

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 statements should be read in conjunction with the audited financial statements of the Group for the year ended 30 June 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 financial year ended 30 June 2004.

The same accounting policies and methods of computation are followed in the interim financial statements as compared with the financial statements for the year ended 30 June 2004.

2. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the year ended 30 June 2004 was not qualified.

3. Comments About Seasonal or Cyclical Factors

The Group's performance is not affected materially by any seasonal or cyclical factors.

4. Unusual Items Due to Their Nature, Size or Incidence

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the financial year ended 30 June 2005.

5. Changes in Estimates

There were no changes in estimates that have had a material effect in the current quarter results.

6. Debt and Equity Securities

For the current quarter, there were no issuance, cancellations, repurchases and repayment of debt and equity securities other than the RM100 million nominal value Al-Bai' Bithaman Ajil Fixed Rate Serial Bonds ("ABBA Bonds") issued in year 2003. These are classified within short and long term borrowings in Note 22.

7. Dividends Paid

The amount of dividends paid during the financial year ended 30 June 2005 were as followed:

	<i>RM'000</i>
A final tax exempt dividend of 10%, on 141,860,000 ordinary shares, declared on 15 December 2004 and paid on 15 March 2005	<u>14,186</u>

8. Segmental Information

The Group is organised on a worldwide basis into four major business segments:

- i) Oil palm plantations and palm products processing – management and operations of plantation, manufacture and sales of palm products, and operations of bulking installations;
- ii) Trading of industrial products – purchase and sales of diesel; and
- iii) Bio-mass energy – generate and supply of energy and steam.

Others business segments include letting of commercial properties and a stone and gravel quarry, none of which are of a sufficient size to be reported separately.

The directors are of the opinion that all inter-segment transactions have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

Segmental information for the current financial year ended 30 June 2005 are as followed:

	<i>Oil palm plantations and Palm products processing</i> RM '000	<i>Trading of industrial products</i> RM '000	<i>Bio-mass energy</i> RM '000	<i>Others</i> RM '000	<i>Elimination</i> RM '000	<i>Total</i> RM '000
Revenue						
External sales	1,204,187	5,512	-	111	-	1,209,810
Internal sales	437,219	9,061	6,895	50	(453,225)	-
Total revenue	1,641,406	14,573	6,895	161	(453,225)	1,209,810
Results						
Segment profit before taxation	56,867	740	1,159	(311)		58,455
Finance costs, net						(13,718)
Profit before taxation						44,737
Taxation						(10,500)
Profit after taxation						34,237
Minority interests						2,389
Profit for the year						36,626

9. Carrying Amount of Revalued Assets

The valuations of property, plant and equipment have been brought forward without amendment from the financial statements for the year ended 30 June 2004.

10. Subsequent Event

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

11. Changes in Composition of the Group

There were no changes in the composition of the Group during the current quarter except for the followings:

- setting up of a 100% owned subsidiary, Dong Ma Palm Industry (Zhangjiagang) Co. Ltd. (“DMPIZJG”) for a total cash investment of RM9,724,985.88 on 22nd June 2005. DMPIZJG is presently setting up its processing facilities and its principal activities are the manufacturing and trading of soap noodle, glycerine and oleochemical products;
- setting up of a 100% owned subsidiary, Dong Ma (Guangzhou Free Trade Zone) Oleo Chemical Co. Ltd. (“DMGFTZOC”) for a total cash investment of RM6,840,000 on 22nd June 2005. DMGFTZOC is presently setting up its manufacturing facilities and its principal activities are the manufacturing and trading of soap noodle and glycerine;
- the acquisition of 250,000 ordinary shares of RM1 each representing the entire equity interest in Kwantas Land Development Sdn. Bhd. (KLD) for a total purchase consideration of RM63,352,702 fully satisfied by the issue of 12,183,210 new ordinary shares of RM1 each in Kwantas Corporation Bhd (Kwantas Shares) at an issue price of RM5.20 per share on 30 June 2005. KLD is presently engaged in the operation of oil palm plantations; and
- the acquisition of 2 ordinary shares of RM1 each representing the entire equity interest in Kwantas Oleo Sdn. Bhd. (Koleo) for a total purchase consideration of RM2,628,196 fully satisfied by the issue of 505,422 new Kwantas Shares at an issue price of RM5.20 per share on 30 June 2005. Koleo is presently engaged in the operation of an oil palm plantation.

