

KUMPULAN GUTHRIE BERHAD

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

INTERIM REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2007

I. Unaudited Condensed Consolidated Income Statements

	Note	Current Quarter Three Months Ended		Cumulative Quarter Three Months Ended	
		31.3.2007 RM'000	31.3.2006 RM'000	31.3.2007 RM'000	31.3.2006 RM'000
<u>Continuing Operations</u>					
Revenue	10	568,304	398,329	568,304	398,329
Operating profit		213,932	161,127	213,932	161,127
Finance expense		(37,046)	(43,155)	(37,046)	(43,155)
Share of results of associates		1,184	721	1,184	721
Share of results of jointly controlled entity		(4)	-	(4)	-
Profit before tax	10	178,066	118,693	178,066	118,693
Income tax expense	21	(60,910)	(39,917)	(60,910)	(39,917)
Profit for the period from continuing operations		117,156	78,776	117,156	78,776
<u>Discontinued Operations</u>					
Profit/(Loss) for the period from discontinued operations		7,130	(1,529)	7,130	(1,529)
Profit for the period		124,286	77,247	124,286	77,247
Profit for the period attributable to:					
Equity holders of the Company		94,485	59,288	94,485	59,288
Minority interests		29,801	17,959	29,801	17,959
		124,286	77,247	124,286	77,247
Earnings per share, attributable to equity holders of the Company (sen): 29					
Basic:					
Profit from continuing operations		8.55	6.04	8.54	6.04
Profit/(Loss) from discontinued operations		0.70	(0.15)	0.70	(0.15)
		9.24	5.89	9.24	5.89
Diluted:					
Profit from continuing operations		8.53	5.95	8.53	5.95
Profit/(Loss) from discontinued operations		0.70	(0.15)	0.70	(0.15)
		9.23	5.80	9.23	5.80

The Condensed Consolidated Income Statements should be read in conjunction with the audited financial statements for the year ended 31 December 2006 and the accompanying explanatory notes attached to the interim financial statements.

KUMPULAN GUTHRIE BERHAD

(Company No.: 4001P)

(Incorporated in Malaysia)

II. Condensed Consolidated Balance Sheets

	Note	Unaudited as at 31.3.2007 RM'000	Audited as at 31.12.2006 RM'000
<u>ASSETS</u>			
Non-current assets			
Property, plant and equipment	12	2,523,651	2,530,776
Plantation development expenditure		2,353,324	2,434,846
Prepaid lease payments		339,172	342,357
Land held for property development		272,909	266,200
Goodwill on consolidation		254,606	254,558
Investments in associated companies		16,188	16,700
Investment in jointly controlled entity		1,958	1,962
Other investments		1,773	1,773
Long-term trade receivables		68,347	68,347
Advances for Plasma PIR-Trans projects		16,592	18,018
Advances for KKPA projects		16,186	15,106
Deferred tax assets		137,500	152,050
		<u>6,002,206</u>	<u>6,102,693</u>
Current assets			
Property development costs		359,280	413,444
Inventories		252,543	189,265
Trade and other receivables		510,432	514,862
Short-term investments		3,453	37,403
Deposits, bank balances and cash		921,982	809,936
		<u>2,047,690</u>	<u>1,964,910</u>
Assets of disposal group held for sale		678,496	678,900
		<u>2,726,186</u>	<u>2,643,810</u>
Total assets		<u>8,728,392</u>	<u>8,746,503</u>

II. Condensed Consolidated Balance Sheets (Cont'd.)

	Unaudited as at 31.3.2007 RM'000	Audited as at 31.12.2006 RM'000
<u>EQUITY AND LIABILITIES</u>		
Equity attributable to equity holders of the Company		
Share capital	1,025,060	1,021,449
Share premium	34,378	28,584
Revaluation reserve	731,718	691,403
Capital reserve	58,860	58,725
Exchange reserve	(26,064)	26,607
Share option reserve	1,101	1,101
Revenue reserve	1,403,104	1,299,677
Equity attributable to assets classified as held for sale	635	-
	<u>3,228,792</u>	<u>3,127,546</u>
Minority interests	<u>1,588,173</u>	<u>1,568,042</u>
Total equity	<u>4,816,965</u>	<u>4,695,588</u>
Non-current liabilities		
Borrowings	2,381,949	2,450,435
Deferred income	7,572	8,123
Deferred tax liabilities	596,433	675,435
Retirement benefits	26,679	24,946
	<u>3,012,633</u>	<u>3,158,939</u>
Current liabilities		
Trade and other payables	518,341	527,240
Bank borrowings	325,756	298,170
Taxation	42,457	55,180
Deferred income	2,822	2,280
	<u>889,376</u>	<u>882,870</u>
Liabilities directly associated with assets of disposal group classified as held for sale	9,418	9,106
	<u>898,794</u>	<u>891,976</u>
Total liabilities	<u>3,911,427</u>	<u>4,050,915</u>
Total equity and liabilities	<u><u>8,728,392</u></u>	<u><u>8,746,503</u></u>
Net assets per share (RM)	<u>4.70</u>	<u>4.60</u>

