

KUMPULAN GUTHRIE BERHAD

(Company No.: 4001P)
(Incorporated in Malaysia)

INTERIM REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2005

I. UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS

	Note	Third Quarter		Cumulative Quarter	
		Current Year 30/09/2005 RM'000	Preceding Year 30/09/2004 RM'000	Current Year 30/09/2005 RM'000	Preceding Year 30/09/2004 RM'000
Revenue	8	550,514	545,601	1,558,673	1,784,945
Cost of sales		(378,059)	(371,751)	(1,020,915)	(1,182,215)
Gross profit		172,455	173,850	537,758	602,730
Operating expenses		(61,810)	(85,691)	(227,475)	(227,257)
Gain on disposal of discontinuing operations		-	44	4,494	6,341
Unrealised exchange loss		(37,135)	(18,653)	(75,907)	(74,949)
Profit from operations	8	73,510	69,550	238,870	306,865
Finance expense		(37,896)	(29,758)	(115,845)	(85,266)
Finance income		9,344	7,543	24,218	20,022
Investment income		77	286	1,323	950
Share of results of associates		(144)	569	481	1,856
Profit before taxation		44,891	48,190	149,047	244,427
Taxation	18	(25,606)	(17,855)	(82,850)	(70,594)
Profit after taxation		19,285	30,335	66,197	173,833
Minority interest		(17,693)	(22,317)	(59,861)	(74,066)
Net profit attributable to shareholders		1,592	8,018	6,336	99,767
Earnings per ordinary share (sen)					
Basic	25	0.16	0.80	0.63	9.96
Diluted	25	0.16	0.79	0.63	9.89

The Condensed Consolidated Income Statements should be read in conjunction with the audited financial statements for the year ended 31 December 2004 and the accompanying explanatory notes attached to the interim financial statements.

KUMPULAN GUTHRIE BERHAD

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II. CONDENSED CONSOLIDATED BALANCE SHEETS

	Note	Unaudited as at 30/9/2005 RM'000	Audited as at 31/12/2004 RM'000
Property, plant and equipment	9	5,264,264	5,583,147
Land held for property development		347,002	343,790
Concession asset		694,769	657,193
Investment in associated companies		13,400	14,141
Other investments		2,550	2,550
Long-term trade receivables		23,068	61,968
Advances for plasma plantation projects		17,170	18,552
Advances for KKPA projects		19,107	16,659
Deferred tax assets		210,390	219,616
Goodwill on consolidation		263,783	276,696
		<u>6,855,503</u>	<u>7,194,312</u>
Current assets			
<i>Property development costs</i>		388,093	336,825
<i>Inventories</i>		201,710	204,550
<i>Trade and other receivables</i>		564,685	611,730
<i>Short-term investments</i>		29,084	35,690
<i>Deposits, bank balances and cash</i>		765,355	851,289
		<u>1,948,927</u>	<u>2,040,084</u>
Current liabilities			
<i>Trade and other payables</i>		582,826	618,552
<i>Borrowings</i>		689,216	804,257
<i>Taxation</i>		23,293	40,852
<i>Deferred income</i>		8,124	5,687
		<u>1,303,459</u>	<u>1,469,348</u>
Net Current Assets		<u>645,468</u>	<u>570,736</u>
		<u>7,500,971</u>	<u>7,765,048</u>
Financed by:			
Capital and Reserves			
Share capital		1,006,802	1,005,419
Reserves		1,798,891	1,944,130
		<u>2,805,693</u>	<u>2,949,549</u>
Minority interest		1,530,180	1,541,987
Long-term and deferred liabilities			
Borrowings		2,447,554	2,502,855
Deferred income		2,204	9,922
Deferred tax liabilities		705,063	750,797
Retirement benefits		10,277	9,938
		<u>3,165,098</u>	<u>3,273,512</u>
		<u>7,500,971</u>	<u>7,765,048</u>
Net tangible assets per share (RM)		<u>2.52</u>	<u>2.66</u>

The Condensed Consolidated Balance Sheets should be read in conjunction with the audited financial statements for the year ended 31 December 2004 and the accompanying explanatory notes attached to the interim financial statements.

