Interim Management Statement

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The crop of oil palm fresh fruit bunches ("FFB") harvested to end April 2009 amounted to 156,637 tonnes, against the budgeted crop of 158,429 tonnes and ahead of the crop for the corresponding period in 2008 of 150,719 tonnes. The FFB crop for 2009 has been budgeted at 486,000 tonnes with a normal budgetary assumption of average rainfall (both as to quantum and distribution). This projected crop is a little below the level that would result if palms of an equivalent age achieved similar yields per hectare in 2009 to those of 2008. As the monthly phasing of crops varies from year to year, the directors attach no significance to the variation of 1,700 tonnes to date.

Rainfall to end April averaged 1,314 mm across the group's operations, compared with 1,088 mm during the same period in the previous year, and is wholly satisfactory for oil palm cultivation, particularly as the rainfall was well distributed.

The crude palm oil ("CPO") extraction rate for the period was 23.2 per cent against a budget of 23.6 per cent. The rate for the corresponding period in 2008 was 23.09 per cent**.** Measures to improve harvesting standards are in the process of implementation and it is hoped that, going forward, these will contribute to an improvement in CPO extraction rates. Palm kernel extraction rates for the period were 4.8 per cent against a budget of 5.0 per cent and 4.3 per cent for the same period in 2008, continuing to reflect the improvements in nut cracking efficiency.

After the lows seen in the price of CPO in the second half of 2008, the early months of 2009 have seen a recovery, with the CPO price, CIF Rotterdam, currently at $770 per tonne. The average price for the period 1 January to 30 April 2009 was $603. This compares with the average for 2008 of $939.

The group has recently completed the titling process in relation to a land allocation held by PT Putra Bongan Jaya ("PBJ"), an Indonesian subsidiary of the company acquired during 2008. This has resulted in full land title being granted to PBJ over 11,625 hectares. In light of the improving CPO price, the directors have recently taken the decision to resume extension planting and will initially concentrate development within part of such newly titled land areas.

Work continues in relation to the two small coal mining concessions, Liburdinding and Muser, in respect of which rights were acquired by the group during 2008. It is hoped that production from Liburdinding will start in the near future and that production from Muser will follow within a few months. Pending validation of theoretical plans by actual operating experience, the directors remain cautious as to the returns achievable from the group's new coal interests, particularly given that coal prices have fallen significantly over the past six months. Nevertheless, the group's internal projections continue to indicate that margins achievable even at current coal prices will justify the investment made which amounted at 31 December 2008 to $5.4 million.

At 31 December 2008, the group had outstanding borrowings in Indonesia totalling $12.9 million under a consortium loan facility, with additional undrawn facilities of $4 million. Drawings under the facility were repayable to the extent of $10.7 million in 2009 and the balance in 2010. Following recent agreement with the banks providing the facility, the terms of the facility have been reconstituted so as to provide the group with an $11.75 million term loan repayable over five years and a revolving working capital facility, renewable annually, of $4.75 million.

Apart from the reconstitution of bank borrowings in Indonesia, the group's borrowing and cash positions are substantially unchanged from what they were at 31 December 2008 as disclosed in the recently published 2008 annual report of the company.

For the moment, vegetable oil prices appear to have decoupled from the price of petroleum oil. The improving price trend is being driven by good demand for conventional uses of vegetable oil assisted by restocking in the major consuming countries which had reduced stocks in the immediate aftermath of the international financial crisis. Industry forecasters are predicting some slowdown in the rate of growth in CPO supply in 2009 in part reflecting increased replanting of older areas which are becoming uneconomic to harvest at current CPO prices and for which the Malaysian government is currently providing financial incentives. Although reports indicate that US soybean plantings for the current season will be at a higher level than for the 2008 season, the increase is projected to be slight. It is likely to be offset fully by the effects of drought on South American soybean crops which are expected to show a decline.

The supply demand balance going forward is moderately encouraging, particularly as slower growth in meat demand may adversely impact the economics of future soybean plantings given that revenues from soybean cultivation depend as much on sales of soya meal to the animal feed market as they do on sales of the oil component of the soybeans harvested. Within the CPO component of the vegetable oil complex, less readily available credit and reduced revenues are likely to lead to some slowdown in extension planting and, particularly as respects less efficient growers, reduction in fertiliser applications. This should result in some scaling back in the rate of future growth in CPO supply.

The new plantings that have been established in recent years mean that the group can anyway look forward to steadily increasing crops for several years to come. As inflationary pressures on costs subside, and, assuming that the recent firmer trend in CPO prices is maintained, margins may reasonably be expected to remain at satisfactory levels. The directors therefore retain their previously expressed confidence in the group's future.

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