

GOLDEN HOPE PLANTATIONS BERHAD (29992 U)
(Incorporated in Malaysia)

Directors' Report and Audited Financial Statements
30 June 2005

GOLDEN HOPE PLANTATIONS BERHAD
(Incorporated in Malaysia)

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GOLDEN HOPE PLANTATIONS BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2005.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. It also provides plantation management services and operates its own oil palm and fruits estates.

The principal activities of the subsidiary and associated companies are described in Notes 13 and 14 to the financial statements respectively.

There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM'000	Company RM'000
Profit before taxation	750,449	524,205
Taxation	(213,731)	(120,238)
Profit after taxation	<u>536,718</u>	<u>403,967</u>
Minority interests	13,208	-
Net profit for the year	<u>549,926</u>	<u>403,967</u>

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the statements of changes in equity.

In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature, except as disclosed in Note 7 to the financial statements.

DIVIDENDS

During the financial year, a final dividend of 15 sen per share comprising 2 sen per share tax exempt and 13 sen per share less tax at 28%, amounting to RM120,667,909, in respect of the previous year as proposed in the Directors' Report of that year, was paid on 19 November 2004.

DIVIDENDS (CONT'D.)

An interim dividend of 7 sen per share comprising 2 sen per share tax exempt and 5 sen per share less tax at 28%, amounting to RM79,715,395, in respect of the year under review, was declared on 30 May 2005 and paid on 13 July 2005.

At the forthcoming Annual General Meeting, a final dividend of 13 sen per share, less tax at 28% and a special dividend of 5 sen per share, less tax at 28% totalling RM184,484,197 for the financial year ended 30 June 2005 will be proposed for the shareholders' approval and to be paid on 12 December 2005.

DIRECTORS

The names of the Directors of the Company in office since the date of the last report and at the date of this report are:

Tan Sri Dato' Seri (Dr) Ahmad Sarji	
bin Abdul Hamid	- Chairman
Dato' Sabri bin Ahmad	- Group Chief Executive
Mohammad bin Abdullah	
Dr. Ng Chong Kin	
Datuk Maznah binti Abdul Hamid	
Dato' Dr. Abdul Halim bin Haji Ismail	
Dato' Henry Sackville Barlow	
Tan Sri Dato' Haji Lamin bin Haji	
Mohd Yunus	
Megat Dziauddin bin Megat Mahmud (Resigned on 21.02.05)	
Adi Sasono	(Appointed on 6.12.04; Resigned on 7.12.04)

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the Directors might acquire benefits by means of the acquisition of shares in or debentures of, the Company or any other body corporate.

Since the end of the previous financial year, no Director has received or become entitled to receive any benefits (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in Note 5 to the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

DIRECTORS' INTERESTS

According to the register of Directors' shareholdings, the interests of Directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year were as follows:

Golden Hope Plantations Berhad	Number of Ordinary Shares of RM1 Each			As at 30.6.2005
	As at 1.7.2004	Bought	Sold	
Direct				
Tan Sri Dato' Seri (Dr.) Ahmad Sarji bin Abdul Hamid	2 *	-	-	2 *
Dato' Sabri bin Ahmad	166,100	-	-	166,100
Indirect				
Dato' Sabri bin Ahmad	25,000**	-	-	25,000**
* Non-beneficial				
** Held by nominees				

There were no changes in Directors' interest between 30 June 2005 and 18 August 2005.

None of the other Directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

ISSUE OF SHARES

During the financial year, the issued and paid-up share capital of the Company was increased from 1,062,217,499 to 1,423,489,175 shares following the issue of 361,271,676 shares of RM1 each pursuant to the rationalisation exercise (as detailed in Note 35(c) to the financial statements). These new shares were issued and credited as fully paid and rank pari passu in all respects with the existing shares of the Company except that they would not be entitled for the distribution of the Island & Peninsular Berhad shares pursuant to the Proposed Bonus Issue and Capital Repayment under the rationalisation exercise. The share premium arising from this issue amounted to RM888,728,323.