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III. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2005

	<-----Non-distributable----->			<-----Distributable----->				
	<u>Share Capital</u> RM'000	<u>Share Premium</u> RM'000	<u>Revaluation Reserve</u> RM'000	<u>Capital Reserve</u> RM'000	<u>Exchange Reserve</u> RM'000	<u>Capital Reserve</u> RM'000		<u>Revenue Reserve</u> RM'000
Nine Months Ended								
30 September 2004								
At 1 January 2004	1,001,207	1,687	734,065	11,201	292,441	43,104	988,512	3,072,217
Issue of shares pursuant to the Second Employees' Share Option Scheme	803	931	-	-	-	-	-	1,734
Foreign exchange differences	-	-	-	-	(132,999)	-	-	(132,999)
Transfers (from)/to reserves	-	-	(10,143)	-	-	-	10,143	-
Profit for the period	-	-	-	-	-	-	99,767	99,767
Dividend paid/payable	-	-	-	-	-	-	(72,142)	(72,142)
At 30 September 2004	<u>1,002,010</u>	<u>2,618</u>	<u>723,922</u>	<u>11,201</u>	<u>159,442</u>	<u>43,104</u>	<u>1,026,280</u>	<u>2,968,577</u>
Nine Months Ended								
30 September 2005								
At 1 January 2005	1,005,419	6,472	715,555	11,201	72,476	43,104	1,095,322	2,949,549
Issue of shares pursuant to the Second Employees' Share Option Scheme	1,383	1,553	-	-	-	-	-	2,936
Foreign exchange differences	-	-	-	-	(87,899)	-	-	(87,899)
Transfers (from)/to reserves	-	-	(13,001)	-	-	(445)	13,446	-
Profit for the period	-	-	-	-	-	-	6,336	6,336
Dividend paid/payable	-	-	-	-	-	-	(65,229)	(65,229)
At 30 September 2005	<u>1,006,802</u>	<u>8,025</u>	<u>702,554</u>	<u>11,201</u>	<u>(15,423)</u>	<u>42,659</u>	<u>1,049,875</u>	<u>2,805,693</u>

<p>The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2004 and the accompanying explanatory notes attached to the interim financial statements.</p>
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IV. CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

	Cumulative Quarter	
	Current Year 30/09/2005 RM'000	Preceding Year 30/09/2004 RM'000
Cash Flows from Operating Activities		
Cash from operations	482,699	477,674
Interest paid	(70,893)	(53,700)
Tax paid	(116,050)	(109,967)
Tax refund	13,116	6,318
Net cash from operating activities	308,872	320,325
Cash Flows from Investing Activities		
Property development activities	(12,092)	(3,430)
Concession asset	(45,041)	(68,471)
Property, plant and equipment		
- purchases	(99,542)	(168,808)
- disposals	11,383	3,609
Investments		
- purchases	(7,709)	(21,797)
- disposals	12,788	6,867
Proceeds from disposal of subsidiary companies	9,951	8,360
Dividend received from investments	978	705
Interest received	23,554	20,022
Interest paid	(38,531)	(25,785)
Net cash used in investing activities	(144,261)	(248,728)
Cash Flows from Financing Activities		
Drawdown of borrowings	1,395,107	736,000
Repayment of borrowings	(1,521,428)	(117,187)
Payment to hire purchase and lease creditors	(852)	(1,421)
Dividends paid	(93,668)	(109,555)
Release of fixed deposits pledged	22,091	2,593
Proceeds from issuance of shares under the Second ESOS	2,936	1,734
Net cash (used in)/from financing activities	(195,814)	512,164
Net (decrease)/increase in cash and cash equivalents	(31,203)	583,761
Cash and cash equivalents at 1 January	795,426	252,921
Effects of Changes in Exchange Rates	(10,073)	(5,355)
Cash and cash equivalents at 30 September	754,150	831,327

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the audited financial statements for the year ended 31 December 2004 and the accompanying explanatory notes attached to the interim financial statements.

