary rights over the Said Lands and that the approval for the issuance of the provisional lease in respect of the disputed land to SOP Plantations, in so far as it impairs the Plaintiff's customary rights over the Said Lands, is bad and an order directing the Superintendent of Lands and Surveys, Sarawak and Government of Sarawak to give effect to the aforesaid declarations and to cancel the approval for the issuance of the provisional lease in respect of Lot 78, Sawai Land District.

The Suit which was initially fixed for trial from 24 to 26 August 2005 is rescheduled to 11 December 2006.

- b) On 14 May 2004, SOP Plantations obtained an order from the High Court, Miri to recover possession of Lot 931 Niah Land District ("Lot 931") totalling 1,054 hectares against seven (7) defendants comprising six (6) named individuals and every other person in occupation of Lot 931. An appeal against the High Court order dated 14 May 2004 has been filed. In addition, an application for extension of time to file the record of appeal is also filed. As at 23 June 2005, no hearing date has been fixed in respect of either the above stated application for extension of time or the appeal itself.

On 27 April 2004, a suit was filed by sixteen (16) individuals (including the six (6) individuals against whom the High Court order dated 14 May 2004 was obtained as mentioned above) claiming native customary rights over Lot 931. These sixteen (16) individuals claim to sue on behalf of themselves and all other occupiers, holders and claimants of native customary land at/around Rumah Ulat, Rumah Muiyang and Rumah William Tingang, Sg Manong, Sg Niah, Miri Division, Sarawak. SOP Plantations is named as the 1<sup>st</sup> defendant in the suit, whereas the other defendants are the Superintendent of Lands and Surveys, Miri Division, Director of Lands and Surveys, Sarawak and Government of the State of Sarawak.

SOP Plantations has filed an application to strike out the suit which was heard on 17 January 2005. On 16 August 2005, the Court ordered that the suit be struck out. The Plaintiffs had 30 days to appeal against the said order.

### 12 Dividends

No interim ordinary dividend has been declared for the financial period ended 30 June 2005 (31 December 2004 – nil).

### 13 Earnings per share

#### *Basic/Diluted earnings per share*

The calculation of basic/diluted earnings per share for the quarter is based on the net profit attributable to ordinary shareholders of RM7.7 million and the number of ordinary shares outstanding during the quarter of 94,968,240.

### 14 Authorised for Issue

The interim financial statements were authorized for issue by the Board of Directors in accordance with a resolution of the Directors on 26 August 2005.

*By Order of the Board*

Eric Kiu Kwong Seng

Company Secretary

Miri

26 August 2005