SUBSTANTIAL SHAREHOLDERS

The following held or were beneficially interested in 5% or more of the issued share capital of the Company as at 18 August 2005:

	No. of Ordinary Shares of RM1 Each	Percentage
Amanah Raya Nominees (Tempatan) Sdn. Bhd., Skim Amanah Saham Bumiputera	478,668,907	33.63
Permodalan Nasional Berhad	331,872,204	23.31
Kumpulan Wang Amanah Pencen	172,000,900	12.08
Employees Provident Fund Board	78,676,929	5.53

There is no other person or corporations known to the Company to be the holder for or beneficial owner of 5% or more of the issued share capital of the Company as at that date.

OTHER STATUTORY INFORMATION

- (a) Before the income statements and balance sheets of the Group and of the Company were made out, the Directors took reasonable steps:
- (i) to ascertain that proper action has been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances which would render:
- (i) the amount written off for bad debts or the amount of the allowance for doubtful debts inadequate to any substantial extent; and
 - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

OTHER STATUTORY INFORMATION (CONT'D.)

- (c) At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:
 - (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability in respect of the Group or of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the Directors:
 - (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

SIGNIFICANT EVENTS

The Group's corporate rationalisation exercise and other significant events during the year are disclosed in Note 35 to the financial statements.

SUBSEQUENT EVENTS

The Group's subsequent events are disclosed in Note 36 to the financial statements.

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AUDITORS

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Directors



**TAN SRI DATO' SERI (DR.) AHMAD
SARJI BIN ABDUL HAMID**
Chairman



DATO' SABRI BIN AHMAD
Director

Kuala Lumpur, Malaysia
25 August 2005

GOLDEN HOPE PLANTATIONS BERHAD
(Incorporated in Malaysia)

INCOME STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005

	Note	Group		Company	
		2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Revenue	3(a)	3,340,443	2,801,553	255,941	263,786
Cost of sales		(2,492,838)	(2,023,150)	(155,147)	(170,541)
Gross profit		847,605	778,403	100,794	93,245
Investment and other income	4	52,443	35,218	473,511	334,662
Selling and marketing expenses		(141,857)	(87,189)	(872)	(5,616)
Administrative expenses		(220,001)	(192,001)	(62,415)	(54,040)
Other operating expenses		(92,247)	(86,327)	(4,035)	(1,597)
Operating profit before finance costs	5	445,943	448,104	506,983	366,654
Finance costs	6	(9,923)	(9,189)	-	-
Operating profit after finance costs		436,020	438,915	506,983	366,654
Share of results of associated companies	3(b)	42,938	34,572	-	-
Exceptional item	7	271,491	(1,529)	17,222	(2,979)
Profit before taxation	3(b) & (e)	750,449	471,958	524,205	363,675
Taxation	8	(213,731)	(132,565)	(120,238)	(68,873)
Company and subsidiary companies		(202,907)	(130,457)	(120,238)	(68,873)
Associated companies		(10,824)	(2,108)	-	-
Profit after taxation		536,718	339,393	403,967	294,802
Continuing operations	9	537,686	346,690	-	-
Discontinuing operations	9	(968)	(7,297)	-	-
Minority interests		13,208	2,322	-	-
Net profit for the year		549,926	341,715	403,967	294,802
Earnings per share (sen)					
Basic	10(a)	42.2	32.5	31.0	28.1
Diluted	10(b)	42.2	32.5	31.0	28.1

The accompanying notes form an integral part of the financial statements.