The Condensed Consolidated Balance Sheets should be read in conjunction with the audited financial statements for the year ended 31 December 2006 and the accompanying explanatory notes attached to the interim financial statements.

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III. Condensed Consolidated Statement of Changes in Equity for Three Months Ended 31 March 2007

	-----Equity Attributable to Equity Holders of the Company-----										
	<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>Share Option Reserve</u> RM'000	<u>Equity Attributable to Assets Held for Sale</u> RM'000	<u>Revenue Reserve</u> RM'000	<u>Total</u> RM'000	<u>Minority Interests</u> RM'000	<u>Total Equity</u> RM'000
Three Months Ended 31 March 2007											
At 1 January 2006											
As previously stated	1,021,449	28,584	691,403	58,725	17,805	1,101	-	1,308,479	3,127,546	1,568,042	4,695,588
Effects of adopting Amendment to FRS 121	-	-	-	-	8,802	-	-	(8,802)	-	-	-
As restated	1,021,449	28,584	691,403	58,725	26,607	1,101	-	1,299,677	3,127,546	1,568,042	4,695,588
Foreign currency translation	-	-	-	-	(52,671)	-	-	-	(52,671)	(9,670)	(62,341)
Transfers (from)/to reserves	-	-	(9,077)	135	-	-	-	8,942	-	-	-
Amount directly recognised in equity relating to assets classified as held for sale	-	-	(635)	-	-	-	635	-	-	-	-
Transfer from deferred tax arising from exemption of real property gains tax	-	-	50,027	-	-	-	-	-	50,027	-	50,027
Net income/(expense) recognised directly in equity	-	-	40,315	135	(52,671)	-	635	8,942	(2,644)	(9,670)	(12,314)
Profit for the period	-	-	-	-	-	-	-	94,485	94,485	29,801	124,286
Total recognised income/(expense) for the period	-	-	40,315	135	(52,671)	-	635	103,427	91,841	20,131	111,972
Issue of shares pursuant to the Second Employees' Share Option Scheme	3,611	5,794	-	-	-	-	-	-	9,405	-	9,405
At 31 March 2007	1,025,060	34,378	731,718	58,860	(26,064)	1,101	635	1,403,104	3,228,792	1,588,173	4,816,965
Three Months Ended 31 March 2006											
At 1 January 2006											
As previously stated	1,006,939	8,178	699,257	53,860	(4,881)	-	-	1,095,680	2,859,033	1,536,534	4,395,567
Effects of adopting Amendment to FRS 121	-	-	-	-	(4,739)	-	-	4,739	-	-	-
As restated	1,006,939	8,178	699,257	53,860	(9,620)	-	-	1,100,419	2,859,033	1,536,534	4,395,567
Foreign currency translation	-	-	-	-	95,218	-	-	-	95,218	10,266	105,484
Transfers (from)/to reserves	-	-	(3,305)	-	-	-	-	3,305	-	-	-
Amount directly recognised in equity relating to assets classified as held for sale	-	-	(8,282)	-	-	-	8,282	-	-	-	-
Net income/(expense) recognised directly in equity	-	-	(11,587)	-	95,218	-	8,282	3,305	95,218	10,266	105,484
Profit for the period	-	-	-	-	-	-	-	59,288	59,288	17,959	77,247
Total recognised income/(expense) for the period	-	-	(11,587)	-	95,218	-	8,282	62,593	154,506	28,225	182,731
Issue of shares pursuant to the Second Employees' Share Option Scheme	35	39	-	-	-	-	-	-	74	-	74
Cost of share-based payments	-	-	-	-	-	216	-	-	216	-	216
At 31 March 2006	1,006,974	8,217	687,670	53,860	85,598	216	8,282	1,163,012	3,013,829	1,564,759	4,578,588

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2006 and the accompanying explanatory notes attached to the interim financial statements.

