



**Interim Report for the 2nd Quarter Ended 31 December 2007**

(The figures have not been audited)

**Condensed Consolidated Income Statements**

	Note	Individual Quarter 31 December		Cumulative Quarter to date 31 December	
		2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Revenue		71,496	27,635	121,080	68,401
Operating expenses		(57,405)	(23,464)	(96,500)	(60,795)
Profit from operations		14,091	4,171	24,580	7,606
Interest income		(19)	5	57	22
Other income		129	124	244	292
Finance costs		(1,145)	(1,379)	(2,287)	(2,976)
Profit before taxation		13,056	2,921	22,594	4,944
Taxation	<b>B5</b>	(2,939)	(564)	(5,014)	(963)
Profit after taxation		10,117	2,357	17,580	3,981
Attributable to equity holders of TECB		10,117	2,357	17,580	3,981
Basic earning per share attributable to equity holders of TECB (Sen)	<b>B13</b>	4.60	1.10	7.98	1.87

(The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Statements for the year ended 30 June 2007 and the accompanying notes attached to these interim financial statements)



**Interim Report for the 2nd Quarter Ended 31 December 2007**

(The figures have not been audited)

**Condensed Consolidated Balance Sheets**

	Note	As at Current Quarter ended 31-12-07  RM'000	As at Preceding Financial year 30-06-07 (Restated) RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		48,444	47,934
Prepaid lease payments		85,513	86,053
Biological assets		83,553	81,620
Investment properties		16,874	17,243
Goodwill on consolidation		26,875	26,875
<b>Current assets</b>			
Inventories		8,914	3,147
Receivables		26,309	13,998
Tax recoverable		-	699
Cash and bank balances		12,453	11,236
		47,676	29,080
Non-current assets held for sale		4,004	4,186
<b>TOTAL ASSETS</b>		312,939	292,991
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the parent</b>			
Share capital		222,913	222,913
Reserves		(35,387)	(51,610)
		187,526	171,303
<b>Non-current liabilities</b>			
Borrowings	<b>B9</b>	60,865	63,104
Deferred taxation		28,081	25,975
		88,946	89,079
<b>Current liabilities</b>			
Payables		15,544	12,303
Overdraft & Short Term Borrowings	<b>B9</b>	20,253	20,116
Provision for taxation		670	190
		36,467	32,609
<b>Total liabilities</b>		125,413	121,688
<b>TOTAL EQUITIES AND LIABILITIES</b>		312,939	292,991
<b>Net assets per share attributable to equity holders of TECB (RM)</b>		<b>0.85</b>	<b>0.77</b>

(The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Statements for the year ended 30 June 2007 and the accompanying notes attached to these interim financial statements)



**Interim Report for the 2nd Quarter Ended 31 December 2007**

(The figures have not been audited)

**Condensed Consolidated Statement Of Changes In Equity**

	Attributable to Equity Holders of the Parent				Total Equity RM'000
	← Non-Distributable →		Distributable		
	Share capital RM'000	Treasury shares RM'000	Share premium RM'000	Accumulated losses RM'000	
<b>For the 2nd quarter ended 31 December 2007</b>					
At 1 July 2007	222,913	(615)	17,950	(68,945)	171,303
Acquisition of treasury shares	-	(1,357)	-	-	(1,357)
Net profit for the period	-	-	-	17,580	17,580
At 31 December 2007	<u>222,913</u>	<u>(1,972)</u>	<u>17,950</u>	<u>(51,365)</u>	<u>187,526</u>
<b>For the 2nd quarter ended 31 December 2006</b>					
At 1 July 2006	211,085	(5)	12,049	(83,071)	140,058
Conversion of ICULS	11,828		5,901	-	17,729
Acquisition of treasury shares		(7)			(7)
Net profit for the period	-	-	-	3,981	3,981
At 31 December 2006	<u>222,913</u>	<u>(12)</u>	<u>17,950</u>	<u>(79,090)</u>	<u>161,761</u>

(The Condensed Consolidated Statement Of Changes In Equity should be read in conjunction with the Annual Financial Statements for the year ended 30 June 2007 and the accompanying notes attached to these interim financial statements)



**Interim Report for the 2nd Quarter Ended 31 December 2007**

(The figures have not been audited)