GOLDEN HOPE PLANTATIONS BERHAD
(Incorporated in Malaysia)

BALANCE SHEETS AS AT 30 JUNE 2005

	Note	Group		Company	
		2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
NON-CURRENT ASSETS					
Property, plant and equipment	12	3,872,345	2,669,040	539,068	181,518
Investments in subsidiary companies	13	-	-	4,828,781	3,549,009
Investments in associated companies	14	352,327	199,500	514,261	65,222
Other investments	15	42,686	42,186	42,440	41,940
Land held for property development	16	90,309	516,769	-	-
Deferred tax assets	17	235,769	315,211	-	-
Goodwill on consolidation	18	187,590	-	-	-
CURRENT ASSETS					
Property development-in-progress	19	190,364	799,371	-	-
Amounts due from customers	20	47,335	37,600	-	-
Inventories	21	280,543	236,046	2,759	2,923
Receivables	22	768,347	538,582	2,004,816	2,589,431
Short term investment	23	1,263,885	-	1,263,885	-
Cash and bank balances	24	452,700	398,618	251,100	228,329
		<u>3,003,174</u>	<u>2,010,217</u>	<u>3,522,560</u>	<u>2,820,683</u>
CURRENT LIABILITIES					
Dividends payable	11	79,715	-	79,715	-
Payables	25	637,572	437,213	5,680,019	4,435,490
Amounts due to customers	20	26,582	20,549	-	-
Bank borrowings	26	213,848	197,250	-	-
Taxation		51,489	44,837	21,779	3,431
		<u>1,009,206</u>	<u>699,849</u>	<u>5,781,513</u>	<u>4,438,921</u>
NET CURRENT ASSETS/ (LIABILITIES)		<u>1,993,968</u>	<u>1,310,368</u>	<u>(2,258,953)</u>	<u>(1,618,238)</u>
		<u>6,774,994</u>	<u>5,053,074</u>	<u>3,665,597</u>	<u>2,219,451</u>

GOLDEN HOPE PLANTATIONS BERHAD
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BALANCE SHEETS AS AT 30 JUNE 2005 (CONT'D.)

	Note	Group		Company	
		2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
FINANCED BY:					
Share capital	27	1,423,489	1,062,217	1,423,489	1,062,217
Reserves	28	4,816,790	3,589,085	2,236,731	1,151,216
Shareholders' equity		6,240,279	4,651,302	3,660,220	2,213,433
Minority interests		197,783	181,075	-	-
		<u>6,438,062</u>	<u>4,832,377</u>	<u>3,660,220</u>	<u>2,213,433</u>
Long term borrowings	29	150,141	113,705	-	-
Long term payable		-	56,528	-	-
Deferred tax liabilities	17	186,791	50,464	5,377	6,018
Non-current liabilities		336,932	220,697	5,377	6,018
		<u>6,774,994</u>	<u>5,053,074</u>	<u>3,665,597</u>	<u>2,219,451</u>

The accompanying notes form an integral part of the financial statements.

GOLDEN HOPE PLANTATIONS BERHAD
(Incorporated in Malaysia)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2005

	Note	Share capital RM'000	Share premium RM'000	Reserve on consolidation RM'000	Exchange adjustment RM'000	Retained profits RM'000	Total RM'000
At 1 July 2003		1,036,502	802,969	71,371	26,003	2,494,927	4,431,772
Net profit for the year		-	-	-	-	341,715	341,715
Dividends paid	11	-	-	-	-	(195,481)	(195,481)
Issue of shares		25,715	46,247	-	-	-	71,962
Purchase of subsidiary company		-	-	(2,395)	-	-	(2,395)
Translation of foreign subsidiary companies		-	-	-	3,729	-	3,729
At 30 June 2004		1,062,217	849,216	68,976	29,732	2,641,161	4,651,302
At 1 July 2004		1,062,217	849,216	68,976	29,732	2,641,161	4,651,302
Net profit for the year		-	-	-	-	549,926	549,926
Dividends paid	11	-	-	-	-	(120,668)	(120,668)
Dividends declared	11	-	-	-	-	(79,715)	(79,715)
Issue of shares		361,272	888,728	-	-	-	1,250,000
Rationalisation exercise expenses written off		-	(6,797)	-	-	-	(6,797)
Changes in Group composition		-	-	(524)	-	-	(524)
Translation of foreign subsidiary companies		-	-	-	(3,245)	-	(3,245)
At 30 June 2005		1,423,489	1,731,147	68,452	26,487	2,990,704	6,240,279

The accompanying notes form an integral part of the financial statements.