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PART A - EXPLANATORY NOTES PURSUANT TO MASB 26

1. Basis of Preparation

The interim financial statements have been prepared in accordance with MASB 26, "Interim Financial Reporting" and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The accounting policies and methods of computation adopted by the Group for the interim financial statements are consistent with those adopted in the annual financial statements for the year ended 31 December 2004.

2. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the year ended 31 December 2004 was not qualified.

3. Comments About Seasonal or Cyclical Factors

The businesses of the Group is affected by the seasonal production of fresh fruit bunches.

4. Material Items that Affect the Financial Statements

There were no material items that affect the financial statements for the nine months ended 30 September 2005 other than the disposal of the entire shareholdings of Guthrie Medicare Products (NS) Sdn. Bhd., a wholly-owned subsidiary involved in the manufacturing of rubber gloves and Healthline Products Ltd., a wholly-owned subsidiary in the United Kingdom involved in the trading of healthcare products. The disposal resulted in a gain of RM4.49 million which is recognised in the income statement as a gain on disposal of discontinuing operations.

5. Changes in Accounting Estimates

There were no changes in estimates of amounts reported in prior interim periods of the current financial period or in prior financial years that have a material effect in the current quarter.

6. Debt and Equity Securities

There were no issuance and repayment of debt securities, share buy-backs, share cancellations or shares held as treasury shares and resale of treasury shares for the current financial quarter ended 30 September 2005, except for the following:

The issuance of 1,383,500 new ordinary shares of RM1 each pursuant to the Company's Second Employees' Share Option Scheme ("Second ESOS") at option prices between RM1.94 and RM2.41 per share. The total cash proceeds arising from the exercise of options under the Second ESOS during the current financial period amounted to RM2,937,000. The issued and paid-up share capital of the Company was increased from 1,005,419,300 ordinary shares of RM1 each to 1,006,802,800 ordinary shares of RM1 each. Share premium arising from the issue amounted to RM1,553,500.

7. Dividend Paid

- a) A final dividend of 5 sen per share, less tax in respect of the financial year ended 31 December 2004 (previous corresponding period: 5 sen per share, less tax) was approved by the shareholders at the Annual General Meeting on 16 June 2005 and was paid on 29 July 2005.
- b) An interim dividend of 4 sen per share, less tax (previous corresponding period: 5 sen per share, less tax) amounting to RM28.99 million (2004: RM36.07 million) was declared on 29 August 2005 and was paid on 13 October 2005.

8. Segment Information

Segment information is presented in respect of the Group's business segments.

	Third Quarter		Cumulative Quarter	
	Current Year 30/09/2005 RM'000	Preceding Year 30/09/2004 RM'000	Current Year 30/09/2005 RM'000	Preceding Year 30/09/2004 RM'000
Revenue:				
Plantation				
- Malaysia	190,488	196,079	548,672	547,395
- Indonesia	216,997	165,890	590,946	627,726
	<u>407,485</u>	<u>361,969</u>	<u>1,139,618</u>	<u>1,175,121</u>
Agricultural services	4,501	6,153	15,118	17,210
Property development	103,595	98,948	263,245	297,266
Manufacturing	28,302	30,388	84,067	91,266
General trading	-	39,788	38,709	183,472
Others	6,631	8,355	17,916	20,610
	<u>550,514</u>	<u>545,601</u>	<u>1,558,673</u>	<u>1,784,945</u>

	Third Quarter		Cumulative Quarter	
	Current Year 30/09/2005 RM'000	Preceding Year 30/09/2004 RM'000	Current Year 30/09/2005 RM'000	Preceding Year 30/09/2004 RM'000
Profit from Operations:				
Plantation Malaysia	47,692	57,771	128,095	150,024
Plantation Indonesia	31,083	16,383	95,317	162,601
	<u>78,775</u>	<u>74,154</u>	<u>223,412</u>	<u>312,625</u>
Agricultural services	4,185	3,727	12,154	11,089
Property development	23,382	11,705	95,088	49,708
Manufacturing	2,099	(677)	(10,585)	(7,815)
General trading	(1,758)	1,556	(2,663)	3,594
Group management	3,872	(881)	5,484	13,102
Others	90	(1,381)	(8,113)	(489)
	<u>110,645</u>	<u>88,203</u>	<u>314,777</u>	<u>381,814</u>
Unrealised exchange loss	(37,135)	(18,653)	(75,907)	(74,949)
	<u>73,510</u>	<u>69,550</u>	<u>238,870</u>	<u>306,865</u>

