

KUMPULAN GUTHRIE BERHAD

(Company No.: 4001P)

(Incorporated in Malaysia)

**INTERIM REPORT ON CONSOLIDATED RESULTS FOR
THE FINANCIAL QUARTER ENDED 30 JUNE 2007****I. Unaudited Condensed Consolidated Income Statements**

	Note	Current Quarter Three Months Ended		Cumulative Quarter Six Months Ended	
		30.6.2007 RM'000	30.6.2006 RM'000	30.6.2007 RM'000	30.6.2006 RM'000
<u>Continuing Operations</u>					
Revenue	10	859,354	634,174	1,427,658	1,032,503
Operating profit		383,194	161,629	597,126	322,756
Finance expense		(36,422)	(41,311)	(73,468)	(84,466)
Share of results of associates		1,411	(294)	2,595	427
Share of results of jointly controlled entity		(50)	-	(54)	-
Profit before tax	10	348,133	120,024	526,199	238,717
Income tax expense	21	(94,287)	(36,992)	(155,197)	(76,909)
Profit for the period from continuing operations		253,846	83,032	371,002	161,808
<u>Discontinued Operations</u>					
Profit for the period from discontinued operations		32,233	3,003	39,363	1,474
Profit for the period		286,079	86,035	410,365	163,282
Profit for the period attributable to:					
Equity holders of the Company		222,852	45,775	317,337	105,063
Minority interests		63,227	40,260	93,028	58,219
		286,079	86,035	410,365	163,282
Earnings per share, attributable to equity holders of the Company (sen): 29					
Basic:					
Profit from continuing operations		18.63	4.26	27.17	10.32
Profit from discontinued operations		3.15	0.30	3.85	0.15
		21.78	4.56	31.02	10.47
Diluted:					
Profit from continuing operations		18.59	4.22	27.11	10.21
Profit from discontinued operations		3.14	0.30	3.84	0.15
		21.73	4.51	30.95	10.36

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

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(Incorporated in Malaysia)

II. Condensed Consolidated Balance Sheets

		Unaudited as at 30.6.2007	Audited as at 31.12.2006
	Note	RM'000	RM'000
<u>ASSETS</u>			
Non-current assets			
Property, plant and equipment	12	2,542,493	2,530,776
Plantation development expenditure		2,352,602	2,434,846
Prepaid lease payments		337,130	342,357
Land held for property development		238,359	266,200
Goodwill on consolidation		257,585	254,558
Investments in associated companies		17,282	16,700
Investment in jointly controlled entity		1,908	1,962
Other investments		1,773	1,773
Long-term trade receivables		68,347	68,347
Advances for Plasma PIR-Trans projects		16,852	18,018
Advances for KKPA projects		16,876	15,106
Deferred tax assets		132,742	152,050
Long-term fixed deposits		18,750	-
		<u>6,002,699</u>	<u>6,102,693</u>
Current assets			
Property development costs		220,602	413,444
Inventories		266,990	189,265
Trade and other receivables		614,947	514,862
Marketable securities		-	37,403
Deposits, bank balances and cash		1,037,206	809,936
		<u>2,139,745</u>	<u>1,964,910</u>
Assets of disposal group held for sale		584,782	678,900
		<u>2,724,527</u>	<u>2,643,810</u>
Total assets		<u>8,727,226</u>	<u>8,746,503</u>