12. Changes in Contingent Liabilities and Contingent Assets

Unsecured

- i) The Company has provided corporate guarantees to secure banking facilities given to a subsidiary company. The amount utilised and outstanding as at 30 June 2005 amounted to approximately RM167 million.
- ii) The Group is disputing a claim amounting to approximately RM5 million from a commercial bank on an alleged foreign currency forward contract entered into by a subsidiary company. 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.
- iii) A dispute between Enco Engineering Sdn. Bhd. (“Enco”) and Palm Energy Sdn. Bhd. (“PESB”), a wholly owned subsidiary company of Kwantas, in the purchase by the latter of a 9.8 Mega Watt co-generation power plant. PESB is claiming for liquidated damages, loss of productive/revenue and refurbishment costs totalling approximately RM4.07 million. Enco counterclaimed the balance of the original contract sum amounting to RM1,005,357 and variation order works totalling RM1,021,295. An arbitrator has been appointed and arbitration process is on going.

13. 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 2005 is as follows:

Approved and contracted for	<i>RM'000</i> <u>27,800</u>
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14. Performance Review

Palm product prices have been stable during the quarter under reviewed. The oil palm plantation and palm products processing activities continued to be the major contributor to the Group's revenue and profit. The revenue of the Group has increased by RM19,400,000 (1.60%) from RM1,190,410,000 in year 2004 to RM1,209,810,000 for the current financial year ended 30 June 2005. This was mainly attributable to the increased of palm products processing production as a result of improved yield from oil palm plantation as compare to previous financial period.

The Group's latest China investment consisted of Refinery and Shortening Plants has started operation for six months. The performance of these divisions are remained to be seen as the new products are just entering into the market.

15. Comment on Material Change in Profit For The Period

The Group's profit for the current quarter of RM12.35 million has performed better than the previous quarter of RM7.3 million. This was mainly due to the contribution from the acquisition of new oil palm plantation, namely the KLD and Koleo.

16. Commentary on Prospects

The Directors are of the view that the overall performance of the Group will continue to be strong, particularly on the contribution from the acquisitions of new oil palm plantations and current palm products processing segments. The China processing facilities are at its pioneer run and are expected to show marginal improvement to the Group's revenue and profit in the coming quarter.

17. Profit Forecast or Profit Guarantee

The disclosure requirements for explanatory notes for the variance of actual profit after taxation and minority interests and forecast profit after taxation and minority interests and for the shortfall in profit guarantee are not applicable.

18. Taxation

	<i>3 months ended 30.6.2005 RM'000 (Unaudited)</i>	<i>12 months ended 30.6.2005 RM'000 (Unaudited)</i>
Income tax:		
Malaysian income tax	2,100	9,500
Foreign tax	(89)	-
 Deferred taxation	 <u>1,000</u>	 <u>1,000</u>
	<u>3,011</u>	<u>10,500</u>

The effective tax rate for the periods presented above was lower than the statutory income tax rate principally due the availability of unabsorbed capital, reinvestment and investment tax allowances, double tax deduction and unused tax losses of certain subsidiary companies for set-off against the current period's taxable profit for its biomass power plant and palm product processing operations, and certain expenses which are not deductible for tax purposes.

19. Sales of Unquoted Investments and Properties

There were no sales of unquoted investments and properties for the current quarter.

20. Marketable Securities

There was no purchase or disposal of marketable securities for the current quarter.