9. Carrying Amount of Revalued Assets

The valuation of property, plant and equipment in the financial statements have been brought forward without amendment from the financial statements for the year ended 31 December 2004.

10. Material Events Subsequent to the End of the Financial Period

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

11. Changes in the Composition of the Group

On 7 July 2005, the Group completed the disposal of all the issued and outstanding shares in Guthrie Medicare Products (NS) Sdn. Bhd. and Healthline Products Limited (HPL), two wholly-owned subsidiary companies involved in the manufacturing of rubber gloves and trading in healthcare products respectively.

Consequent upon the sale of the entire shareholding of HPL, the following companies, which are wholly-owned subsidiaries of HPL, have also ceased to be subsidiaries of the Company:

- a) Guthrie Medizinische Produkte GmbH;
- b) Guthrie SARL; and
- c) Guthrie Medicare Products Limited

On 6 September 2005, the Registrar of the Companies House of United Kingdom ("UK") had dissolved the following dormant subsidiaries of the Group:

- a) GADSA Limited;
- b) Guthrie Estates Limited; and
- c) Guthrie Agricultural Development for Africa Limited.

Other than the above, there were no changes in the composition of the Group.

12. Changes in Contingent Assets and Contingent Liabilities

As at the date of this announcement, there were no material changes in contingent assets and contingent liabilities since the last annual balance sheet date, as at 31 December 2004.

13. Capital Commitments

Capital commitments not provided for in the financial statements are as follows:

	RM'000
Property, plant and equipment:	
Approved and contracted for	19,999
Approved but not contracted for	162,679
Concession asset	40,187
	<u>222,865</u>

PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

14. Review of Performance

The Group recorded a pre-tax profit of RM149.1 million for the nine months ended 30 September 2005, compared to the pre-tax profit of RM244.4 million for the corresponding period of the previous year, a reduction of RM95.4 million or 39%. The performance of the Group for the period under review was affected by lower contributions from Plantation whilst the performance of property development has improved significantly.

Plantation Indonesia registered a contribution of RM95.3 million, a drop of RM67.3 million as compared to that for 2004. The lower performance for the current period was affected largely by lower realised prices for palm oil at RM1,283 per tonne against RM1,465 per tonne in 2004. Production of fresh fruit bunches (ffb) for Plantation Indonesia at 1,726,838 metric tonnes, increased by 8.2% as compared to that of 2004.

Contributions from Plantation Malaysia declined by RM21.9 million or 14.6% due to lower realised palm oil price at RM1,369 per tonne compared to RM1,646 per tonne in 2004 despite higher sales volume. Production of ffb for Plantation Malaysia at 1,207,611 metric tonnes, also increased by 149,868 metric tonnes or 14.2% as compared to that of 2004.

Contributions from property development registered 91% increase from RM49.7 million in 2004 to RM95.1 million in 2005. This is largely attributable to increased sales and progress billings as compared to 2004.

The Group profit before tax was affected by an unrealised exchange loss of RM75.91 million attributable to the depreciation of the Rupiah against US Dollar and higher interest cost by RM30.58 million attributable to increased borrowings in late 2004 and the higher interest cost on higher US Dollar LIBOR rates.

15. Comment on Material Changes in Profit before Taxation for the Current Quarter as Compared with the Immediate Preceding Quarter

For the financial quarter ended 30 September 2005, the Group registered a pre-tax profit of RM44.9 million, as compared to that for the immediate preceding quarter ended 30 June 2005 of RM96.7 million.