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

	Unaudited as at 30.6.2007 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	1,025,495	1,021,449
Share premium	36,509	28,584
Revaluation reserve	738,102	691,403
Capital reserve	59,030	58,725
Exchange reserve	(26,098)	26,607
Share option reserve	1,577	1,101
Revenue reserve	1,538,012	1,299,677
Equity attributable to non-current assets held for sale	309	-
	<u>3,372,936</u>	<u>3,127,546</u>
Minority interests	<u>1,524,265</u>	<u>1,568,042</u>
Total equity	<u>4,897,201</u>	<u>4,695,588</u>
Non-current liabilities		
Borrowings	2,166,045	2,450,435
Deferred income	6,813	8,123
Deferred tax liabilities	592,801	675,435
Retirement benefits	39,771	24,946
	<u>2,805,430</u>	<u>3,158,939</u>
Current liabilities		
Trade and other payables	461,188	527,240
Bank borrowings	469,542	298,170
Taxation	92,236	55,180
Deferred income	1,629	2,280
	<u>1,024,595</u>	<u>882,870</u>
Liabilities directly associated with assets of disposal group classified as held for sale	-	9,106
	<u>1,024,595</u>	<u>891,976</u>
Total liabilities	<u>3,830,025</u>	<u>4,050,915</u>
Total equity and liabilities	<u>8,727,226</u>	<u>8,746,503</u>
Net assets per share, attributable to ordinary equity holders of the Company (RM)	<u>3.29</u>	<u>3.06</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 Six Months Ended 30 June 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
Six Months Ended 30 June 2007											
At 1 January 2007											
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	-	-	-	-	(52,705)	-	-	-	(52,705)	(7,725)	(60,430)
Transfers (from)/to reserves	-	1,088	(12,775)	305	-	(1,088)	309	12,466	305	-	305
Transfer from deferred tax arising from exemption of real property gains tax	-	-	59,474	-	-	-	-	-	59,474	-	59,474
Net income/(expense) recognised directly in equity	-	1,088	46,699	305	(52,705)	(1,088)	309	12,466	7,074	(7,725)	(651)
Profit for the period	-	-	-	-	-	-	-	317,337	317,337	93,028	410,365
Total recognised income/(expense) for the period	-	1,088	46,699	305	(52,705)	(1,088)	309	329,803	324,411	85,303	409,714
Issue of shares pursuant to the Second Employees' Share Option Scheme	4,046	6,837	-	-	-	-	-	-	10,883	-	10,883
Cost of share-based payments	-	-	-	-	-	1,564	-	-	1,564	-	1,564
Dividends paid	-	-	-	-	-	-	-	(91,468)	(91,468)	(129,080)	(220,548)
At 30 June 2007	1,025,495	36,509	738,102	59,030	(26,098)	1,577	309	1,538,012	3,372,936	1,524,265	4,897,201
Six Months Ended 30 June 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	-	-	-	-	53,210	-	-	-	53,210	4,365	57,575
Transfers (from)/to reserves	-	-	(8,032)	4,901	-	-	-	3,131	-	-	-
Amount directly recognised in equity relating to assets classified as held for sale	-	-	(8,270)	-	-	-	8,270	-	-	-	-
Net income/(expense) recognised directly in equity	-	-	(16,302)	4,901	53,210	-	8,270	3,131	53,210	4,365	57,575
Profit for the period	-	-	-	-	-	-	-	105,063	105,063	58,219	163,282
Total recognised income/(expense) for the period	-	-	(16,302)	4,901	53,210	-	8,270	108,194	158,273	62,584	220,857
Issue of shares pursuant to the Second Employees' Share Option Scheme	1,840	2,075	-	-	-	-	-	-	3,915	-	3,915
Cost of share-based payments	-	-	-	-	-	373	-	-	373	-	373
Dividends payable	-	-	-	-	-	-	-	(43,579)	(43,579)	(51,066)	(94,645)
At 30 June 2006	1,008,779	10,253	682,955	58,761	43,590	373	8,270	1,165,034	2,978,015	1,548,052	4,526,067

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

	Six Months Ended	
	30.6.2007	30.6.2006
	RM'000	RM'000
Net cash from operating activities	497,796	349,414
Net cash from/(used in) investing activities	30,963	(125,369)
Net cash used in financing activities	<u>(300,643)</u>	<u>(141,242)</u>
Net increase in cash and cash equivalents	228,116	82,803
Cash and cash equivalents at beginning of financial period	812,808	697,621
Effects of changes in exchange rates	<u>(3,718)</u>	<u>3,086</u>
Cash and cash equivalents at end of financial period	<u><u>1,037,206</u></u>	<u><u>783,510</u></u>

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

	As at	As at
	30.6.2007	30.6.2006
	RM'000	RM'000
Deposits, bank balances and cash	<u><u>1,037,206</u></u>	<u><u>783,510</u></u>