GOLDEN HOPE PLANTATIONS BERHAD
(Incorporated in Malaysia)

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2005

	Note	Share capital RM'000	Share premium RM'000	Retained profits RM'000	Total RM'000
At 1 July 2003		1,036,502	802,969	202,679	2,042,150
Net profit for the year		-	-	294,802	294,802
Dividends paid	11	-	-	(195,481)	(195,481)
Issue of shares		25,715	46,247	-	71,962
At 30 June 2004		<u>1,062,217</u>	<u>849,216</u>	<u>302,000</u>	<u>2,213,433</u>
At 1 July 2004		1,062,217	849,216	302,000	2,213,433
Net profit for the year		-	-	403,967	403,967
Dividends paid	11	-	-	(120,668)	(120,668)
Dividends declared	11	-	-	(79,715)	(79,715)
Issue of shares		361,272	888,728	-	1,250,000
Rationalisation exercise expenses written off		-	(6,797)	-	(6,797)
At 30 June 2005		<u>1,423,489</u>	<u>1,731,147</u>	<u>505,584</u>	<u>3,660,220</u>

The accompanying notes form an integral part of the financial statements.

GOLDEN HOPE PLANTATIONS BERHAD
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CASH FLOW STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005

	Group		Company	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	750,449	471,958	524,205	363,675
Adjustments for:				
Depreciation	88,881	76,059	7,019	6,562
(Gain)/loss on disposal of property, plant and equipment	(1,340)	106	(76,245)	(37)
Gain on compulsory acquisition of land	(2,170)	(6,264)	-	-
Gain on disposal of subsidiary companies	(17,848)	-	(9,237)	-
Property, plant and equipment written off	3,591	1,164	257	-
Planted area cut-out	17,170	1,893	357	-
Profit retained by associated companies	(42,938)	(16,867)	-	-
Interest expense	9,923	9,189	-	-
Interest income	(14,110)	(17,864)	(8,111)	(11,489)
Dividend income				
- quoted shares	(122)	(98)	(3,581)	(3,450)
- unquoted shares	(1,871)	(1,815)	(377,259)	(319,457)
Exceptional item	(271,491)	1,529	(17,222)	2,979
Goodwill amortised	10,000	-	-	-
Impairment of property, plant and equipment	1,221	-	-	-
Operating profit before working capital changes	529,345	518,990	40,183	38,783
Working capital changes:				
Amounts due (to)/from customers	(3,702)	27,420	-	-
Inventories	(46,347)	2,645	164	(1,131)
Receivables	(254,065)	(4,625)	113,780	(200,860)
Payables	161,750	(133,832)	(389,166)	17,639
Cash generated from/(used in) operations	386,981	410,598	(235,039)	(145,569)
Interest paid	(14,553)	(14,102)	-	-
Taxation (paid)/refund	(93,738)	(140,398)	4,072	(66,093)
Net cash generated from/(used in) operating activities	278,690	256,098	(230,967)	(211,662)

GOLDEN HOPE PLANTATIONS BERHAD
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CASH FLOW STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005 (CONT'D.)