**Condensed Consolidated Cash Flow Statement**

	<b>Cumulative Quarter to date 31 December</b>	
	<b>2007</b> RM'000	<b>2006</b> RM'000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	22,594	4,944
Adjustments for non-cash items :		
Depreciation	4,189	3,673
Amortisation of ICULS discounts	-	148
Operating profit before working capital changes	26,783	8,765
Working capital changes :		
(Increase)/decrease in debtors	(12,311)	226
Increase/(decrease) in creditors	3,241	(2,229)
Increase in stocks	(5,767)	(3,604)
Cash generated from operations	11,946	3,158
Tax paid	(1,729)	(449)
Tax refunded	-	466
<b>Net cash generated from operating activities</b>	10,217	3,175
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Acquisition of treasury shares	(1,357)	(7)
Purchase of property, plant and equipment	(5,541)	(6,057)
<b>Net cash used in investing activities</b>	(6,898)	(6,064)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Expenses paid on ICULS conversion	-	(14)
Repayment on bank borrowings	(2,188)	(4,303)
<b>Net cash used in financing activities</b>	(2,188)	(4,317)
<b>Net increase/( decrease ) in cash and cash equivalents</b>	1,131	(7,206)
<b>Cash and cash equivalents as at beginning of the year</b>	9,066	727
<b>Cash and cash equivalents as at end of the quarter</b>	10,197	(6,479)
Cash and cash equivalents comprise:		
Cash and bank balances	12,453	2,504
Bank overdraft	(2,251)	(8,983)
Fixed deposits pledged to bank	(5)	-
	10,197	(6,479)

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Statements for the year ended 30 June 2007 and the accompanying notes attached to these interim financial statements)



**Notes To The Quarterly Report - 31 December 2007**

**A. MASB 26 - Paragraph 16**

**A1. Accounting Policies**

The interim financial statements were unaudited and have been prepared in accordance with FRS 134 - Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad. The report should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 June 2007.

The 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 2007.

**Changes in Accounting Policies**

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 30 June 2007 except for the adoption of the following applicable new/revised Financial Reporting Standards ("FRS") effective 1 October 2006:

FRS 117 Leases

FRS 124 Related Party Disclosures

The above new/revised FRSs do not have significant financial impact on the Group for these interim financial statements except for FRS 117 and the principal effects of the changes in accounting policies resulting from its adoption are discussed below:-

**FRS 117: Leases**

Prior to 1 July 2007, the Group's leasehold land held for own use was classified as Property, Plant and Equipment and was stated at cost/valuation less accumulated depreciation and impairment losses. The adoption of the revised FRS 117 resulted in a retrospective change in the accounting policy relating to the classification of leasehold land separately from Property, Plant and Equipment. The upfront payments for leasehold land represent prepaid lease payments and are amortised on a straight-line basis over the lease terms. As allowed by the transitional provisions of FRS 117, the unamortised revalued amount of leasehold land is retained as the surrogate carrying amount of prepaid lease payments.

Prior to 1 July 2007, plantation infrastructure development expenditure incurred on long leasehold lands were not amortised as the Directors are of the opinion that the non-amortisation of these plantation infrastructure development expenditure has no material effect on the financial statements. Consequent to the adoption of the revised FRS 117 at 1 July 2007, the Group commenced amortisation of plantation infrastructure development expenditure incurred on long leasehold lands on a straight-line basis over the remaining lease terms of the long leasehold lands.

The reclassifications of leasehold land have been accounted for retrospectively and the following comparative amounts as at 30 June 2006 have been restated:

	<b>As previously reported</b>	<b>Effect of adoption of new/revised FRS 117</b>	<b>As restated</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Property, plant and equipment	133,987	(86,053)	47,934
Prepaid lease payments	-	86,053	86,053



**Notes To The Quarterly Report - 31 December 2007**

**A2. Disclosure of audit report qualification and status of matters raised**

There was no qualification in the audit report of the preceding financial year.

**A3. Seasonal or Cyclical Phases**

The production of fresh fruit bunches is seasonal in nature as the yield rises to a peak in the second half of the calendar year.

**A4. Unusual items affecting assets, liabilities, equity, net income, or cash flow**

There were no items affecting assets, liabilities, equity, net income, or cash flow that were unusual in nature, size, or incidence during the financial period under review.

**A5. Material changes in estimates**

There were no changes in estimates of amounts reported in prior financial years, which have a material effect on the current interim period.

**A6. Issuances, Cancellations, Repurchases, Resale and Repayments of Debt and Equity Securities**

There were no issuances, cancellations, repurchases, resales or repayments of debt and equity securities during the financial period, except as disclosed below:

- (i) During the current financial period, the Company repurchased 1,969,700 of its issued ordinary shares from the open market at an average price of RM0.69 per share. The repurchase transaction was financed by internally generated funds. The shares repurchased are being held as treasury shares and treated in accordance with the requirement of Section 67A of the Companies Act 1965. None of the treasury shares has been resold or distributed as share dividends during the current financial period.

**A7. Dividends paid**

A first and final dividend of 2% less 27% income tax amounting to RM3,240,528 for the financial year ended 30 June 2007 was paid on 28 January 2008.

There were no other dividends declared/paid during the financial period.

**A8. Segment Information**

Segment information is presented in respect of the Group's business segments as follows:

	<b>Plantation RM'000</b>	<b>Others RM'000</b>	<b>Consolidated RM'000</b>
<b>6 months ended 31 December 2007</b>			
<b>REVENUE</b>			
External sales/Total Revenue	120,425	655	121,080
<b>RESULTS</b>			
Segment results	25,821	(1,241)	24,580
Interest Income			57
Other income			244
Finance costs			(2,287)
Profit before taxation			22,594
Taxation			(5,014)
Profit after taxation			17,580



**Notes To The Quarterly Report - 31 December 2007**

**6 months ended 31 December 2006**

**REVENUE**

External sales/Total Revenue	66,305	2,096	68,401
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**RESULTS**

Segment results	8,457	(851)	7,606
Interest Income			22
Other income			292
Finance costs			(2,976)
Profit before taxation			4,944
Taxation			(963)
Profit after taxation			3,981

**A9. Valuation of Property, Plant or Equipment**

There were no amendments in the valuation of property, plant or equipment brought forward from the previous annual financial statements.

**A10. Material events subsequent to the end of the interim period**

There were no material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period.

**A11. Changes in the composition of the Group**

On 4 December 2007, Tanah Emas Telupid Sdn. Bhd., its wholly owned subsidiary, had acquired the entire issued and paid up share capital in Everlite Force Sdn. Bhd. ("EFSB") comprising 2 Ordinary Shares of RM1.00 each for a total consideration of RM2.00. EFSB has not commenced operations since the date of incorporation and is intended for future use.

**A12. Changes in contingent liabilities or contingent assets**

There were no material contingent liabilities or contingent assets as at the end of the current interim period.

**A13 Capital Commitments**

	<b>RM'000</b>
Capital expenditure approved and contracted for	4,137
Capital expenditure approved but not yet contracted	12,934
	<u>17,071</u>

**B. BMSB Listing Requirements (Part A of Appendix 9B)**

**B1. Review of Performance**

The Group recorded a markedly higher profit after tax of RM17.6 million for the period ended 31 December 2007 compared to a profit after tax of RM4.0 million for the last corresponding period was mainly due to better palm oil market performance.

The Group's revenue increased by 77% to RM121.1 million for the current period from RM68.4 million for the last corresponding period as a result of higher CPO price. Average CPO price realised in the current period has increased by 74% to RM2,668 per Mt as compared to RM1,537 per Mt realised in the last corresponding period.



**Notes To The Quarterly Report - 31 December 2007**

**B2. Material changes in profit before taxation for the quarter as compared with the immediate preceding quarter**

The Group registered a profit before taxation of RM13.1 million for the current quarter as compared with the profit before taxation of RM9.5 million for the immediate preceding quarter mainly due to higher CPO price realised and higher FFB production. Average CPO price realised in the 2nd quarter has increased by 15% to RM2,829 per Mt as compared to the immediate preceding quarter. The FFB production has also increased by 9% to 36,204 Mts for the current 2nd quarter.

**B3. Prospects**

Based on current palm products prices and barring any unforeseen circumstances, the performance of the Group for the current financial year is expected to be better than last year.

**B4. Variance of actual profit from forecast profit**

Not applicable as no profit forecast or profit guarantee was published.

**B5. Taxation**

	Individual Quarter		Cumulative Quarter to date	
	31 December	31 December	31 December	31 December
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Income tax :				
Current taxation - Malaysia	1,729	554	2,908	953
Deferred tax :				
Relating to origination of temporary differences	1,210	10	2,106	10
	<u>2,939</u>	<u>564</u>	<u>5,014</u>	<u>963</u>

**B6. Unquoted Investments and Properties**

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

**B7. Quoted Investments**

There were no purchases or disposals of quoted securities in the current quarter and financial year-to-date.

**B8. Status of Corporate Proposals Announced**

On 8 October 2007, the Company entered into a Shares Sale Agreement with Mr. Choo Siow Wei and Mr. Choo Chew Boon for the acquisition of 4 million ordinary shares of RM1 each representing 100% shares in Sparkle Selections Sdn. Bhd. for a total consideration of RM9.3 million.

On 19 December 2007, TECB's wholly owned subsidiary, Yapidmas Plantation Sdn. Bhd. entered into an Agreement for Sub-Lease with the Sub-Lessor, Mr. Chin Woon Sian @ Louis Chin for the sub-leasing of all that 59 parcels of lands planted with oil palm measuring an area totalling 195.64 hectares more or less situated at Batu 69, Jalan Telupid, in the District of Labuk/Sugut, Beluran, Sabah ("the Land") for an aggregate consideration of RM7,976,430. The Proposed Sub-Lease of the Land was completed on 28 January 2008.

On the 23 January 2008, TECB's wholly owned subsidiary, Yapidmas Plantation Sdn. Bhd. entered into an Agreement for Sale of Land with Shazam Plantation Sdn. Bhd. for the acquisition of agricultural lands measuring an area totalling 197.25 hectares more or less situated at Kuamut in the District of Kinabatangan for a consideration of RM3,168,100.

There are no other corporate proposals announced but not completed as at 20 February 2008.





**Notes To The Quarterly Report - 31 December 2007**

**B9. Group Borrowings**

The total Group borrowings as at 31 December 2007 were as follows:-

	<b>Secured RM'000</b>
Long term bank borrowings	60,865
Overdraft	2,251
Short term bank borrowings	18,002
	<u>81,118</u>

**B10. Off-Balance Sheet Financial Instruments**

The Group does not have any financial instruments with off-balance sheet risk as at 20 February 2008.

**B11. Material Litigation**

Tanah Emas Bio-Tech (M) Sdn Bhd ("TEBT") commenced action on 11 October 2006 by way of writ summons against Shirley Koh Gek Ngo ("1st defendant") and Dr. Koh Hang Yong ("2nd defendant") for the recovery of RM6,440,000 together with interest at 8.0 % per annum basing on the quantum to be granted by the Honourable Court pursuant to a specific performance compelling the two (2) defendants to purchase the plaintiff 6,000,000 ordinary shares of RM1.00 each in Hoest (S.E.A.) Sdn Bhd.

The hearing date for the above suit has yet to be fixed by the Court. The Solicitors are of the view that TEBT stands a fair chance of success against the Defendants.

**B12. Dividend**

The Board did not recommend the payment of dividend for the period ended 31 December 2007.

**B13. Earning per Share**

	<b>Individual Quarter</b>		<b>Cumulative Quarter to date</b>	
	<b>31 December</b>		<b>31 December</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
	RM'000	RM'000	RM'000	RM'000
<b>Basic earning per share</b>				
Profit for the period	10,117	2,357	17,580	3,981
Weighted average number of shares in issue	219,988	214,070	220,303	212,721
Basic earning per share (SEN)	<u>4.60</u>	<u>1.10</u>	<u>7.98</u>	<u>1.87</u>



**Notes To The Quarterly Report - 31 December 2007**

**B14. Related Party Transactions**

	Individual Quarter		Cumulative Quarter to date	
	31 December		31 December	
	2007	2006	2007	2006
	RM	RM	RM	RM
Transactions with companies in which a Director of the Company, Yap Phing Cern has financial interest :				
Riwagu Property Sdn. Bhd.				
- Rental of office premises	28,800	27,900	57,600	55,800
- Purchase of fresh fruit bunches	56,625	24,929	105,835	50,468
- Purchase of gravel	12,460	10,890	12,460	10,890
- Management services income	(756)	(756)	(1,512)	(1,512)
Promisal Sdn. Bhd.				
- Management services income	(9,284)	-	(18,568)	-
Lambang Positif Sdn. Bhd.				
- Lease of land	4,500	4,500	9,000	9,000

The Directors are of the opinion that all the transactions above have been entered into a normal course of business and have been established on terms and conditions mutually agreed between the relevant parties.

**B15. Authorisation for issue of interim financial statements**

The current interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 20 February 2008.

**Voo Yin Ling**  
**Chin Woon Sian**  
Secretaries

Kuala Lumpur  
20 February 2008