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
<u>Income Statement</u>			
Six months ended 30 June 2006			
Other income	130,654	(32,853)	97,801
Other expenses	104,610	(7,949)	96,661

	Previously <u>Stated</u> RM'000	Increase/ <u>(Decrease)</u> RM'000	<u>Restated</u> RM'000
Three months ended 30 June 2006			
Other income	131,132	11,640	142,772
Other expenses	51,854	(1,234)	50,620

Balance Sheet

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 30 June 2007 other than the gain of RM32.8 million on disposal of a wholly-owned subsidiary company, Guthrie MDF Sdn. Berhad and, arising therefrom, the sale of land on which the subsidiary was located, which registered a gain of RM28.8 million.

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 30 June 2007, except for the issuance of new ordinary shares under the Second Employees' Share Option Scheme ("Second ESOS").

During the period, the Company issued 4,046,000 new ordinary shares of RM1 each pursuant to the Second ESOS at option prices between RM1.94 and RM5.58 per share. Total cash proceeds arising from the exercise of options amounted to RM10,883,000. The issued and paid-up share capital of the Company was increased from 1,021,449,400 ordinary shares of RM1 each to 1,025,495,400 ordinary shares of RM1 each. Share premium arising from the issues amounted to RM6,837,000.

9. Dividends Paid

A final tax-exempt dividend of 6 sen per share and 4 sen per share, less 27% tax, amounting to RM91,468,000 for the financial year ended 31 December 2006 was paid on 21 June 2007.

10. Segment Information

	Current Quarter		Cumulative Quarter	
	Three Months Ended		Six Months Ended	
	30.6.2007	30.6.2006	30.6.2007	30.6.2006
	RM'000	RM'000	RM'000	RM'000
Segment Revenue				
Revenue from continuing operations:				
Plantation Malaysia	270,538	205,577	452,153	330,668
Plantation Indonesia	411,774	258,959	660,944	456,651
	<u>682,312</u>	<u>464,536</u>	<u>1,113,097</u>	<u>787,319</u>
Agricultural services	4,582	5,283	9,068	10,663
Property development	163,931	158,996	291,458	222,497
Investment & Others	8,529	5,359	14,035	12,024
	<u>859,354</u>	<u>634,174</u>	<u>1,427,658</u>	<u>1,032,503</u>
Segment Results				
Results from continuing operations:				
Plantation Malaysia	99,625	60,675	162,629	86,521
Plantation Indonesia	172,987	52,475	261,848	101,380
	<u>272,612</u>	<u>113,150</u>	<u>424,477</u>	<u>187,901</u>
Agricultural services	2,322	2,654	4,494	5,649
Property development	73,536	53,536	105,025	73,864
Manufacturing	(706)	(1,446)	(1,307)	(1,769)
Investment & Others	2,383	(6,643)	(207)	(5,363)
Sale of land	28,811	-	28,811	-
Net exchange gain	4,236	378	35,833	62,474
	<u>383,194</u>	<u>161,629</u>	<u>597,126</u>	<u>322,756</u>
Finance expense	(36,422)	(41,311)	(73,468)	(84,466)
Share of results of associates	1,411	(294)	2,595	427
Share of results of jointly controlled entity	(50)	-	(54)	-
Profit before tax from continuing operations	<u>348,133</u>	<u>120,024</u>	<u>526,199</u>	<u>238,717</u>
Profit before tax from discontinued operations	<u>33,117</u>	<u>3,003</u>	<u>41,323</u>	<u>1,474</u>
	<u>381,250</u>	<u>123,027</u>	<u>567,522</u>	<u>240,191</u>
Income tax expense	(95,171)	(36,992)	(157,157)	(76,909)
Profit for the period	<u>286,079</u>	<u>86,035</u>	<u>410,365</u>	<u>163,282</u>

11. Discontinued Operations

The operations of Guthrie MDF Sdn. Bhd. ("GMDF") and Guthrie Corridor Expressway Sdn. Bhd. ("GCESB") have been classified as assets held for sale in the financial year ended 31 December 2006, and accordingly, the results for the financial period ended 30 June 2007 has continued to be classified as discontinued operations. The disposal of GMDF was completed on 11 May 2007, and the gain on disposal of RM32.8 million has been included in the results from discontinued operations. The assets and liabilities of GCESB have continued to be classified as "Assets of Disposal Group Classified as Held for Sale" in the Consolidated Balance Sheet as at 30 June 2007, as the disposal is pending completion of certain conditions precedent.