	Group		Company	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(140,520)	(87,515)	(10,793)	(34,761)
Proceeds from disposal of property, plant and equipment	6,822	2,415	1,447	107
Proceeds from compulsory acquisition of land	3,585	6,677	-	-
Acquisition of subsidiary company (Note 30)	11,254	(19,617)	(4,675)	(64,515)
Proceeds from disposal of subsidiary companies (Note 31)	4,975	55,809	10,073	58,509
Proceeds from disposal of associated companies	1,782	-	-	-
Expenditure/(realisation) on property development	14,976	(102,704)	-	-
Purchase of additional shares in subsidiary companies	(3,800)	-	(3,800)	(25,085)
Interest received	14,110	17,864	8,111	11,489
Dividends received				
- quoted shares	122	98	3,581	3,450
- unquoted shares	1,871	1,815	377,259	319,457
Exchange adjustments	1,977	(8,587)	-	-
Net cash (used in)/generated from investing activities	(82,846)	(133,745)	381,203	268,651

GOLDEN HOPE PLANTATIONS BERHAD
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CASH FLOW STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005 (CONT'D.)

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES				
Issue of shares	-	25,715	-	25,715
Share premium on issue of shares	-	46,247	-	46,247
Rationalisation exercise expenses paid	(6,797)	-	(6,797)	-
Shares issued to minority shareholders	-	90	-	-
Drawdown of revolving credit	2,149	9,374	-	-
Repayment of term loans	(14,274)	(75)	-	-
Repayment of export credit refinancing	(4)	(995)	-	-
Dividends paid				
- members of the Company	(120,668)	(195,481)	(120,668)	(195,481)
- minority shareholders in subsidiary companies	(2,326)	(2,069)	-	-
Net cash used in financing activities	<u>(141,920)</u>	<u>(117,194)</u>	<u>(127,465)</u>	<u>(123,519)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	53,924	5,159	22,771	(66,530)
EFFECTS OF EXCHANGE RATE CHANGES	(50)	(350)	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>395,761</u>	<u>390,952</u>	<u>228,329</u>	<u>294,859</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>449,635</u>	<u>395,761</u>	<u>251,100</u>	<u>228,329</u>
The cash and cash equivalents comprise:				
Cash and bank balances (Note 24)	452,700	398,618	251,100	228,329
Bank overdrafts (Note 26)	(3,065)	(2,857)	-	-
	<u>449,635</u>	<u>395,761</u>	<u>251,100</u>	<u>228,329</u>

The accompanying notes form an integral part of the financial statements.

GOLDEN HOPE PLANTATIONS BERHAD
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NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2005

1. CORPORATE INFORMATION

The Company is an investment holding company. It also provides plantation management services and operates its own oil palm and fruits estates. The principal activities of the subsidiary and associated companies are disclosed in Notes 13 and 14 to the financial statements respectively. There have been no significant changes in the nature of the principal activities during the financial year.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Board of Bursa Malaysia Securities Berhad. The registered office of the Company is located at 13th Floor, Menara PNB, No. 201-A, Jalan Tun Razak, 50400 Kuala Lumpur.

The ultimate holding company of the Company is Yayasan Pelaburan Bumiputra, a company limited by guarantee, incorporated in Malaysia.

The total numbers of employees in the Group and in the Company (including Executive Directors) at the end of the financial year were 22,925 (2004: 17,059) and 1,628 (2004: 1,443) respectively.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 25 August 2005.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial statements of the Group and of the Company have been prepared under the historical cost convention, unless otherwise disclosed in the significant accounting policies and comply with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia.

During the financial year ended 30 June 2005, the Group and the Company adopted the following Malaysian Accounting Standards Board (MASB) Standard for the first time:

MASB 32	Property Development Activities
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The adoption of MASB 32 has not given rise to any adjustments to the opening balances of retained profits of the prior and current year or to changes in comparatives.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(b) Basis of Consolidation

(i) Subsidiary Companies

The consolidated financial statements include the financial statements of the Company and all its subsidiary companies. Subsidiary companies are those companies in which the Group has a long term equity interest and where it has power to exercise control over the financial and operating policies so as to obtain benefits therefrom.