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IV. Condensed Consolidated Cash Flow Statements

	Three Months Ended	
	31.3.2007	31.3.2006
	RM'000	RM'000
Net cash from operating activities	154,198	92,555
Net cash used in investing activities	(35,844)	(52,096)
Net cash from/(used in) financing activities	5,644	(44,195)
Net increase/(decrease) in cash and cash equivalents	123,998	(3,736)
Cash and cash equivalents at beginning of financial period	812,808	697,621
Effects of changes in exchange rates	(4,756)	5,477
Cash and cash equivalents at end of financial period	932,050	699,362

Cash and cash equivalents at the end of the financial period comprise the following:

	As at	As at
	31.3.2007	31.3.2006
	RM'000	RM'000
Deposits, bank balances and cash	921,982	699,362
Cash and bank balances classified as held for sale	10,068	-
	932,050	699,362

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the audited financial statements for the year ended 31 December 2006 and the accompanying explanatory notes attached to the interim financial statements.

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PART A - EXPLANATORY NOTES PURSUANT TO FRS 134

1. Basis of Preparation

The interim financial statements are unaudited and are prepared in accordance with the requirements of FRS 134: 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 for the year ended 31 December 2006. 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 31 December 2006.

2. Changes in Accounting Policies

The significant accounting policies 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 2006 except for the early adoption of the "Amendment to FRS 121: The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation" which is mandatory for financial periods beginning on or after 1 July 2007. The Group has early adopted this amendment for the financial period beginning 1 January 2007.

This amendment requires the exchange differences arising from monetary items that form part of the Group's net investment in a foreign operation to be recognised in equity in the consolidated financial statements regardless of the currency in which the monetary items are denominated. Prior to this amendment, exchange differences arising on a monetary item that forms part of the Group's net investment in a foreign operation are recognised in equity in the consolidated financial statements when the monetary item is denominated in a currency other than the functional currency of either the reporting entity or the foreign operation.

3. Comparatives

Arising from the adoption of the Amendment to FRS 121 as disclosed above, the following comparative figures have been restated to conform to current period's presentation:

	Previously <u>Stated</u> RM'000	Increase/ <u>(Decrease)</u> RM'000	<u>Restated</u> RM'000
3 months ended 31 March 2006			
Other income	131,132	(44,493)	86,639
Other expenses	(51,854)	6,715	(45,139)
At 31 December 2006			
Exchange reserve	17,805	8,802	26,607
Revenue reserve	1,308,479	(8,802)	1,299,677

4. Auditors' Report on Preceding Annual Financial Statements

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

5. Comments About Seasonal or Cyclical Factors

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

6. Material Items that Affect the Financial Statements

There were no material items that affect the financial statements for the financial period ended 31 March 2007.

7. 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.

8. Debt and Equity Securities

There were no issuance and repayment of debt and equity securities, share buy-backs, share cancellations or shares held as treasury shares and resale of treasury shares for the financial period ended 31 March 2007, except for the issuance of new ordinary shares under the Second Employees' Share Option Scheme ("Second ESOS").

During the period, the Company issued 3,611,300 new ordinary shares of RM1 each pursuant to the Second ESOS at option prices between RM1.94 and RM3.33 per share. Total cash proceeds arising from the exercise of options amounted to RM9,405,000. The issued and paid-up share capital of the Company was increased from 1,021,449,400 ordinary shares of RM1 each to 1,025,060,700 ordinary shares of RM1 each. Share premium arising from the issues amounted to RM5,794,000.

9. Dividend Paid

No dividends were paid in the financial quarter ended 31 March 2007.

10. Segment Information

	Current Quarter		Cumulative Quarter	
	31.3.2007	31.3.2006	31.3.2007	31.3.2006
	RM'000	RM'000	RM'000	RM'000
Segment Revenue				
Revenue from continuing operations:				
Plantation				
- Malaysia	181,615	125,091	181,615	125,091
- Indonesia	249,170	197,692	249,170	197,692
	<u>430,785</u>	<u>322,783</u>	<u>430,785</u>	<u>322,783</u>
Agricultural services	4,486	5,380	4,486	5,380
Property development	127,527	63,501	127,527	63,501
Investment & Others	5,506	6,665	5,506	6,665
	<u>568,304</u>	<u>398,329</u>	<u>568,304</u>	<u>398,329</u>

