(Incorporated in Malaysia – 7949-M)

# INTERIM REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2008

(The figures have not been audited)

# Condensed Consolidated Balance Sheet as at 30 September 2008

	Note	30 September 2008 RM'000	31 December 2007 RM'000
ASSETS			
Non-current Assets			
Property, plant and equipment	A1	628,180	537,130
Prepaid lease payments	A1	179,941	186,428
Other investments		45	45
Intangible assets		1,526	1,526
		809,692	725,129
<b>Current Assets</b>			
Inventories		49,380	28,963
Trade and other receivables		17,723	56,337
Cash and bank balances		302,028	91,917
		369,131	177,217
TOTAL ASSETS		1,178,823	902,346
EQUITY AND LIABILITIES			
Equity attributable to equity holders	of the pare	ent	
Share capital	A6	427,263	144,153
Share premium		3	20,291
Other reserve		1,193	642
Retained earnings		293,778	289,943
		722,237	455,029
Minority interest		81,388	68,623
Total equity		803,625	523,652
Non-current liabilities		000.077	455,000
Borrowings		222,677	155,383
Deferred tax liabilities Other deferred liabilities		86,705 69	61,457 69
Other deferred liabilities			
		309,451	216,909
Current liabilities		47.500	70.000
Borrowings		17,580	70,322
Trade and other payables		41,507	90,747
Current tax payable		6,660	716
		65,747	161,785
Total liabilities		375,198	378,694
TOTAL EQUITY AND LIABILITIES		1,178,823	902,346
Not accept and the COM			
Net assets per share (RM)		1.69	3.16

(The Condensed Consolidated Balance Sheet should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2007 and the accompanying explanatory notes attached to this report)

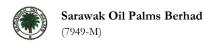


(Incorporated in Malaysia – 7949-M)

# Condensed Consolidated Income Statements For the Nine-Months Period Ended 30 September 2008

		3 month 30 S	s ended eptember	30 Septe	nths ended ember
	Note	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Continuing Operations Revenue Sarawak sales tax Windfall profit levy/stabilization sche Cost of sales	eme cess	207,903 (9,863) (2,701) (63,670)	122,861 (5,781) (3,745) (47,557)	561,996 (26,557) (14,289) (187,423)	271,707 (12,714) (4,762) (94,178)
Gross profit Other income Administrative expenses Distribution costs Finance costs		76,234 3,088 (792) (13,578) (1,958)	57,083 947 (673) (7,346) (2,303)	228,269 6,738 (2,490) (33,830) (5,873)	111,654 2,073 (2,344) (16,588) (7,067)
<b>Profit before tax</b> Taxation	B5	62,994 (18,544)	47,708 (9,605)	192,814 (52,252)	87,728 (17,133)
Profit for the period		44,450	38,103	140,562	70,595
Profit for the period attributable to: Equity holders of the parent Minority interest		40,086 4,364 44,450	35,776 2,327 38,103	127,797 12,765 140,562	65,586 5,009 70,595
Earning per share attributable to Equity holders of the parent (Sen):					
Basic	B13	9.61	24.99	34.11	45.96
Diluted	B13	9.49	22.69	33.70	41.72

(The Condensed Consolidated Income Statements should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2007 and the accompanying explanatory notes attached to this report)

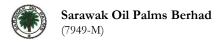


(Incorporated in Malaysia – 7949-M)

# Condensed Consolidated Statement of Changes in Equity For the Nine-Months Period Ended 30 September 2008

	<b>←</b>	—— Attributab	ole to Equity Ho	olders of the Parent	<b></b>		
	No	n-Distributable F	Reserve	Distributable Reserve			
	Share Capital	Share Premium	Other Reserve	Retained Profits	Total	Minority Interest	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2008 Net profit for the period Issue of ordinary shares:	144,153 -	20,291	642 -	289,943 127,797	455,029 127,797	68,623 12,765	523,652 140,562
Pursuant to EŚOS	569	1,045	551	-	2,165	-	2,165
Warrant conversion	22,263	12,292	-	-	34,555	-	34,555
Rights issue	46,805	65,528	-	-	112,333	-	112,333
Capitalised for bonus issue	213,473	(99,153)	-	(114,320)	(0.040)	-	- (0.040)
Dividends				(9,642)	(9,642)		(9,642)
At 30 September 2008	427,263	3	1,193	293,778	722,237	81,388 	803,625
At 1 January 2007	142,452	18,994	-	185,913	347,359	31,619	378,978
Net profit for the year Issue of ordinary shares:	-	-	-	109,285	109,285	7,887	117,172
Pursuant to ESOS	53	101			154		154
Warrant Conversion	1,648	1,104		-	2,752	-	2,752
Dilution arising from issuance of share by a subsidiary	-	-	-	(55)	(55)	55	-
Issuance of shares to Minority	_	_	_	_	_	29,062	29,062
Acquisition of a subsidiary	-	<u>-</u>	_	- -	<u>-</u>	23,002	29,002
Dividends				(5,200)	(5,200)		(5,200)
Capitalisation of employees expenses provision arising from ESOS			734		734	_	734
Exercise of ESOS	-	92	(92)	-	-	-	-
At 31 December 2007	144,153	20,291	642	289,943	455,029	68,623	523,652

