

**1. Basis of preparation**

This interim report is prepared in accordance with MASB 26 “Interim Financial Reporting” and paragraph 9.22 of the Kuala Lumpur Stock Exchange Listing Requirements, and should be read in conjunction with the audited financial statements of the Group for the year ended 30 June 2002.

The accounting policies and presentation adopted for the interim financial report are consistent with those adopted for the audited financial statements for the year ended 30 June 2002.

**2. Qualified financial statements**

The preceding financial statements for the year ended 30 June 2002 were reported without any qualification.

**3. Seasonality or cyclicity of interim operations**

The Group’s operation is not affected materially by any seasonal/cyclical factors.

**4. Nature and amount of unusual items affecting assets, liabilities, equity, net income or cash flows**

Unusual items included in the operating expenses during the current quarter and year to date relates to the following:-

	<i>Current Quarter 31.12.2002 RM’000 (Unaudited)</i>	<i>Cumulative Quarter Year to date 31.12.2002 RM’000 (Unaudited)</i>
<ul style="list-style-type: none"><li>Expenses incurred for the Company’s issuance of RM100 million nominal amount Al-Bai’ Bithaman Ajil Fixed Rate Serial Bonds.</li></ul>	76 =====	1,268 =====

**5. Nature and amount of changes in estimates**

There were no changes in estimates of amounts, which give a material effect in the current financial period ended 31 December 2002.

**6. Debts and equity securities**

For the current financial year to date:-

- (i) On 15 August 2002, the Company issued RM100 million nominal value Al-Bai' Bithaman Ajil Fixed Rate Serial Bonds ("ABBA Bonds"). The ABBA Bonds were issued in 6 series in various maturities of between 2 to 7 years at a weighted average yield of 6.77%. The Primary Bonds issued are redeemable at their nominal amount in the following manner:-

<i>Series</i>	<i>Tenure(years)</i>	<i>Nominal Amount (RM'000)</i>
1	2	10,000
2	3	10,000
3	4	20,000
4	5	20,000
5	6	20,000
6	7	20,000

- (ii) During the six months ended, the issued and fully paid-up share capital of the Company was increased from 140,696,000 shares to 140,881,000 shares through the issuance of 185,000 shares of RM1 each pursuant to the Employees' Share Option Scheme

Other than as disclosed above, there were no issuance and repayment of debt and equity securities, share buy-backs, share cancellation, shares held as treasury shares and resale of treasury shares for the current financial period ended 31 December 2002.

**7. Taxations**

	<i>Current Quarter 31.12.2002 RM'000 (Unaudited)</i>	<i>Cumulative Quarter Year to date 31.12.2002 RM'000 (Unaudited)</i>
Provision for taxation in respect of the profit for the period	3,080	3,580
Provision for deferred taxation	-	-
	<u>3,080</u>	<u>3,580</u>

The effective tax rate for the periods presented above was lower than the statutory income tax rate in Malaysia due the availability of capital allowances for set-off against the current year's taxable profit for its kernel crushing and palm oil refinery operations.

**8. Valuation of property, plant and equipment**

The valuations of property, plant and equipment have been brought forward without any amendments from the previous annual audited financial statements for the financial year ended 30 June 2002.

**9. Segmental reporting**

Segmental information is presented in respect of the Group's business segments which is the Group's primary basis of segmental reporting. Segmental information for the current financial year to date ended 31 December 2002 are as followed:

	<i>Oil Palm Plantations and Palm Products Processing RM '000</i>	<i>Industrial product RM '000</i>	<i>Biomass Power Plant RM '000</i>	<i>Rental RM '000</i>	<i>Eliminations RM '000</i>	<i>Total RM '000</i>
<b>Revenue</b>						
External sales	682,055	3,999	-	-	-	
Internal sales	122,499	4,442	-	25	(126,966)	
Total revenue	804,554	8,441	-	25	(126,966)	686,054
<b>Result</b>						
Segment profit/(loss) before tax	21,903	296	-	(200)		21,999
Unallocated Corporate expenses						(1,293)
Profit before tax						20,706
Taxation						(3,580)
Profit after tax						17,126
<b>Other Information</b>						
Segment assets	552,312	9,088	30,271	33,688		625,359
Segment liabilities	264,811	2,469	20,287	181		287,748
Capital Expenditure	12,865	-	3,705	-		16,570
Depreciation	8,603	40	-	197		8,840
Significant non-cash expenses	-	-	-	-		-

**10. Sales of unquoted Investments and/or Properties**

There were no sales of unquoted investments or properties for the current quarter and financial year to date.

**11. Quoted securities**

There was no purchase or disposal of any quoted securities for the current quarter and financial year to date.