Segment Results

Results from continuing operations:

Plantation Malaysia	63,004	25,846	63,004	25,846
Plantation Indonesia	88,861	48,905	88,861	48,905
	<u>151,865</u>	<u>74,751</u>	<u>151,865</u>	<u>74,751</u>
Agricultural services	2,172	2,995	2,172	2,995
Property development	31,489	20,328	31,489	20,328
Manufacturing	(601)	(323)	(601)	(323)
Investment & Others	(2,590)	1,280	(2,590)	1,280
Net exchange gain	31,597	62,096	31,597	62,096
	<u>213,932</u>	<u>161,127</u>	<u>213,932</u>	<u>161,127</u>
Finance expense	(37,046)	(43,155)	(37,046)	(43,155)
Share of results of associates	1,184	721	1,184	721
Share of results of jointly controlled entity	(4)	-	(4)	-
	<u>178,066</u>	<u>118,693</u>	<u>178,066</u>	<u>118,693</u>
Results from discontinued operations	8,206	(1,529)	8,206	(1,529)
Profit before tax	<u>186,272</u>	<u>117,164</u>	<u>186,272</u>	<u>117,164</u>
Income tax expense	(61,986)	(39,917)	(61,986)	(39,917)
Profit for the period	<u>124,286</u>	<u>77,247</u>	<u>124,286</u>	<u>77,247</u>

11. Discontinued Operations

Following the classification of the operations of Guthrie MDF Sdn. Bhd. ("GMDF") and Guthrie Corridor Expressway Sdn. Bhd. ("GCESB") as assets held for sale in the financial year ended 31 December 2006, the assets and liabilities of these subsidiary companies have continued to be classified as "Assets of Disposal Group Classified as Held for Sale" in the Consolidated Balance Sheet as at 31 March 2007 and the results for the financial period ended 31 March 2007 have been classified as "Discontinued Operations".

The disposal of GMDF was completed on 11 May 2007 whilst the disposal of GCESB is pending approval of the shareholders and regulatory authorities and is expected to be completed by 30 June 2007.

11. Discontinued Operations (Cont'd.)

The revenue, results and cash flows of the two subsidiary companies are as follows:

	Current Quarter		Cumulative Quarter	
	Three Months Ended		Three Months Ended	
	31.3.2007	31.3.2006	31.3.2007	31.3.2006
	RM'000	RM'000	RM'000	RM'000
Revenue	29,913	23,866	29,913	23,866
Profit/(Loss) before taxation	8,206	(1,529)	8,206	(1,529)
Taxation	(1,076)	-	(1,076)	-
Profit/(Loss) for the period from discontinued operations	7,130	(1,529)	7,130	(1,529)
Cash flows from operating activities	8,257	3,442	8,257	3,442
Cash flows from investing activities	(1,061)	(987)	(1,061)	(987)
	7,196	2,455	7,196	2,455

The major classes of assets and liabilities of the two subsidiary companies classified as held for sale as at 31 March 2007 are as follows:

	31.3.2007 RM'000
Assets:	
Property, plant and equipment	68,508
Concession asset	582,645
Deferred tax assets	1,513
Inventories	8,213
Trade and other receivables	7,549
Deposits, bank balances and cash	10,068
Assets of disposal group classified as held for sale	678,496
Liabilities:	
Trade payables	2,618
Other payables	6,800
Liabilities directly associated with assets classified as held for sale	9,418
Net assets attributable to discontinued operations	669,078

12. Carrying Amount of Revalued Assets

The valuation of property, plant and equipment in the financial statements have been brought forward without amendments from the financial statements for the year ended 31 December 2006.

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

On 22 February 2007, the Company and Guthrie Wood Industry Sdn. Berhad, a wholly-owned subsidiary of the Company had entered into a Share Sale and Purchase Agreement with Dongwha GH International Sdn. Berhad ("DGI") for the proposed disposal of the entire equity interests in Guthrie MDF Sdn. Berhad ("GMDF"), a wholly-owned subsidiary of the Group, for a disposal consideration of RM145 million. In conjunction with the proposed disposal, Highlands & Lowlands Berhad, a subsidiary of the Company had entered into a Land Sale and Purchase Agreement with Dongwha Fibreboard Sdn. Berhad for the disposal of 459,922 square metres of land ("the Land") for a total cash consideration of RM30 million.

