Interim Report

2007

COMPANY ANNOUNCEMENT

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(Company No. 240-A)

Condensed Consolidated Income Statements
for the Quarter ended 30 June 2007
(The figures have not been audited)

(MYR'000)	Individual Quarter 3 months ended 30 June **2007**	2006	Cumulative Quarter 6 months ended 30 June **2007**	2006
Revenue	**156,156**	156,004	**282,263**	271,216
Operating expenses	**(121,155)**	(111,179)	**(217,749)**	(193,814)
Other operating income	**837**	(299)	**2,675**	1,289
Finance costs	**(55)**	(39)	**(85)**	(358)
Interest income	**1,250**	756	**2,339**	1,716
Investment income/(loss)	**84**	-	**423**	402
Profit before taxation	**37,117**	45,243	**69,866**	80,451
Income tax expense	**(9,262)**	(12,824)	**(18,572)**	(22,776)
Profit after taxation	**27,855**	32,419	**51,294**	57,675
Extraordinary items	**-**	-	**-**	-
Profit for the period	**27,855**	32,419	**51,294**	57,675
Net profit attributable to:				
Equity holders of the parent	**27,855**	32,419	**51,294**	57,675
Minority interest	**-**	-	**-**	-
Net profit	**27,855**	32,419	**51,294**	57,675
Earnings per share				
(i) Basic - based on an average 208,134,266 (2006:208,134,266) ordinary shares (sen)	**13.38**	15.58	**24.64**	27.71
(ii) Fully diluted (not applicable)	**-**	-	**-**	-

The Condensed Consolidated Income Statements should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2006.

Condensed Consolidated Balance Sheet
as at 30 June 2007
(The figures have not been audited)

(MYR'000)	**30 June 2007**	31 December 2006
Assets		
Non-current assets		
Biological assets	**190,262**	184,723
Property, plant and equipment	**345,151**	346,767
Prepaid lease payments	**402,450**	381,434
Associated company	**-**	-
Amount due from associated company	**12**	11
Available for sale financial assets	**3,247**	3,247
Current assets		
Inventories	**80,870**	84,011
Trade & other receivables	**66,621**	59,511
Tax recoverable	**613**	482
Financial assets at fair value	**6,344**	5,921
Cash, bank balances & fixed deposits	**149,755**	156,873
Total current assets	**304,203**	306,798
Total assets	**1,245,325**	1,222,980
Equity and liabilities		
Equity attributable to equity holders of the parent		
Share capital	**208,134**	208,134
Share premium	**181,920**	181,920
Other reserves	**20,927**	21,264
Retained profits	**689,286**	660,783
	1,100,267	1,072,101
Minority interest	**742**	304
Total equity	**1,101,009**	1,072,405
Non-current liabilities		
Retirement benefit obligations	**3,285**	3,323
Provision for deferred taxation	**65,526**	64,626
Total non-current liabilities	**68,811**	67,949
Current liabilities		
Trade & other payables	**48,143**	46,628
Overdraft & short term borrowings	**596**	16
Retirement benefit obligations	**381**	381
Interim/final dividend declared	**22,791**	22,791
Provision for taxation	**3,594**	12,810
Total current liabilities	**75,505**	82,626
Total liabilities	**144,316**	150,575
Total equity and liabilities	**1,245,325**	1,222,980
Net assets per share (MYR)	**5.29**	5.15

The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2006.

Condensed Consolidated Statement of Changes in Equity for the Six-Month Period ended 30 June 2007

(The figures have not been audited)

(MYR'000)	Share capital	Retained profits	Reserve on consolidation	Share premium	Capital reserve	Translation reserve	Total	Minority Interest	Total equity
	Attributable to Equity Holders of the Parent								
Balance at 1 January 2007	208,134	660,783	-	181,920	21,798	(534)	1,072,101	304	1,072,405
Increase in the paid-up share capital of a subsidiary company	-	-	-	-	-	-	-	456	456
Foreign currency translation	-	-	-	-	-	(337)	(337)	(18)	(355)
Net income/(expense) recognized directly in equity	-	-	-	-	-	(337)	(337)	438	101
Net profit for the period	-	51,294	-	-	-	-	51,294	-	51,294
Dividends	-	(22,791)	-	-	-	-	(22,791)	-	(22,791)
Balance at 30 June 2007	**208,134**	**689,286**	**-**	**181,920**	**21,798**	**(871)**	**1,100,267**	**742**	**1,101,009**
Balance at 1 January 2006	208,134	330,231	220	181,920	257,798	-	978,303	-	978,303
Effects of adopting FRS 3	-	220	(220)	-	-	-	-	-	-
	208,134	330,451	-	181,920	257,798	-	978,303	-	978,303
Minority interest in subsidiary company at point of acquisition	-	-	-	-	-	-	-	333	333
Transfer to retained profit upon capital reduction in a subsidiary company out of bonus shares issued previously	-	236,000	-	-	(236,000)	-	-	-	-
Net income/(expense) recognized directly in equity	-	236,000	-	-	(236,000)	-	-	333	333
Net profit for the period	-	57,675	-	-	-	-	57,675	-	57,675
Total recognized income and expense for the period	-	293,675	-	-	(236,000)	-	57,675	333	58,008
Dividends	-	(22,479)	-	-	-		(22,479)	-	(22,479)
Balance at 30 June 2006	208,134	601,647	-	181,920	21,798	-	1,013,499	333	1,013,832

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2006.