21. Corporate Proposals

There are no corporate proposals announced but not completed as at 24 August 2005 except for the following:

Further to the quarterly announcements of 26 February 2005 and 27 May 2005 respectively, the Group is please to announce that the Company's additional 12,688,632 new ordinary shares of RM1.00 each issued pursuant to the following acquisitions have been granted listing and quotation on the Main Board of Bursa Malaysia Securities Berhad on 30 June 2005:

- a) the acquisition of 250,000 ordinary shares of RM1 each representing the entire equity interest in Kwantas Land Development Sdn. Bhd. for a total purchase consideration of RM63,352,702 to be fully satisfied by the issue of 12,183,210 new ordinary shares of RM1 each in Kwantas Corporation Bhd (Kwantas Shares) at an issue price of RM5.20 per share;
- b) the acquisition of 2 ordinary shares of RM1 each representing the entire equity interest in Kwantas Oleo Sdn. Bhd. for a total purchase consideration of RM2,628,196 to be fully satisfied by the issue of 505,422 new Kwantas Shares at an issue price of RM5.20 per share.

22. Borrowings and Debts Securities

	<i>As at 30.6.2005</i>
	<i>RM'000</i>
Short term borrowings	
- Unsecured	-
- Secured	210,189
- Total	<u>210,189</u>
Long term borrowings	
- Unsecured	-
- Secured	115,617
- Total	<u>115,617</u>
	<u>325,806</u>

Included in long term secured borrowings represents RM90 million ABBA Bonds.

All of the above borrowings are denominated in Ringgit Malaysia, except for the following:

	USD	RM '000
	'000	equivalent
Borrowings denominated in foreign currency – USD	10,350	39,330
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23. Off Balance Sheet Financial Instruments

	<i>Notional amount</i>
	<i>as at</i>
	<i>30.6.2005</i>
	<i>RM '000</i>
Contingent liabilities	7,000
Contingent Assets	4,000
Interest rate swap agreement:	
More than 1 year and less than 5 years	80,000
Forward foreign exchange contracts used to hedged anticipated sales	<u> -</u>

Credit risk, or the risk of counterparties defaulting, is controlled by 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 its 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.

The related accounting policy for the off balance sheet financial instruments disclosed in the financial statements for the year ended 30 June 2005 is as follows:

Forward Foreign Exchange Contracts

Forward foreign exchange contracts are not recognised in the financial statements on inception. The underlying foreign currency assets or liabilities are translated at their respective hedged exchange rates and all exchange gains or losses are recognised as income or expense in the income statement in the same period as the exchange differences on the underlying hedged items. Exchange gains and losses arising on contracts entered into as hedges of anticipated future transactions are deferred until the date of such transactions, at which time they are included in the measurement of such transactions.

24. Changes in Material Litigation

As at 24 August 2005, there were no changes in material litigation, including the status of pending material litigation since the last annual balance sheet date of 30 June 2004, as details in Note 12.

25. Dividend Payable

No dividend was declared for the financial year ended 30 June 2005.

26. Earning Per Share

(a) Basic

Basic earnings per share is calculated by dividing the net profit for the year by the weighted average number of ordinary shares in issue during the financial year.

	<i>3 months ended 30.6.2005</i>	<i>12 months ended 30.6.2005</i>
Net profit for the year (RM'000)	12,355	36,626
Weighted average number of ordinary shares in issue ('000)	141,999	141,857
Basic earnings per share (sen)	<u>8.70</u>	<u>25.82</u>

(b) Diluted

For the purpose of calculating diluted earnings per share, the net profit for the year and the weighted average number of ordinary shares in issue during the period have been adjusted for the dilutive effects of all potential ordinary shares and shares granted to employees.

	<i>3 months ended 30.6.2005</i>	<i>12 months ended 30.6.2005</i>
Net profit for the year (RM'000)	12,355	36,626
Weighted average number of ordinary shares in issue ('000):	141,999	141,857
Effect of dilution:		
Share options	3,797	4,302
Adjusted weighted average number of ordinary shares in issue and issuable	<u>145,796</u>	<u>146,159</u>
Diluted earnings per share (sen)	<u>8.47</u>	<u>25.06</u>

27. Authorised 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 August 2005.