The revenue, results and cash flows of the discontinued operations are as follows:

	Current Quarter		Cumulative Quarter	
	Three Months Ended		Six Months Ended	
	30.6.2007	30.6.2006	30.6.2007	30.6.2006
	RM'000	RM'000	RM'000	RM'000
Revenue	10,455	27,733	40,368	51,599
Gain on disposal of subsidiary companies	32,751	-	32,751	-
Operating profit	366	3,003	8,572	1,474
Profit before taxation	33,117	3,003	41,323	1,474
Taxation	(884)	-	(1,960)	-
Profit for the period from discontinued operations	32,233	3,003	39,363	1,474
Cash flows from operating activities	6,308	3,573	14,565	7,015
Cash flows from investing activities	(3,577)	(4,606)	(4,638)	(5,593)
	2,731	(1,033)	9,927	1,422

The major classes of assets and liabilities of the discontinued operations classified as held for sale as at 30 June 2007 are as follows:

	30.6.2007
	RM'000
Assets:	
Property, plant and equipment	694
Prepaid lease payments	602
Concession asset	582,857
Deferred tax assets	629
	<u>584,782</u>

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 27 November 2006, the Company and Projek Lintasan Kota Holdings Sdn. Bhd. ("Prolintas"), had signed a Share Sale Agreement for the disposal of the entire equity interests in Guthrie Corridor Expressway Sdn. Berhad (GCESB).

Subsequent to the end of the financial period, the proposed disposal of GCESB was completed on 23 July 2007 upon all conditions precedent been met. The effects of the disposal will be recognised in the financial statements for the quarter ending 30 September 2007.

14. Changes in the Composition of the Group

Changes in the composition of the Group during the financial period ended 30 June 2007, are as follows:

- a) The following subsidiary companies have appointed liquidators to undertake members' voluntary liquidation. Consequently, these subsidiary companies have been deconsolidated from the financial statements of the Group:

Kamuning Marble Sdn. Berhad
Ladang Cenas Sdn. Berhad
Right Class Sdn. Berhad
Guthrie Wood Industry Sdn. Berhad

- b) The Group completed the disposal of Guthrie MDF Sdn. Berhad, a wholly-owned subsidiary company on 11 May 2007 and the company has since ceased to be a subsidiary of the Group.

Other than as disclosed above, there were no changes in the composition of the Group for the financial period ended 30 June 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	17,994
Approved but not contracted for	366,381
	<u>384,375</u>

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

17. Review of Performance

For the financial period ended 30 June 2007, the Group recorded a profit before tax of RM567.5 million, comprising RM526.2 million from continuing operations and RM41.3 million from discontinued operations, increasing significantly by RM327.3 million or 136.3% as compared with the corresponding period of 2006 of RM240.2 million. Profit attributable to shareholders increased by more than threefold to RM317.3 million from RM105.1 million. Consequently, earnings per share rose to 31 sen compared to 10.5 sen for the corresponding period of 2006.

The performance of the Group for the period is largely attributable to higher contributions from both Plantation and Property and further boosted by the gain on disposal of a wholly-owned subsidiary, Guthrie MDF Sdn. Berhad of RM32.8 million and the gain on the sale of land of RM28.8 million.

Plantation Malaysia recorded an increase of 88% at RM162.6 million, compared to RM86.5 million in the corresponding period of 2006 largely due to higher realised prices for palm oil at RM2,143 per tonne as against RM1,401 per tonne previously. FFB production however declined by 17.3% as compared to that for the corresponding period of 2006.