The lower profit recorded for the current quarter by RM51.8 million was mainly attributable to lower operating profit from both plantation and property development by RM20.2 million and RM32.7 million respectively. The lower performance was also attributed to higher unrealised exchange loss by RM17.8 million which was offset by improved performance from manufacturing and other activities by RM17.1 million.

16. Current Year Prospects

For the year 2005, the plantation performance of the Group is expected to be affected by lower palm oil prices notwithstanding the expected higher production of fresh fruit bunches. Earnings from property development is however expected to be maintained.

The performance of the Group for the current year is expected to be lower than that of the previous year.

17. Profit Forecast or Profit Guarantee

Not applicable as no profit forecast was published.

18. Taxation

Taxation comprises the following:

	Third Quarter		Cumulative Quarter	
	Current	Preceding	Current	Preceding
	Year	Year	Year	Year
	30/09/2005	30/09/2004	30/09/2005	30/09/2004
	RM'000	RM'000	RM'000	RM'000
Malaysian taxation:				
Group Companies				
Current period provision	15,590	6,700	55,105	33,861
Overprovision in prior years	(5,240)	(196)	(3,902)	(19)
Deferred tax liabilities	7,192	370	5,051	5,512
Deferred tax assets	666	941	3,788	974
	<u>18,208</u>	<u>7,815</u>	<u>60,042</u>	<u>40,328</u>
Share of taxation of associates	-	(1)	(16)	(7)
	<u>18,208</u>	<u>7,814</u>	<u>60,026</u>	<u>40,321</u>
Overseas taxation:				
Group Companies				
Current period provision	16,120	18,891	32,877	31,799
Under/(Over) provision in prior years	52	(6)	653	306
Deferred tax liabilities	(3,832)	(3,639)	(11,792)	(10,919)
Deferred tax assets	(4,942)	(5,205)	1,086	9,087
	<u>7,398</u>	<u>10,041</u>	<u>22,824</u>	<u>30,273</u>
TOTAL	<u>25,606</u>	<u>17,855</u>	<u>82,850</u>	<u>70,594</u>

The effective tax rate of the Group is higher than the statutory rate of tax applicable in Malaysia due to certain expenses being non-allowable for income tax purposes and losses of certain subsidiary companies not available for relief against Group profit.

19. Sale of Unquoted Investments and Properties

There were no sale of unquoted investments and/or properties outside the ordinary course of business of the Group for the financial period ended 30 September 2005.

20. Quoted Securities

(a) Total purchases and sales of quoted securities are as follows:

	Third Quarter		Cumulative Quarter	
	Current Year 30/09/2005 RM'000	Preceding Year 30/09/2004 RM'000	Current Year 30/09/2005 RM'000	Preceding Year 30/09/2004 RM'000
Purchase consideration	1,415	1,836	3,745	6,149
Sale proceeds	3,025	1,036	5,001	2,094
Gain on disposals	147	390	345	736

(b) Investments in quoted securities, other than securities in existing subsidiaries, as at 30 September 2005 are as follows:

	At Cost RM'000	At Book Value RM'000	At Market Value RM'000
Investments in quoted securities in Malaysia	21,127	12,917	14,194

21. Status of Corporate Proposals

There were no outstanding corporate proposals at the date of this report.

22. Group Borrowings and Debt Securities

The Group's borrowings as at 30 September 2005 are as follows:

	RM'000
<u>Short-term borrowings</u>	
Short-term borrowings denominated in Ringgit Malaysia	
- Unsecured	572,579
Short-term borrowings denominated in foreign currencies	
- Secured	10,671
Current portion of hire purchase and finance lease denominated in foreign currency	
- Secured	127
- Secured (denominated in Ringgit Malaysia)	4,000
- Secured (denominated in foreign currencies)	101,839
	<u>105,839</u>
Total short-term borrowings	<u>689,216</u>

RM'000

Long-term borrowings

- Secured (denominated in foreign currencies)	596,897
- Unsecured (denominated in Ringgit Malaysia)	529,000
- Unsecured (denominated in foreign currencies)	1,338,350
	<u>2,464,247</u>