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunctions with the Audited Financial Statements for the year ended 31 December 2007 and the accompanying explanatory notes attached to this report)

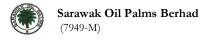


(Incorporated in Malaysia – 7949-M)

# **Condensed Consolidated Cash Flow Statement For the Nine-Months Period Ended 30 September 2008**

	Note	30 September 2008 RM'000	30 September 2007 RM'000
Net cash inflow from operating activities		172,679	87,888
Net cash outflow from investing activities		(92,765)	(71,245)
Net cash inflow/(outflow) from financing activities	A4	130,197	(13,013)
Net increase/(decrease) in cash and cash equivalents		210,111	3,630
Cash and cash equivalents at 1 January		91,917	54,101
Cash and cash equivalents at 31 December		302,028	57,731
Cash and cash equivalents at the end of the financial period comprised the following:			
Wholesale money market deposits Fixed deposits with licensed banks Cash on hand and at bank Bank overdrafts (included within short-term borrowings in Note B9)		44,570 230,085 27,373	20,100 37,058 2,583 (2,010)
Cash and bank balances		302,028	57,731

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2007 and the accompanying explanatory notes attached to this report)



(Incorporated in Malaysia – 7949-M)

## Explanatory Notes To The Interim Report – 30 September 2008

#### A. FRS (Financial Reporting Standards) 134 – Paragraph 16

#### A1. Accounting policies

The interim financial statements have been prepared under the historical cost convention except for the revaluation of leasehold land.

The interim financial statements of the Group are unaudited and have been prepared in accordance with the requirements of FRS 134 – Interim Financial Reporting and Chapter 9, Part K of the Listing Requirements of Bursa Malaysia Securities Berhad ("BMSB").

The accounting policies and methods of computation used in the preparation of the interim financial statements are consistent with those used in the preparation of the last audited financial statements for the financial year ended 31 December 2007.

#### A2. Disclosure of audit report qualification and status of matters raised

There were no qualifications in the audit report on the preceding annual financial statements.

#### A3. Seasonality or cyclicality of interim operations

The Group's performance is subjected to the cropping pattern which normally reaches its peak at the second half of the year, and this is reflected accordingly in the CPO production of the Group.

## A4. Unusual Items affecting assets, liabilities, equity, net income, or cash flow

There were no items affecting assets, liabilities, equity, net income, or cash flows that were unusual in nature, size, or incidence during the interim period under review except bonus issue mentioned in Note A6(i) that was completed on 29 August 2008.

#### A5. Material changes in estimates

There were no changes in estimates of amounts reported in prior interim periods or changes in estimates of amounts reported in prior financial years, which have a material effect in the current interim period.

#### A6. Debt and Equity Securities

There were no issuances, cancellations, repurchases, resale or repayment of debt and equity securities except for the following:-

#### (i) Bonus Issue

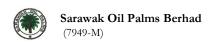
During the period under review, a total of 213,473,187 bonus shares were issued on the basis of one(1) new ordinary share for every one(1) existing ordinary share held. The bonus shares were credited as fully paid up by means of capitalization of the company's share premium reserves and retained earnings accounts. Pursuant to the bonus share issue, adjustment to warrants was made and a total of 1,694,578 additional warrants were also issued. Both bonus shares and additional warrants were listed and quoted as from 29 August 2008.

#### (ii) Employees' Share Options Scheme ("ESOS")

As at 30 September 2008, a total of 7,005,350 ESOS options have been granted. Total of ESOS options exercised as at 30 September 2008 were 568,950 shares and were granted listing and quotation.

#### (iii) Warrants (Year 2005)

As at 30 September 2008, a total of 22,262,739 warrants in relation to the 25,436,638 free warrants (year 2005) which includes the adjustment made as mentioned in Note A6(i) were exercised and were granted listing and quotation.



(Incorporated in Malaysia – 7949-M)

# Explanatory Notes To The Interim Report - 30 September 2008

#### A7. Dividends paid

The Company has declared a first and final dividend of 6% less 26% taxation for the financial year ended 31 December 2007. The dividend was paid on 22 July 2008.