The proposed disposal of GMDF and the Land was completed on 11 May 2007, upon all conditions precedent been met and the disposals will be recognised in the financial statements for the period ending 30 June 2007.

14. Changes in the Composition of the Group

During the financial period ended 31 March 2007, Kamuning Marble Sdn. Berhad, a wholly-owned subsidiary of the Group, had appointed liquidators to undertake members' voluntary liquidation of the company. Consequent to the appointment of the liquidators on 22 January 2007, the subsidiary company had been deconsolidated from the financial statements of the Group.

Other than as disclosed above, there were no changes in the composition of the Group for the financial period ended 31 March 2007.

15. 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 2006.

16. Capital Commitments

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

	RM'000
Property, plant and equipment:	
Approved and contracted for	17,348
Approved but not contracted for	427,492
	<u>444,840</u>
	<u><u>444,840</u></u>

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

17. Review of Performance

The Group recorded a profit before tax of RM178.07 million, excluding RM8.2 million from discontinued operations, for the financial quarter ended 31 March 2007, an increase of RM59.37 million or 50% as compared with the corresponding period of 2006 of RM118.69 million. Profit attributable to shareholders increased by 59.4% in the first quarter of 2007 to RM94.49 million from RM59.29 million, resulting in higher earnings per share of 9.24 sen compared to 5.89 sen in the first quarter of 2006.

The improved performance of the Group for the period is largely attributable to higher contributions from both Plantation and Property in spite of a lower foreign exchange gain of RM31.6 million as compared to RM62.1 million registered in the previous year.

Plantation Malaysia recorded a substantial increase of 143.8% at RM63 million, compared to RM25.85 million in the corresponding period of 2006. The significant improvement in performance was due to higher realised prices for all palm products. Average palm oil price realised for the period at RM1,918 per tonne was higher by RM510 or 36.2% as compared to RM1,408 per tonne previously.

Contributions from Plantation Indonesia had also registered substantial increase of 81.7%, from RM48.91 million to RM88.86 million attributable similarly to higher realised palm product prices. Palm oil prices was higher by RM532 per tonne (42%), at RM1,800 per tonne against RM1,268 per tonne registered in the first quarter of 2006.

FFB production for both Plantation Malaysia and Plantation Indonesia however, declined by 9.8% and 13.7% respectively as compared to the corresponding period of 2006.

Property development registered an operating profit of RM31.49 million, an increase of RM11.16 million or 54.9% due principally to higher sale of properties.

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

Profit before taxation for the current quarter of RM178.07 million was lower than that recorded in the immediate preceding quarter of RM214.45 million, a decrease of RM36.38 million largely due to lower contribution from property development by RM54.35 million and lower foreign exchange gain by RM27.96 million in the current financial quarter, net of the increase in contribution from Plantation by RM36.39 million. The higher contribution from Plantation is attributable to higher prices for palm oil realised in the current quarter under review.

19. Current Year Prospects

The performance of the Group for 2007 is expected to be higher than that of 2006 largely on account of higher palm product prices and expected sustained performance from property development.

On 28 March 2007, the Company had announced a target Return on Equity (ROE) of 12% for the financial year ending 31 December 2007 and the target is expected to be achieved.

20. Profit Forecast or Profit Guarantee

Not applicable as no profit forecast was published.

21. Income Tax Expense

Income tax expense comprises the following:

	Current Quarter		Cumulative Quarter	
	31.3.2007	31.3.2006	31.3.2007	31.3.2006
	RM'000	RM'000	RM'000	RM'000
Malaysian taxation:				
Current period provision	27,114	20,218	27,114	20,218
Under/(Over) provision in prior years	609	(233)	609	(233)
Deferred tax liabilities	(3)	(4,273)	(3)	(4,273)
Deferred tax assets	(3,426)	1,891	(3,426)	1,891
	<u>24,294</u>	<u>17,603</u>	<u>24,294</u>	<u>17,603</u>
Overseas taxation:				
Current period provision	25,772	21,713	25,772	21,713
Under/ (Over) provision in prior years	5,386	(3,003)	5,386	(3,003)
Deferred tax liabilities	(3,818)	(3,985)	(3,818)	(3,985)
Deferred tax assets	9,276	7,589	9,276	7,589
	<u>36,616</u>	<u>22,314</u>	<u>36,616</u>	<u>22,314</u>
	<u>60,910</u>	<u>39,917</u>	<u>60,910</u>	<u>39,917</u>

The effective tax rate of the Group at 34.2% is higher than the statutory tax rate of 27% due to the reversal of deferred tax assets by certain subsidiary companies in Indonesia.