Borrowings denominated in foreign currencies, in Ringgit Malaysia equivalent, are as follows:

US Dollar	1,994,488
Indonesian Rupiah	53,396
	<u>2,047,884</u>

23. Off Balance Sheet Financial Instruments

(a) Interest Rate Option Contracts

As at 15 November 2005, the Group has entered into the following interest rate swap ("IRS") agreements:

Underlying Loan	Derivative Product	Notional Amount	Effective Period	Purpose	Weighted Average Rate Per Annum
USD Term Loan	IRS	USD140 million	28/02/06 to 29/08/12	To convert floating rate liabilities into fixed rate liabilities	4.8% - 4.97% for the entire tenor of the liability
Ringgit 5-7 Year Islamic Bond	IRS	RM250 million	19/03/04 to 18/03/11	To convert fixed rate liabilities into floating rate liabilities	4.34% - 5.76%

Any differential to be paid or received on the interest rate swap agreements is recognised as a component of interest expense over the period of the contracts. Gains or losses on early termination of interest rate swap contracts or on repayment of the borrowings are taken to the income statement.

There is minimal credit risk as the interest rate swaps were entered into with creditworthy financial institutions.

(b) Foreign Currency Contracts

The Group has entered into foreign currency contracts to hedge the purchases and sales in foreign currencies and the contracted rates will be used to convert the foreign currency amounts into Ringgit Malaysia.

As at 15 November 2005, the outstanding foreign exchange currency contract which has been entered into by the Group is as follows:

Currency	Contract Amount USD '000	Value Date of Contract	Equivalent in RM'000
US Dollar	3,000	01/11/05 to 27/01/06	11,310

The related accounting policies for the off balance sheet financial instruments are as disclosed in the financial statements for the year ended 31 December 2004.

24. Changes in Material Litigation

As at the date of this announcement, other than as disclosed below, there have been no changes to the status of the material litigations as disclosed in the financial statements for the year ended 31 December 2004:

a) Breach of terms pursuant to a lease agreement

There is a pending legal action against a sub-tenant of building premises for outstanding rental. On 27 May 2005, a winding-up order was obtained against the sub-tenant by a third party. Since the sub-tenant had been wound-up, the Company will proceed to file a Proof of Debt for its claim on the outstanding rental and damages caused to the building premises.

b) Breach of contract

There is an outstanding legal suit against the Company and six subsidiary companies in Indonesia for an alleged breach of contract. On 28 October 2004, the District Court of South Jakarta rejected the plaintiff's claim in its entirety and decided in favour of the Company and the six Indonesian subsidiary companies. On 20 January 2005, the plaintiff filed an appeal against the decision of the District Court. On 25 May 2005, the Court of Appeal of Jakarta rejected the appeal by the plaintiff and affirmed the decision of the District Court of South Jakarta.

25. Earnings per Share

	Third Quarter		Cumulative Quarter	
	Current Year 30/09/2005	Preceding Year 30/09/2004	Current Year 30/09/2005	Preceding Year 30/09/2004
(a) Basic				
Profit attributable to shareholders (RM'000)	1,592	8,018	6,336	99,767
Weighted average number of ordinary shares in issue ('000)	1,002,860	1,001,736	1,002,860	1,001,736
Basic earnings per share (sen)	0.16	0.80	0.63	9.96
(b) Diluted				
Profit attributable to shareholders (RM'000)	1,592	8,018	6,336	99,767
Weighted average number of ordinary shares in issue ('000)	1,002,860	1,001,736	1,002,860	1,001,736
Adjustment for share options	8,085	7,295	8,085	7,295
Weighted average number of ordinary shares for diluted earnings per share ('000)	1,010,945	1,009,031	1,010,945	1,009,031
Diluted earnings per share (sen)	0.16	0.79	0.63	9.89

26. 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 21 November 2005.

21 November 2005
Kuala Lumpur

By Order of the Board
Moriame Mohd
Company Secretary