Subsidiary companies are consolidated using the acquisition method of accounting. Under the acquisition method of accounting, the results of subsidiary companies acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. The assets and liabilities of a subsidiary company are measured at their fair values at the date of acquisition and these values are reflected in the consolidated balance sheet. The difference between the cost of an acquisition and the fair value of the Group's share of the net assets of the acquired subsidiary company at the date of acquisition is included in the consolidated balance sheet as goodwill arising on consolidation or reserve on consolidation.

Intragroup transactions, balances and resulting unrealised gains are eliminated on consolidation and the consolidated financial statements reflect external transactions only. Unrealised losses are eliminated on consolidation unless costs cannot be recovered.

The gain or loss on disposal of a subsidiary company is the difference between net disposal proceeds and the Group's share of its net assets together with any unamortised balance of goodwill and exchange differences which were not previously recognised in the consolidated income statement.

Minority interest is measured based on the minorities' share of the post acquisition fair values of the identifiable assets and liabilities of the acquiree.

(ii) Associated Companies

Associated companies are those companies in which the Group has a long term equity interest and where it exercises significant influences over the financial and operating policies.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(b) Basis of Consolidation (Cont'd.)

(ii) Associated Companies (Cont'd.)

Investments in associated companies are accounted for in the consolidated financial statements by the equity method of accounting based on the audited or management financial statements of the associated companies. Under the equity method of accounting, the Group's share of profits less losses of associated companies during the year are included in the consolidated income statement. The Group's interests in associated companies are carried in the consolidated balance sheet at cost plus the Group's share of post-acquisition retained profits or accumulated losses and other reserves as well as goodwill on acquisition.

Unrealised gains on transactions between the Group and the associated companies are eliminated to the extent of the Group's interest in the associated companies. Unrealised losses are eliminated unless cost cannot be recovered.

(c) Goodwill

Goodwill represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary company, associated company or jointly controlled entity at the date of acquisition.

Goodwill is stated at cost less accumulated amortisation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(1). Goodwill arising on the acquisition of subsidiary companies is presented separately in the balance sheet while goodwill arising on the acquisition of associated companies and jointly controlled entities is included within the respective carrying amounts of these investments. Goodwill is amortised on a straight-line basis over its estimated useful life of 20 years.

(d) Investments in Subsidiary and Associated Companies

The Company's investments in subsidiary and associated companies are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(1).

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is recognised in the income statement.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(e) Property, Plant and Equipment and Depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(l).

- (i) Freehold land is not depreciated.
- (ii) Leasehold land is depreciated over the period of the lease.
- (iii) Estates are on freehold, long or renewable leases. Long leasehold estates with unexpired lease periods of more than 50 years, are not depreciated as the impact of non depreciation is deemed immaterial. No depreciation is made for renewable lease estates.

Expenditure on new planting and upkeep of trees to maturity is capitalised.

Replanting expenditure and planted area cut-out are charged to revenue.

- (iv) Depreciation of other property, plant and equipment is provided for on a straight line basis to write off the cost of each asset to its residual value over the period of its estimated useful life.

The periods applied are as follows:

Buildings	10 to 50 years
Plant and machinery	3 to 20 years
Furniture and fittings	7 to 15 years
Vehicles	3 to 5 years

Upon the disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and the carrying amount is recognised in the income statement.

(f) Land Held for Property Development and Property Development-In-Progress

(i) Land held for property development

Land held for property development consists of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is stated at cost less any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(l).

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(f) Land Held for Property Development and Property Development-In-Progress (Cont'd.)

(i) Land held for property development (Cont'd.)

Land held for property development is reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

(ii) Property development-in-progress

Property development-in-progress comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

When the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised in the income statement by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Where the financial outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable, and property development costs on properties sold are recognised as an expense in the period in which they are incurred.

Any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately.

Property development costs not recognised as an expense are recognised as an asset, which is measured at the lower of cost and net realisable value.

(g) Amounts Due From/(To) Customers

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable, and contract costs are recognised as an expense in the period in which they are incurred.

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised over the period of contract as revenue and expenses respectively.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(g) Amounts Due From/(To) