

1. Basis of preparation

The interim report statements are unaudited and have been prepared in accordance with the requirements of MASB 26 “Interim Financial Reporting” and paragraph 9.22 of the Kuala Lumpur Stock Exchange Listing Requirements.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the year ended 30 June 2002. Those 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 2002.

The accounting policies and presentation adopted for the interim financial statements 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 31.3.2003 RM’000 (Unaudited)</i>	<i>Cumulative Quarter Year to date 31.3.2003 RM’000 (Unaudited)</i>
<ul style="list-style-type: none">Expenses incurred for the Company’s issuance of RM100 million nominal amount Al-Bai’ Bithaman Ajil Fixed Rate Serial Bonds.	-	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 March 2003.

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 nine months ended, the issued and fully paid-up share capital of the Company was increased from 140,696,000 shares to 140,928,000 shares through the issuance of 232,000 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 March 2003.

7. Taxations

	<i>Current Quarter 31.3.2003 RM'000 (Unaudited)</i>	<i>Cumulative Quarter Year to date 31.3.2003 RM'000 (Unaudited)</i>
Provision for taxation in respect of the profit for the period	-	3,580
Provision for deferred taxation	-	-
	-	3,580

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. Dividends paid

The amount of dividends paid during the financial period ended 30 June 2003 were as followed:

	<i>RM'000</i>
In respect of the financial year ended 30 June 2002 as reported in the directors' report of that year:	
A final dividend of 2 sen per share, tax exempt, paid on 28 February 2003	2,818

9. 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.

10. Segmental information

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 March 2003 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>
Revenue						
External sales	947,876	5,482	-	-	-	
Internal sales	173,504	5,654	1,271	37	(180,466)	
Total revenue	1,121,380	11,136	1,271	37	(180,466)	953,358
Result						
Segment profit/(loss) before tax	26,365	304	(269)	(329)		26,071
Unallocated Corporate expenses						(1,293)
Profit before tax						24,778
Taxation						(3,580)
Profit after tax						21,198

11. 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.

12. Quoted securities

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

13. Status of corporate proposal

- (a) There are no corporate proposals announced but not completed as at 19 May 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 March 2003 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	3,385
Total	<u>100,000</u>	<u>100,000</u>

14. Group's borrowings and debts securities

Details of the Group's borrowings as at 31 March 2003 are as follows:

	<i>RM'000</i>
Short term borrowings	
- Unsecured	-
- Secured	<u>125,832</u>
- Total	125,832
Add: Current portion of long term borrowings	<u>6,972</u>
	<u>132,804</u>
Long term borrowings	
- Unsecured	-
- Secured*	<u>119,635</u>
- Total	119,635
Less: Current portion of long term borrowings	<u>(6,972)</u>
	<u>112,663</u>
 Borrowings denominated in foreign currency - US Dollar	 <u>1,403</u>

* including ABBA Bonds of RM100 million

15. Off Balance Sheet Financial instruments

During the current financial period and up to 19 May 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.

Credit risk, or the risk of counterparties defaulting, is controlled by strictly limiting the Group's association to creditworthy financial institutions in Malaysia.

Market risk is the risk that the value of the financial instrument will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual security or issuer or factors affecting all securities traded in the market. Exposure to market risk may be reduced through offsetting on and off balance Sheet positions.

There are no significant credit and market risks posed by the above off balance sheet financial instruments.

16. 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

17. 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 March 2003 amounted to RM114 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.

18. Capital commitments

The amount of commitments for the purchase of property, plant and equipment not provided for in the interim financial statements as at 31 March 2003 is as follows:

	<i>RM'000</i>
Approved and contracted for	<u>14,705</u>

19. Comparison with preceding quarter

The Group registered a revenue of RM267.3 million and pre-tax profit of RM4.072 million in current quarter as compared to RM204.81 million and pre-tax profit of RM3.85 million in the preceding quarter, an increase of RM62.49 million or 30.5% and RM222,000 or 5.8% 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.

20. 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.

21. Prospects

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

22. 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.

23. Subsequent events

There were no material events subsequent to the financial period ended 31 March 2003.

24. Dividend

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

25. Earning per share

	<i>Current</i>	<i>Period</i>	<i>Cumulative</i>	<i>Period</i>
	<i>31.3.2003</i>	<i>31.3.2002</i>	<i>31.3.2003</i>	<i>31.3.2002</i>
(a) Basic earnings per share				
Net profit for the period (RM'000)	4,105	3,850	21,231	5,046
Weighted average number of Ordinary shares in issue ('000)	140,899	140,255	140,844	140,255
Basic earnings per share (sen)	2.91	2.75	15.07	3.60
(b) Diluted earnings per share				
Net profit for the period (RM'000)	4,105	3,850	21,231	5,046
Weighted average number of Ordinary shares for diluted ('000)	142,702	141,592	142,644	141,535
Diluted earnings per share (sen)	2.88	2.72	14.88	3.57

26. Significant related party transactions

	<i>Current Quarter</i>	<i>Cumulative Quarter Year to date</i>
	<i>31.3.2003</i>	<i>31.3.2003</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	334	881
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	127	343
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	263	772

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.

27. Authorisation for issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 26th May 2003.