# A8. Segment Information

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

# A9. Valuation of property, plant and equipment

There were no amendments in the valuations of property, plant and equipment brought forward from previous annual financial statements.

## A10. Material events subsequent to the end of the interim period

There were no material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period.

#### A11. 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.

## A12. Changes in contingent liabilities and contingent assets

There were no contingent liabilities and contingent assets as at 30 September 2008.

#### A13. Capital Commitments

The amount of commitments for the purchase of property, plant and equipment and for plantation development expenditure not provided for in the financial statements as at 30 September 2008 is as follows:-

	30 September 2008 RM'000
Property, plant and equipment	
Authorised but not contracted for Contracted but not provided in the financial statements	52,415 52,916
Contracted but not provided in the financial statements	
	105,331 
Plantation Development Expenditure	
Authorised but not contracted for	39,678
Contracted but not provided in the financial statements	49,410
	89,088

(Incorporated in Malaysia – 7949-M)

# Explanatory Notes To The Interim Report – 30 September 2008

#### B. BMSB Listing Requirements (Part A of Appendix 9B)

#### B1. Review of performance

The Group registered a total revenue of RM562.0 million for period ended 30 September 2008 compared with RM271.7 million reported in corresponding period for the preceding year. The increase of RM290.3 million was mainly attributed to the higher sales volume and also higher average CPO and PK prices realized during the 9-month period.

In tandem with the increase in total revenue, the Group achieved a profit before taxation for the period ended 30 September 2008 of RM192.8 million, an increase of RM105.1 million over the RM87.7 million achieved in the corresponding period last year. As for the profit after tax and minority interests, it was RM127.8 million, an increase of RM62.2 million over the RM65.6 million achieved in the corresponding period last year.

# B2. Material changes in profit before taxation for the quarter as compared with the immediate preceding quarter

For the quarter under review, the Group recorded a profit before tax of RM63.0 million compared to RM66.5 million in the preceding quarter. The slight drop in profit was due to the softening of the CPO and PK prices. Nevertheless, the increase in CPO and PK production in the current quarter has cushioned the impact of lower CPO and PK prices and increase in cost of production.

## B3. Prospects for the current financial year

The performance of the Group is largely dependent on developments in the world edible oil market, bio-diesel market, fossil oil market and movement of Ringgit Malaysia and their corresponding effect on CPO prices.

## B4. Variance of actual profit from forecast profit

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.

#### **B5.** Taxation

	3 months ended 30 September		9 months ended 30 September	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Current tax expenses	7,626	(181)	26,784	6,356
Under/(Over) provision in prior years	-	(3)	219	988
Deferred tax	10,918	9,789	25,249	9,789
	18,544	9,605	52,252	17,133

The Group's effective tax rate was higher than the prevailing corporate tax rate due to non-deductible expenses in tax computation.

## **B6.** Unquoted Investments and Properties

There was no sale of unquoted investments and/or properties for the current guarter.

#### B7. Quoted investments

There was no purchase or disposal of quoted securities. The total investments in quoted securities as at 30 September 2008 is as follows:

	Cost	Book Value	Market Value
	RM'000	RM'000	RM'000
Total quoted investments	67	45	57



(Incorporated in Malaysia - 7949-M)

## Explanatory Notes To The Interim Report – 30 September 2008

#### B8. 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 followings:-

#### (A) Joint Venture with Pelita Holdings Sdn Bhd ("PHSB")

(i) SOP Pelita Batu Lintang Plantation Sdn Bhd ("SPBLPSB"), formerly known as SOP Pelita Bekenu & Niah Plantation Sdn Bhd ("SPBNPSB")

On 15 December 2005, the Company entered into a joint venture agreement with PHSB to develop an area under NCR of approximately 1,250 hectares situated at Kuala Bakas, NCR Land Development Areas, Sibuti, Miri Division, Sarawak into an oil palm plantation to be undertaken by a joint venture company, SPBLPSB. On 16<sup>th</sup> September 2008, both SOPB and PHSB had mutually agreed to rescind the above joint venture agreement.

On the same date, the Company entered into a new joint venture agreement with PHSB to develop an area under NCR of approximately 8,000 plantable hectares, situated at Ulu Undop, NCR Land Development Area, Sri Aman Division, Sarawak into an oil palm plantation to be undertaken by SPBLPSB.

Out of the aforesaid 8,000 plantable hectares, about 800 hectares had been planted and the purchase consideration was RM7.5 million of which RM3.1 million, subject to adjustment based on the latest available management account, would be capitalized in SPBLPSB accounts.