Contributions from Plantation Indonesia registered substantial increase of 158.2%, to RM261.8 million from RM101.4 million previously attributable to higher palm oil prices realised at RM2,025 per tonne as against RM1,297 per tonne registered in 2006. However, FFB production declined by about 12.6% as compared to the production for the six months ended 30 June 2006.

Property development registered an operating profit of RM105 million, an increase of RM31.2 million or 42.2% due 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 RM381.3 million was higher than that recorded in the immediate preceding quarter of RM186.3 million, an increase of RM195 million largely due to higher contribution from plantation by RM120.7 million and property development by RM42 million, net of lower foreign exchange gain by RM27.4 million. The higher contribution from plantation for the current quarter is attributable to higher prices realised for palm oil.

19. Current Year Prospects

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

The Company had, on 28 March 2007, announced a target Return on Equity (ROE) of 12% for the financial year ending 31 December 2007 and, based on the current palm oil prices the Group expects to surpass its target ROE.

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	
	Three Months Ended		Six Months Ended	
	30.6.2007	30.6.2006	30.6.2007	30.6.2006
	RM'000	RM'000	RM'000	RM'000
<u>Continuing Operations</u>				
Malaysian taxation:				
Current period provision	34,798	10,863	61,912	31,081
Under/(Over) provision in prior years	959	(1,757)	1,568	(1,990)
Deferred tax liabilities	(5,123)	4,257	(5,126)	(16)
Deferred tax assets	5,565	8,230	2,139	10,121
	<u>36,199</u>	<u>21,593</u>	<u>60,493</u>	<u>39,196</u>
Overseas taxation:				
Current period provision	53,545	18,439	79,317	40,152
Under/ (Over) provision in prior years	1,406	-	6,792	(3,003)
Deferred tax liabilities	(3,797)	(3,966)	(7,615)	(7,951)
Deferred tax assets	6,934	926	16,210	8,515
	<u>58,088</u>	<u>15,399</u>	<u>94,704</u>	<u>37,713</u>
	<u>94,287</u>	<u>36,992</u>	<u>155,197</u>	<u>76,909</u>
<u>Discontinued Operations</u>				
Malaysian taxation:				
Deferred tax assets	884	-	1,960	-
Total	<u>95,171</u>	<u>36,992</u>	<u>157,157</u>	<u>76,909</u>

The effective tax rate of the Group at 27.7% is slightly higher than the statutory tax rate of 27% due to certain expenses being non-deductible for tax purposes.

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 30 June 2007.

23. Quoted Securities

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

	Current Quarter		Cumulative Quarter	
	Three Months Ended		Six Months Ended	
	30.6.2007	30.6.2006	30.6.2007	30.6.2006
	RM'000	RM'000	RM'000	RM'000
Purchase consideration	-	839	-	2,644
Sale proceeds	7,129	633	19,613	2,065
Gain/ (Loss) on disposals	(2,379)	21	(2,356)	(581)

b) There were no investments in quoted securities as at 30 June 2007.

24. Status of Corporate Proposals

The outstanding corporate proposal at the date of this report is in respect of the offer by Synergy Drive Berhad. The status is as follows:

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 businesses and undertakings 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 ordinary shares as at completion ("Disposal Consideration"), to be satisfied by the issuance of an equivalent value of series A redeemable convertible preference shares of SD ("RCPS A") ("Proposed Disposal").

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 to return all the RCPS A (or such consideration as may be derived from the RCPS A) received or receivable from SD representing the Disposal Consideration to the Company's shareholders ("Proposed Capital Repayment"). 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 ("Bursa Securities"). Simultaneously with the Proposed Capital Repayment, the Company shall carry out the Proposed Share Issue, which will result in the Company becoming a subsidiary of SD.

As at the date of this report, the issuance of RCPS A, issuance of SD shares upon conversion of RCPS A and listing of SD on Bursa Securities have obtained the approval of the Securities Commission and the Securities Commission (on behalf of the Foreign Investment Committee) on 16 July 2007. The approval of the shareholders of the Company was obtained at the Extraordinary General Meeting held on 16 August 2007 on the Proposed Disposal, Proposed Capital Repayment and Proposed Share Issue. The completion of the proposal is pending the approval of certain regulatory authorities.

