

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 2005. 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 2005.

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 2005.

2. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the year ended 30 June 2005 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 period ended 30 September 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

At the forthcoming Annual General Meeting, a first and final tax exempt dividend in respect of the financial year ended 30 June 2005, of 10% on 154,548,632 ordinary shares, amounting to a dividend payable of RM15,454,863 (10 sen per ordinary share) will be proposed for shareholders' approval. The financial statements for the current financial period do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained profits in forthcoming quarter results.

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 plantations, manufacture and sales of palm products, and operations of bulking installations;
- ii) Trading of industrial products – purchase and sales of diesel; and
- iii) Biomass 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 period ended 30 September 2005 are as followed:

	<i>Oil palm plantations and palm products processing RM '000</i>	<i>Trading of industrial products RM '000</i>	<i>Biomass energy RM '000</i>	<i>Others RM '000</i>	<i>Elimination RM '000</i>	<i>Total RM '000</i>
Revenue						
External sales	272,762	1,971	-	-		274,733
Internal sales	19,789	3,282	2,424	13	(25,508)	-
Total revenue	292,551	5,253	2,424	13	(25,508)	274,733
Results						
Profit from operations	10,942	145	618	(86)		11,619
Finance costs, net						(3,862)
Profit before taxation						7,757
Taxation						(500)
Profit after taxation						7,257
Minority interests						216
Profit for the period						7,473

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 2005.

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.

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 September 2005 amounted to approximately RM232 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 the Company, 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 RM8 million. Enco counter claimed the balance of the original contract sum amounting to approximately RM1 million and variation order works totalling approximately RM1 million. 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 September 2005 is as follows:

Approved and contracted for	<i>RM'000</i> <u>56,000</u>
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14. Performance Review

The oil palm plantations and palm products processing activities continued to be the major contributor to the Group's revenue and profit. The revenue of the Group has decreased by RM44,123,000 or 14% from RM318,856,000 in Q1 FYE2005 to RM274,733,000 in current quarter. This was mainly due to the decrease in palm products prices in current quarter compared to Q1 FYE2005, ie the CPO price realised for Q1 FYE2005 was RM1,473 per MT as compared to RM1,334 per MT in Q1 FYE2006.

The China investment's performance remains to be seen as the new products have just entered into the market.

15. Comment on Material Change in Profit For The Period

The Group's profit for the period has decreased to RM7.473 million in current quarter from RM13.779 million Q1 FYE2005. The decrease of RM6.306 million or 46% was mainly due to the decrease in CPO prices and lower palm products margin. Apart from these, the Group's estates have also carried out a fertiliser application and road maintenance program in the current quarter.

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 30.9.2005 RM'000 (Unaudited)</i>	<i>3 months ended 30.9.2004 RM'000 (Unaudited)</i>
Income tax:		
Malaysian income tax	1,500	3,500
Foreign tax	-	-
Deferred taxation	<u>(1,000)</u>	<u>-</u>
	<u>500</u>	<u>3,500</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 23 November 2005.

22. Borrowings and Debts Securities

	<i>As at 30.9.2005</i>
	<i>RM'000</i>
Short term borrowings	
- Unsecured	-
- Secured	298,858
- Total	<u>298,858</u>
Long term borrowings	
- Unsecured	-
- Secured	105,345
- Total	<u>105,345</u>
	<u>404,203</u>

Included in long term secured borrowings represents RM70 million ABBA Bonds.

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

	USD '000	RM '000 equivalent
Borrowings denominated in foreign currency – USD	10,350	39,815
	<u>=====</u>	<u>=====</u>

23. Off Balance Sheet Financial Instruments

	<i>Notional amount</i>
	<i>as at</i>
	<i>30.9.2005</i>
	<i>RM '000</i>
Contingent liabilities	7,000
Contingent Assets	8,000
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>213,430</u>

23. Off Balance Sheet Financial Instruments (Cont'd)

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 period ended 30 September 2005 is as follows:

Off balance sheet financial instruments are not recognised in the financial statements on inception.

Interest Rate Swap Contracts:

Net differentials in interest receipts and payments arising from interest rate swap contracts are recognised as interest income or expense over the period of the contract.

Forward Foreign Exchange Contracts:

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 23 November 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 2005, as details in Note 12.

25. Dividend Payable

No dividend was declared for the financial period ended 30 September 2005.

26. Earning Per Share

(a) Basic

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

26. Earning Per Share (Cont'd)

(a) Basic (Cont'd)

	<i>3 months ended 30.9.2005</i>	<i>3 months ended 30.9.2004</i>
Net profit for the period (RM'000)	7,473	13,779
Weighted average number of ordinary shares in issue ('000)	154,549	141,794
Basic earnings per share (sen)	4.84	9.72

(b) Diluted

For the purpose of calculating diluted earnings per share, the net profit for the period 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 30.9.2005</i>	<i>3 months ended 30.9.2004</i>
Net profit for the period (RM'000)	7,473	13,779
Weighted average number of ordinary shares in issue ('000):	154,549	141,794
Effect of dilution:		
Share options	3,733	4,343
Adjusted weighted average number of ordinary shares in issue and issuable	158,282	146,137
Diluted earnings per share (sen)	4.72	9.43

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 28 November 2005.