The Company is in the progress of applying to Foreign Investment Committee (FIC) for approval of the joint venture.

#### (B) Joint Venture with Shin Yang Holding Sdn Bhd ("SYHSB")

(i) Kini Sinar Sdn. Bhd. ("KSSB")

On 25 May 2007, the Company entered into a conditional share subscription agreement ("CSSA") with KSSB for the proposed subscription of a total of 650,000 new shares in KSSB in two separate tranches for a total of RM14,826,500. Presently KSSB is a wholly-owned subsidiary of SYHSB.

The eventual shareholdings of SOPB and SYHSB upon the completion of the 2 tranches will be 650,000 Shares (65%) and 350,000 Shares (35%) respectively.

The proposed share subscription will enable SOPB to take advantage of the strategic location of the land. As the land is near to the Bintulu Port Palm Oil jetty, bulking installation and other refineries, it provides cost savings in piping and discharge lines for SOPB for its future expansion into palm oil downstream activities.

Approval has been obtained from the Foreign Investment Committee (FIC) vide its letter dated 15 August 2007 and 8 January 2008. It is now still pending SYHSB to fulfil the conditions of the agreement including the establishment of basic infrastructure of the land.

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# Explanatory Notes To The Interim Report – 30 September 2008

## B8. Status of corporate proposal announced

#### (C) Status of Utilisation of Proceeds from rights Issue for ordinary shares

The gross proceeds raised from the Rights Issue amounted to RM112.33 million and as at 1 November 2008, the status of the utilisation of the proceeds as compared to its expected utilisation is as follows:-

Purposes	Approved Amount (RM'000)	Applied Amount (RM'000))
(a) Construction of palm oil mills	20,000	9,988
(b) New area under development	50,000	37,300
(c) Downstream activities	25,000	-
(d) Working capital	16,783	16,584
(e) Expenses for the exercise	550	138
TOTAL	112,333	64,010

## B9. Borrowing and debt securities

	30 September 2008 RM'000
Current	
Secured	17,580
Non-current	
Secured	207,677
Unsecured	15,000
Total	240,257

The above borrowings are denominated in Ringgit Malaysia.

## B10. Off balance sheet financial instruments

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

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## Explanatory Notes To The Interim Report – 30 September 2008

#### B11. Changes in material litigation

There is no material litigation which need to be disclosed for the period under review.

#### B12. Dividends

No interim dividend has been declared for the financial period ended 30 September 2008 (30 September 2007: Nil).

#### B13. Earnings per share

#### Basic earnings per share

The calculation of basic earnings per share for the quarter is based on the profit attributable to equity holders of the parent of RM40.1 million and on the weighted average number of ordinary shares of RM1 each in issue during the period of 374,659,672.

	3 mon	ths ended	9 months ended		
	30.9.2008	30.9.2007	30.9.2008	30.9.2007	
	RM'000	RM'000	RM'000	RM'000	
Profit attributable to ordinary equity					
holders of the parent	40,086	35,776	127,797	65,586	
	3 mon	ths ended	9 mont	ns ended	
	30.9.2008 '000	30.9.2007 '000	30.9.2008 '000	30.9.2007 '000	
Weighted average number of					
Ordinary shares in issue	417,002	143,187	374,660	142,700	
	3 mon 30.9.2008 Sen	ths ended 30.9.2007 Sen	9 montl 30.9.2008 Sen	ns ended 30.9.2007 Sen	
Basic earning per share	9.61	24.99	34.11	45.96	

## Diluted earnings per share

The diluted earning per share for the quarter is based on the profit attributable to equity holders of the parent of RM40.1 million and on the weighted average number of ordinary shares of RM1 each in issue during the period of 379,204,214.

	3 months ended		9 months ended	
	30.9.2008 RM'000	30.9.2007 RM'000	30.9.2008 RM'000	30.9.2007 RM'000
Profit attributable to ordinary equity holders of the parent	40,086	35,776	127,797	65,586
	3 mon 30.9.2008 '000	ths ended 30.9.2007 '000	9 mont 30.9.2008 '000	hs ended 30.9.2007 '000
Weighted average number of ordinary shares in issue	422,510	157,684	379,204	157,197
	3 mon 30.9.2008 Sen	ths ended 30.9.2007 Sen	9 mont 30.9.2008 Sen	hs ended 30.9.2007 Sen
Diluted earning per share	9.49	22.69	33.70	41.72

(Incorporated in Malaysia - 7949-M)

# Explanatory Notes To The Interim Report – 30 September 2008

#### B14. 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 28<sup>th</sup> November 2008.

By Order of the Board Eric Kiu Kwong Seng Company Secretary Miri

28<sup>th</sup> November 2008