25. Group Borrowings and Debt Securities

Borrowings of the Group as at 30 June 2007 are as follows:

	RM'000
<u>Short-term borrowings</u>	
- Unsecured (denominated in Ringgit Malaysia)	181,641
Current portion of long-term loans denominated in Ringgit Malaysia	
- Unsecured	255,171
Current portion of long-term loans denominated in foreign currencies	
- Secured	32,730
	<u>469,542</u>
<u>Long-term borrowings</u>	
- Secured (denominated in foreign currencies)	131,505
- Unsecured (denominated in Ringgit Malaysia)	416,728
- Unsecured (denominated in foreign currencies)	1,626,911
	<u>2,175,144</u>

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

	RM'000
- US Dollar	1,771,011
- Indonesian Rupiah	20,135
	<u>1,791,146</u>

26. Off Balance Sheet Financial Instruments

As at 23 August 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.

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 had refused the appeal (Cassation) by the plaintiff.

On 21 June 2007, the Company was informed by its Indonesian counsel that the plaintiff had submitted an application for Judicial Review against the decision of the Supreme Court. On 17 July 2007, the Company submitted its opposition to the application for the Judicial Review.

(b) Damages/Alleged losses suffered involving land disputes

In relation to a legal suit filed against a subsidiary company and three other external parties claiming for the subsidiary company to surrender the land or to pay a sum of Rp86 billion (equivalent to RM34 million), the High Court had, on 3 April 2007, dismissed the plaintiffs' appeal and decided in favour of the subsidiary company.

28. Dividend Payable

No interim dividend has been declared for the financial period ended 30 June 2007.

29. Earnings per Share

	Current Quarter		Cumulative Quarter	
	Three Months Ended 30.6.2007	30.6.2006	Six Months Ended 30.6.2007	30.6.2006
(a) Basic				
Profit attributable to ordinary equity holders of the parent (RM'000):				
Profit from continuing operations	190,619	42,772	277,974	103,589
Profit from discontinued operations	32,233	3,003	39,363	1,474
	<u>222,852</u>	<u>45,775</u>	<u>317,337</u>	<u>105,063</u>
Weighted average number of ordinary shares in issue ('000)	<u>1,023,011</u>	<u>1,003,442</u>	<u>1,023,011</u>	<u>1,003,442</u>
Basic earnings per share (sen) for:				
Profit from continuing operations	18.63	4.26	27.17	10.32
Profit from discontinued operations	3.15	0.30	3.85	0.15
Profit for the period	<u>21.78</u>	<u>4.56</u>	<u>31.02</u>	<u>10.47</u>
(b) Diluted				
Profit attributable to ordinary equity holders of the parent (RM'000):				
Profit from continuing operations	190,619	42,772	277,974	103,589
Profit from discontinued operations	32,233	3,003	39,363	1,474
	<u>222,852</u>	<u>45,775</u>	<u>317,337</u>	<u>105,063</u>
Weighted average number of ordinary shares in issue ('000)	<u>1,023,011</u>	<u>1,003,442</u>	<u>1,023,011</u>	<u>1,003,442</u>
Effects of dilution on share options ('000)	<u>2,317</u>	<u>11,157</u>	<u>2,317</u>	<u>11,157</u>
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	<u>1,025,328</u>	<u>1,014,599</u>	<u>1,025,328</u>	<u>1,014,599</u>

	Current Quarter		Cumulative Quarter	
	Three Months Ended	Three Months Ended	Six Months Ended	Six Months Ended
	30.6.2007	30.6.2006	30.6.2007	30.6.2006
Diluted earnings per share (sen) for:				
Profit from continuing operations	18.59	4.22	27.11	10.21
Profit from discontinued operations	3.14	0.30	3.84	0.15
Profit for the period	<u>21.73</u>	<u>4.51</u>	<u>30.95</u>	<u>10.36</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 29 August 2007.

29 August 2007
Kuala Lumpur

By Order of the Board
Moriama Mohd
Company Secretary