22. 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 31 March 2007.

23. Quoted Securities

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

	Current Quarter		Cumulative Quarter	
	Three Months Ended		Three Months Ended	
	31.3.2007	31.3.2006	31.3.2007	31.3.2006
	RM'000	RM'000	RM'000	RM'000
Purchase consideration	-	1,805	-	1,805
Sale proceeds	12,484	1,432	12,484	1,432
Gain/ (Loss) on disposals	23	(612)	23	(612)

(b) Investments in quoted securities, other than securities in existing subsidiaries, as at 31 March 2007 are as follows:

	At Cost	At Book	At Market
	RM'000	Value	Value
	RM'000	RM'000	RM'000
Investments in quoted securities in Malaysia	6,267	3,453	3,453

24. Status of Corporate Proposals

The status of outstanding corporate proposals at the date of this report are as follows:

(a) Proposed Divestment of Guthrie Corridor Expressway Sdn. Berhad ("GCEsb")

The Share Sale Agreement was signed on 27 November 2006 between the Company and Projek Lintasan Kota Holdings Sdn Bhd ("Prolintas"), a wholly-owned subsidiary of Permodalan Nasional Berhad, whereby the Company will dispose of its entire equity interests in GCEsb to Prolintas.

The proposed divestment is conditional upon the approval of several regulatory authorities which are still pending and the approval of the shareholders of the Company. The proposed divestment will be presented for the approval of the shareholders at an Extraordinary General Meeting to be held on 7 June 2007.

(b) Offer by Synergy Drive Berhad ("SD")

The Board of Directors have on 21 December 2006, announced that it has decided to accept the offer from Synergy Drive Berhad ("SD") to acquire the entire business and undertaking including all the assets and liabilities of the Company ("Offer"), at an aggregate purchase consideration equivalent to RM4.27 per ordinary share of RM1 each in the issued and paid-up capital of the Company multiplied by the total outstanding shares as at completion ("Disposal Price"), to be satisfied by the issuance of an equivalent value of series A redeemable convertible preference shares of SD ("RCPS A").

Subsequently on 24 January 2007, it was announced that the Company had on even date entered into a conditional Sale of Business Agreement with SD in relation to the Proposed Disposal.

Following the completion of the Proposed Disposal, the Company proposes to carry out the Proposed Capital Repayment via a capital reduction exercise in accordance with Sections 60 and 64 of the Companies Act, 1965 to return all the RCPS A representing the Disposal Price to the shareholders of the Company. Upon completion of the Proposed Capital Repayment, the Company will be de-listed from the Official List of the Main Board of Bursa Malaysia Securities Berhad. Simultaneously with the Proposed Capital Repayment, the Company shall carry out the Proposed Share Issue, which will result in the Company becoming a wholly-owned subsidiary of SD.

The completion is conditional upon, amongst others, regulatory and shareholders' approvals which are still pending.

25. Group Borrowings and Debt Securities

The Group's borrowings as at 31 March 2007 are as follows:

	RM'000
<u>Short-term borrowings</u>	
- Unsecured (denominated in Ringgit Malaysia)	231,843
Current portion of long-term loans denominated in Ringgit Malaysia	
- Unsecured	64,486
Current portion of long-term loans denominated in foreign currencies	
- Secured	29,427
	<u>325,756</u>
<u>Long-term borrowings</u>	
- Secured (denominated in foreign currencies)	138,266
- Unsecured (denominated in Ringgit Malaysia)	623,280
- Unsecured (denominated in foreign currencies)	1,630,211
	<u>2,391,757</u>

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

	RM'000
- US Dollar	1,777,359
- Indonesian Rupiah	20,545
	<u>1,797,904</u>

26. Off Balance Sheet Financial Instruments

(a) Interest Rate Option Contracts

As at 24 May 2007, (being a date not earlier than 7 days from the date of issue of the quarterly report), the Group has entered into the following interest rate swap ("IRS") agreements:

