

**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 cyclical nature 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 30.6.2003 RM’000 (Unaudited)</i>	<i>Cumulative Quarter Year to date 30.6.2003 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>	- =====	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 30 June 2003.

**Notes to the interim financial statement – 30 June 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 twelve months ended, the issued and fully paid-up share capital of the Company was increased from 140,696,000 shares to 141,066,000 shares through the issuance of 370,000 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 30 June 2003.

**7. Taxations**

	<i>Current Quarter 30.6.2003 RM'000 (Unaudited)</i>	<i>Cumulative Quarter Year to date 30.6.2003 RM'000 (Unaudited)</i>
Provision for taxation in respect of the profit for the period	2,044	5,624
Provision for deferred taxation	-	-
	2,044	5,624

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 and investment tax allowances for set-off against the current year's taxable profit for its biomass power plant 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 30 June 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>
<b>Revenue</b>						
External sales	1,289,344	7,029	-	-	-	
Internal sales	225,487	6,886	6,000	50	(238,423)	
<b>Total revenue</b>	1,514,831	13,915	6,000	50	(238,423)	1,296,373
<b>Result</b>						
Segment profit/(loss) before tax	34,414	651	3,088	(416)		37,737
Unallocated Corporate expenses						(1,293)
Profit before tax						36,444
Taxation						(5,624)
Profit after tax						30,820

**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 22 August 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 30 June 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 30 June 2003 are as follows:

	<i>RM'000</i>
Short term borrowings	
- Unsecured	-
- Secured*	<u>122,352</u>
- Total	122,352
Add: Current portion of long term borrowings	<u>1,252</u>
	<u>123,604</u>
Long term borrowings	
- Unsecured	-
- Secured**	<u>113,524</u>
- Total	113,524
Less: Current portion of long term borrowings	<u>1,252</u>
	<u>112,272</u>

\*The short term borrowings represents Bankers Acceptance for the financing of inventories and trade receivables.

\*\* including ABBA Bonds of RM100 million

**15. Off Balance Sheet Financial instruments**

During the current financial period and up to 22 August 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 30 June 2003 amounted to RM102 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 30 June 2003 is as follows:

Approved and contracted for	<i>RM'000</i> <u>16,350</u>
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**19. Comparison with preceding quarter**

The Group registered a revenue of RM343 million and pre-tax profit of RM11.67 million in current quarter as compared to RM262.3 million and pre-tax profit of RM3.69 million in the preceding quarter, an increase of RM80.73 million or 30.8% and RM7.98 million or 216% respectively. The improvement was due to the smooth running of the group's Biomass power plant, stable 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 continued to be strong and stabled during the quarter under reviewed. The improvement of palm product prices and 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's Biomass electricity power generation plant is currently operational and contributed to the Group's earning as well.

The Group's 51% owned subsidiary Dong Ma Oils & Fats (Guangzhou Free Trade Zone) Co. Ltd., bulking tanks has been operation since the 3<sup>rd</sup> quarter and expect to contribute to the group's earnings and profits in the next quarter. Furthermore, the 2<sup>nd</sup> phase of the China's investment consist of Refinery, Shortening and Soap Noodle Plants are currently work-in-progress. The project is to be completed by the 2<sup>nd</sup> half of 2004.

**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 30 June 2003.

**24. Dividend**

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

**Notes to the interim financial statement – 30 June 2003**

**25. Earning per share**

	<i>Current</i> 30.6.2003	<i>Period</i> 30.6.2002	<i>Cumulative</i> 30.6.2003	<i>Period</i> 30.6.2002
<b>(a) Basic earnings per share</b>				
Net profit for the period (RM'000)	9,594	649	30,825	4,397
Weighted average number of Ordinary shares in issue ('000)	140,952	140,440	140,871	140,250
Basic earnings per share (sen)	6.81	0.46	21.88	3.14
<b>(b) Diluted earnings per share</b>				
Net profit for the period (RM'000)	9,594	649	30,825	4,397
Weighted average number of Ordinary shares for diluted ('000)	142,908	142,174	142,800	141,835
Diluted earnings per share (sen)	6.71	0.46	21.59	3.10

**26. Significant related party transactions**

	<i>Current</i> <i>Quarter</i> 30.6.2003 (RM'000)	<i>Cumulative</i> <i>Quarter</i> Year to date 30.6.2003 (RM'000)
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	217	1,098
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	77	420
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	275	1,042

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 29<sup>th</sup> August 2003.