**12. Status of corporate proposal**

- (a) There are no corporate proposals announced but not completed as at 20 February 2003, being 7 days from the date of this report.
- (b) The status of the utilisation of proceeds raised from the ABBA bonds as at 31 December 2002 are as follows:-

<i>Purpose</i>	<i>Amount as approved</i>	<i>Actual Amount Utilised</i>
	<i>RM'000</i>	<i>RM'000</i>
• Repayment of subsidiaries' existing bank borrowings	95,615	95,615
• Defraying fees and expenses associated with the issuance of the ABBA bonds	1,000	1,000
• Redemption of the Secondary Bonds which will become due and payable six months after date of ABBA bonds	3,385	-
Total	<u>100,000</u>	<u>96,615</u>

**13. Group's borrowings and debts securities**

Details of the Group's borrowings as at 31 December 2002 are as follows:

	<i>RM'000</i>
Short term borrowings	
- Unsecured	-
- Secured	<u>121,415</u>
- Total	121,415
Add: Current portion of long term borrowings	<u>6,972</u>
	<u>128,387</u>
Long term borrowings	
- Unsecured	-
- Secured*	<u>119,636</u>
- Total	119,636
Less: Current portion of long term borrowings	<u>(6,972)</u>
	<u>112,664</u>
Borrowings denominated in foreign currency - US Dollar	<u>1,403</u>

\* including ABBA Bonds of RM100 million

**14. Financial instruments**

During the current financial period and up to 20 February 2003, being 7 days from the date of this report, the Group does not have any material outstanding financial instruments with off balance sheet risks.

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

There have been no changes to the composition of the Group during the current interim period including business combination, acquisition or disposal of subsidiaries and long term investments, restructuring and discontinuing of operations

**16. Contingent liabilities**

**Unsecured**

The Company has provided corporate guarantees to secure banking facilities given to subsidiary companies. The amount utilised and outstanding as at 31 December 2002 amounted to RM131 million (30 September 2002 – RM137 million).

The Group is disputing a claim amounting to RM5 million from RHB Bank Berhad on an alleged foreign currency forward contract entered into by the Group. Legal proceedings are in progress and the outcome is yet to be determined. The Company's lawyers are of the opinion that the Group has a good prospect of succeeding in this litigation.

**17. Capital commitments**

There were no material capital commitments as at financial period ended 31 December 2002.

**18. Comparison with preceding quarter**

The Group registered a revenue of RM386.38 million and pre-tax profit of RM16.65 million in current quarter after deducting unusual item of RM1.27 million being expenses incurred for issuance of ABBA Bonds as compared to RM221.88 million and pre-tax profit of RM4.89 million in the preceding quarter, an increase of RM164.5 million or 74.1% and RM11.76 million or 240.5% respectively. The improvement was due to increased in Crude Palm Oil price and improvement in FFB yield which benefited the Group's plantation and milling sectors, coupled with improved margin from the Group's refining business.

**19. Review of performance**

Palm product prices have improved further during the quarter under reviewed. The improvement of palm product prices contributed positively to the Group's earning and profits. The Group's palm oil extraction mills, refinery and kernel crushing plant are operating at optimal capacity. The Group electricity power generation plant is currently at the commissioning stage, and its China, Guangzhou bulking tank project is completed during the quarter. The coming on stream of these new operations will provide additional contribution to the Group's earnings and profits.

**20. Prospects**

Barring any unforeseen circumstances, the group expects to maintain good performance next quarter.

**21. Variance of actual profit from forecast profit and shortfall in the profit guarantee**

There were no profit forecast or profit guarantee given for this financial year ending 30 June 2003.

**22. Subsequent events**

There were no material events subsequent to the financial period ended 31 December 2002.

**23. Dividend**

There was no dividend proposed during the financial year to date.

A final dividend of 2 sen per share, tax exempt, amounting RM2,817,920 be paid on 28 February 2003 in respect of the financial year ended 30 June 2002.

**24. Earning per share**

	<i>Current</i>	<i>Period</i>	<i>Cumulative</i>	<i>Period</i>
	<i>31.12.2002</i>	<i>31.12.2001</i>	<i>31.12.2002</i>	<i>31.12.2001</i>
<b>(a) Basic earnings per share</b>				
Net profit for the period (RM'000)	13,574	4,885	17,126	1,196
Weighted average number of Ordinary shares in issue ('000)	140,866	140,205	140,817	140,205
Basic earnings per share (sen)	9.64	3.48	12.16	0.85
<b>(b) Diluted earnings per share</b>				
Net profit for the period (RM'000)	13,574	4,885	17,126	1,196
Weighted average number of Ordinary shares for diluted ('000)	142,550	141,194	142,608	141,490
Diluted earnings per share (sen)	9.52	3.46	12.01	0.85

**25. Significant related party transactions**

	<i>Current Quarter</i>	<i>Cumulative Quarter Year to date</i>
	<i>31.12.2002</i>	<i>31.12.2002</i>
	<i>(RM'000)</i>	<i>(RM'000)</i>
Transactions with Fordeco Construction Sdn. Bhd., a company in which Kwan Ngen Chung and Kwan Ngen Wah, Directors of the Company, have interest:		
Sales of diesel	332	547
Transactions with Fordeco Sdn. Bhd., a company in which Kwan Ngen Chung and Kwan Ngen Wah, Directors of the Company, have interest:		
Sales of diesel	99	216
Transactions with Lahad Datu Tyres Sdn. Bhd., a company in which the brother and a sister of Kwan Ngen Chung, Kwan Ngen Wah, Kwan Jin Nget and Kwan Min Nyet, Directors of the Company, have interest:		
Purchase of tyres, batteries and lubricants	256	509

The Directors are of the opinion that the above transactions have been entered into in the normal course of business and have been established under terms that are no less favourable than those arranged with third parties.

By Order of the Board

Chong Kan Hiung (MIA 8401)

Company Secretary  
26 February 2003