Interest Rate Swap	Derivative Product	Notional Amount	Effective Period	Weighted Average Rate Per Annum
Floating rate liabilities to fixed rate liabilities	Plain Vanilla	USD210 million	28/02/06 to 28/02/08	4.98% - 5.15%
	CMS Spread Range Accrual Swap		28/02/08 to 29/08/12	4.98% - 5.15% provided the CMS spread is within range
Floating rate liabilities to fixed rate liabilities	Plain Vanilla	USD150 million	28/02/06 to 28/02/09	4.795% - 5%
Participation in floating rate but capped at 6.0%	LIBOR Range Accrual Swap		28/02/09 to 29/08/12	Floating but capped at 6.0% provided the 6M LIBOR is within specified ranges
Floating rate liabilities to fixed rate liabilities	Plain Vanilla	USD9.8 million	27/07/06 to 26/07/10	6.425%
Floating rate liabilities to fixed rate liabilities	Plain Vanilla	USD9.8 million	27/07/06 to 27/07/07	5.6%
	CMS Spread Range Accrual Swap		27/07/07 to 26/07/10	5.6% provided the CMS spread is within range
Fixed rate liabilities to floating rate liabilities	Plain Vanilla	RM40 million	19/03/04 to 18/03/11	6M KLIBOR + 1.8%

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

All the above instruments were executed with creditworthy financial institutions and the directors are of the view that the possibility of non-performance by these financial institutions is unlikely on the basis of their financial strength.

(b) Foreign Currency Contracts

As at 24 May 2007, the Group has no outstanding forward foreign currency contracts.

The related accounting policies for the off balance sheet financial instruments are as disclosed in the financial statements for the year ended 31 December 2006.

27. 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 2006:

(a) Breach of Contract

A legal suit was filed on 3 May 2001 against the Company for an alleged breach of contract on the provision for consultancy services in connection with the acquisition of subsidiary companies in Indonesia. The plaintiff's claim was rejected at the District Court of South Jakarta and the Court of Appeal of Jakarta. On 25 November 2005, the plaintiff filed a Notice of Appeal at the Supreme Court against the decision of the Court of Appeal. The Company had received official notification from the Court of South Jakarta on 2 May 2007, that the Supreme Court has refused the appeal (Cassation) by the plaintiff.

28. Dividend Payable

No interim dividend has been declared for the financial period ended 31 March 2007.

29. Earnings per Share

	Current Quarter		Cumulative Quarter	
	Three Months Ended		Three Months Ended	
	31.3.2007	31.3.2006	31.3.2007	31.3.2006
(a) Basic				
Profit attributable to ordinary equity holders of the parent (RM'000):				
Profit from continuing operations	87,355	60,817	87,355	60,817
Loss from discontinued operations	7,130	(1,529)	7,130	(1,529)
	<u>94,485</u>	<u>59,288</u>	<u>94,485</u>	<u>59,288</u>
Weighted average number of ordinary shares in issue ('000)	<u>1,022,071</u>	<u>1,006,948</u>	<u>1,022,071</u>	<u>1,006,948</u>
Basic earnings per share (sen) for:				
Profit from continuing operations	8.55	6.04	8.54	6.04
Loss from discontinued operations	0.70	(0.15)	0.70	(0.15)
Profit for the period	<u>9.24</u>	<u>5.89</u>	<u>9.24</u>	<u>5.89</u>
(b) Diluted				
Profit attributable to ordinary equity holders of the parent (RM'000):				
Profit from continuing operations	87,355	60,817	87,355	60,817
Loss from discontinued operations	7,130	(1,529)	7,130	(1,529)
	<u>94,485</u>	<u>59,288</u>	<u>94,485</u>	<u>59,288</u>

	Current Quarter		Cumulative Quarter	
	Three Months Ended		Three Months Ended	
	31.3.2007	31.3.2006	31.3.2007	31.3.2006
Weighted average number of ordinary shares in issue ('000)	1,022,071	1,006,948	1,022,071	1,006,948
Effects of dilution on share options ('000)	1,961	15,440	1,961	15,440
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	<u>1,024,032</u>	<u>1,022,388</u>	<u>1,024,032</u>	<u>1,022,388</u>
Diluted earnings per share (sen) for:				
Profit from continuing operations	8.53	5.95	8.53	5.95
Loss from discontinued operations	0.70	(0.15)	0.70	(0.15)
Profit for the period	<u>9.23</u>	<u>5.80</u>	<u>9.23</u>	<u>5.80</u>

30. Authorisation for Issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 30 May 2007.

30 May 2007
Kuala Lumpur

By Order of the Board
Moriame Mohd
Company Secretary