Condensed Consolidated Cash Flow Statements for the Six-Month Period ended 30 June 2007

(The figures have not been audited)

(MYR'000)	**30 June 2007**	30 June 2006
Cash flow		
Receipts from operations	**269,645**	277,802
Operating payments	**(186,843)**	(186,540)
Cash flow from operations	**82,802**	91,262
Other operating receipts	**2,675**	1,167
Taxes paid	**(27,019)**	(21,325)
Cash flow from operating activities	**58,458**	71,104
Investing activities		
- Interest received	**2,338**	1,716
- Investment income	**-**	106
- Equity investment - acquisition of a subsidiary company	**-**	(12,385)
- Proceeds from sale of property, plant and equipment	**-**	122
- Purchase of property, plant and equipment	**(6,884)**	(25,835)
- Pre-cropping expenditure incurred	**(15,463)**	(5,582)
- Prepaid lease payments made	**(23,272)**	(2,978)
Cash flow from investing activities	**(43,281)**	(44,836)
Financing activities		
- Dividends paid	**(22,791)**	(22,479)
- Interest paid	**(85)**	(358)
- Redemption of promissory note	**-**	(35,917)
- Bank borrowings	**-**	(20,000)
- Associated company	**1**	117
Cash flow from financing activities	**(22,875)**	(78,637)
Net change in cash & cash equivalents	**(7,698)**	(52,369)
Cash & cash equivalents at beginning of year	**156,857**	179,152
Cash & cash equivalents at end of period	**149,159**	126,783

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2006.

Notes to the Financial Report

A1) Accounting Policies and Basis of Preparation

The interim financial report is unaudited.

The interim financial report has been prepared in accordance with the Financial Reporting Standards (″FRS″) 134 Interim Financial Reporting issued by the Malaysian Accounting Standards Board (″MASB″) and Chapter 9.22 part K of the Listing Requirements of Bursa Malaysia Securities Berhad. The interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2006.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the audited financial statements for the year ended 31 December 2006, except for the adoption of the following revised FRSs which became effective for the financial periods beginning on or after 1 October 2006:

FRS 117 Leases
FRS 124 Related Party Disclosures

The adoption of FRS 124 does not have any significant financial impact on the Group.

The principal effect of the change in accounting policy resulting from the adoption of FRS 117 by the Group is as follows:

(a) FRS 117: Leases

In prior years, leasehold interest in land held for own use classified as property, plant and equipment, were stated at cost and revalued amounts less accumulated amortization. With the adoption of FRS 117, the leasehold land for own use is accounted for as being held under an operating lease. Such leasehold land will no longer be revalued. Where the leasehold land had been previously revalued, the Group retained the unamortized revalued amount as the surrogate carrying amount of prepaid lease payments as allowed by the transitional provisions of FRS 117. Such prepaid lease payments are amortised on a straight line basis over the remaining lease term of the land.

The comparative figures are restated to conform to the current period's presentation.

The effect to the Group's comparative figures on adoption of FRS 117 is as follows:

(MYR'000)	Previously Stated	Reclassification	Restated
Property, plant and equipment	728,201	(381,434)	346,767
Prepaid lease payments	-	381,434	381,434

A2) Audit Report

The auditor's report on the financial statements for the financial year ended 31 December 2006 was not qualified.

Notes to the Financial Report

A3) Seasonal and Cyclical Nature of Group's Products and Operations

The prices for the Group's products are not within the control of the Group but are determined by the global supply and demand situation for edible oils.

Crop production is seasonal. Based on statistics, the Group's production of Crude Palm Oil ("CPO") and Palm Kernel ("PK") gradually increases from March, peaking around July to September, and then declines from October to February. This pattern can be affected by severe global weather conditions such as El-Niño. After a high yielding year in 2006, the Group's palms have entered into a pronounced resting period during the first half of 2007 which has been a nationwide phenomenon.

The prices obtainable for the Group's products as well as the volume of production which is cyclical in nature will determine the profits for the Group.

A4) Exceptional and Extraordinary Items

There were no exceptional or extraordinary items for the current quarter and year-to-date.

A5) Changes in Estimates

There were no material changes to estimates made in prior periods.

A6) Equity and Debt Securities

There have been no issue of new shares, share buy-backs, share cancellation, shares held as treasury shares and re-sale of treasury shares for the period.

There were no issuances of debt instruments during the period.

A7) Dividends Paid

The following dividends were paid during the period in respect of the financial year ended 31 December 2006:

	MYR'000
Ordinary:	
Interim paid	
- 15% less 27% tax	22,791

Notes to the Financial Report

A8) Segmental Information

Segmental information for the current financial year-to-date:

MYR'000	Plantations	Refining	Other Segments	Elimination	Total
Segment Revenue:					
External Sales	140,054	141,855	354	-	282,263
Inter-segment Sales	26,526	-	419	(26,945)	-
	166,580	141,855	773	(26,945)	282,263
Segment Results:					
Profit before tax	66,622	2,926	318	-	69,866

A9) Valuation of Property, Plant and Equipment

The valuations of land and buildings have been brought forward without amendment from the financial statements for the year ended 31 December 2006.

A10) Events after the Balance Sheet Date

There were no material events after the balance sheet date.

A11) Changes in the Composition of the Group

There were no changes in the composition of the Group for the year including business combination, acquisition or disposal of subsidiaries and long term investments, restructuring and discontinuing operations.

A12) Contingent Liabilities and Contingent Assets

There were no contingent liabilities or contingent assets as at 25 August 2007.

Notes to the Financial Report

B1) Directors' Review of the Group's Performance

The Group's profit before tax for the current period under review was 13% lower than that of the corresponding period resulting from:

(i) 12% reduction in the production of both CPO and PK;

(ii) a 25% increase in raw material costs at the refinery;

(iii) an increase in cess payment of MYR 1.4 million as a result of the implementation of a special cess on palm oil producers with effect from 1 June 2007 to subsidize the price of cooking oil for the consuming public; and

(iv) an increase of MYR 2.0 million in labour costs due to wage adjustments as a result of the renewal of the collective agreement for field and general workers.

B2) Comparison of Results with Preceding Quarter

The profit before tax increased from MYR 32.7 million in the preceding quarter to MYR 37.1 million for the quarter under review.

The increase in the profit before tax for the quarter under review was due to:

(i) the increase in the average selling price of CPO and PK by 5% and 6% respectively as compared to the preceding quarter; and

(ii) the increase in the volume of sales of CPO and PK products at the refinery by 192% and 18% respectively as compared to the preceding quarter.

B3) Prospects and Outlook

CPO prices declined appreciably from a high of MYR 2,883/MT on 6 June 2007 to MYR 2,430/MT on 17 August 2007, owing to the seasonal increase in Malaysian palm oil production, following an unusually poor crop production up to July 2007. Malaysian CPO production in July was down approximately 0.6 million tons from a year ago. Stocks of palm kernel oils were reduced to the lowest level in 2 years due to the strong export demand and is likely to support the current price of palm kernels.

Malaysian export performance has throughout 2007 been boosted by the growing demand for palm oil globally. The main reason being that CPO prices have been competitive in the world vegetable oil market due to the increased demand from the biofuel sector. This is likely to continue for the rest of the year.

Under the Group's forward sales policy substantial quantities of CPO were sold forward entering 2007, as reported in the last quarter. Market fundamentals, however, changed very rapidly triggered by unprecedented demand for feedstock from biofuels from the consuming countries which pushed prices even higher.

Notes to the Financial Report

B3) Prospects and Outlook - continued

The Malaysian Palm Oil Board ("MPOB") in May 2007 announced an additional monthly cess for a period up to 31 May 2008, based on MPOB's monthly average CPO prices. This new Cess Order which took effect on 1 June 2007 will impact the Group's profitability for the year of approximately MYR 11 million.

An agreement was finally reached with the National Union of Plantation Workers for a new Wage Agreement for Field and General Workers commencing 1 June 2007 to replace the old wage agreement which expired on 31 December 2005. In addition, due to the large increase in selling prices of CPO, the Price Bonus component in the wage had also increased substantially. The combined effect of the two wage adjustments on the Group's profitability for the year will be significant.

Nearly all these factors combined will have a material impact on the Group's profitability this year. Nevertheless, we expect 2007 to be another satisfactory year.

B4) Profit Forecasts

The Group has not issued any profit forecasts for the period under review.

B5) Taxation

The charge for taxation for the quarter ended 30 June 2007 comprises:

(MYR'000)	Current Quarter	Current year-to-date
Current taxation	8,762	17,672
Deferred taxation	500	900
	9,262	18,572
Profit before taxation	37,117	69,866
Tax at the statutory income tax rate of 27 %	10,021	18,863
Tax effects of expenses not deductible/		
(income not taxable) in determining taxable profit:		
Provision for investments net of (gains)/losses	(22)	(114)
Depreciation on non-qualifying assets	359	732
Claims for reinvestment allowance and research and development	(364)	(729)
Utilisation of previously unrecognized tax losses and unabsorbed capital allowances	(851)	(790)
Others	119	610
Tax expense	9,262	18,572

Notes to the Financial Report

B6) Profit/Loss on Sale of Unquoted Investments and/or Properties

There were no sales of any unquoted shares and or properties during the current quarter.

B7) Purchases and Disposal of Quoted Securities

(a) There were no purchases or sales of quoted investments for the current quarter.

(b) Details of investments in quoted securities at 30 June 2007 are given below:

(MYR'000)	(i) At Cost	(ii) At Book Value	(iii) Market Value
Quoted shares:	7,886	6,344	6,344

B8) Corporate Proposals

Status of Corporate Proposals

Proposed Merger of Indonesian Investments, PT. Surya Sawit Sejati ("PT SSS1") and PT Sawit Seberang Seberang ("PT SSS2").

As at the date of this report, the conditions in respect of the Proposed Merger have not been met.

As the 2,361 hectares of oil palms planted to date on land owned by PT SSS1 are still immature, there is no revenue contribution from PT SSS1.

B9) Group Borrowings

All outstanding Group borrowings as at 30 June 2007 were unsecured, short term and denominated in Ringgit Malaysia only.

They consist of the following items:

	MYR'000
Bank overdrafts	596

There were no long term borrowings in the Group as at 25 August 2007.

Notes to the Financial Report

B10) Financial Instruments with Off Balance Sheet Risk

The amounts of financial instruments used for hedging purposes and outstanding as at 20 August 2007 were:

Type of Instrument	Currency	Date	Maturity from reporting date Within 1 yr MYR'000	1 – 2 years MYR'000	Over 2 years MYR'000	Total Contract Amount MYR'000	Cash Require-ment MYR'000
(i) Forward	US $	Jan 07	90,961	34,177	-	125,138	-
Foreign	US $	Feb 07	19,432	-	-	19,432	-
Exchange	US $	May 07	37,505	-	-	37,505	-
Contracts	US $	Jun 07	65,855	-	-	65,855	-
			213,753	34,177	-	247,930	-
(ii) Futures Crude	MYR	Dec 04	3,743	-	-	3,743	-
Palm Oil /	MYR	Mar 06	5,668	(5,012)	-	656	-
RBD Olein	MYR	May 06	6,245	4,476	-	10,721	-
	MYR	Jun 06	(1,909)	(5,734)	-	(7,643)	-
	MYR	Aug 06	(3,692)	-	-	(3,692)	-
	MYR	Oct 06	(10,993)	-	-	(10,993)	-
	MYR	Nov 06	(1,915)	-	-	(1,915)	-
	MYR	Jan 07	1,490	(6,106)	-	(4,616)	-
	MYR	Feb 07	3,033	-	-	3,033	-
	MYR	Mar 07	(1,955)	9,190	-	7,235	1,826
	MYR	Apr 07	2,962	(5,394)	-	(2,432)	407
	MYR	May 07	(4,856)	(3,554)	-	(8,410)	1,815
	MYR	Jun 07	5,645	(2,552)	-	3,093	743
	MYR	Jul 07	(7,437)	575	2,873	(3,989)	-
			(3,971)	(14,111)	2,873	(15,209)	4,791

Credit Risk is controlled by the application of authority and trading limits and dealing with well established counter parties and regular monitoring procedures.

Market Risk is minimized by daily monitoring of financial markets, supply and demand for crude palm oil and world vegetable oils in general. Regular production and sales as well as cash flow forecasts are carried out to establish hedging requirements. There are also 'stop loss' procedures in place to minimize possible losses.

There are no significant credit and market risks posed by the above off balance sheet financial instruments as at 25 August 2007.

Notes to the Financial Report

B11) Material Litigation

There was no material litigation as at 25 August 2007.

B12) Proposed Dividends

(a) On 23 June 2007, the shareholders approved a final dividend of 15% gross less tax or 15 sen per share less tax (2nd Quarter 2006: 15% less tax or 15 sen per share less tax in respect of the year ended 31 December 2005) in respect of the year ended 31 December 2006 payable on 24 July 2007.

(b) No interim dividends have been declared or proposed for the year ending 31 December 2007.

B13) Earnings Per Share ("EPS")

The calculation of EPS is based on Group profit after taxation and extraordinary items of MYR 51,294,000 (2006: MYR 57,675,000) and the weighted average number of ordinary shares of 208,134,266 (2006: 208,134,266) in issue during the period.

By order of the Board

R. Nadarajan
Company Secretary

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25 August 2007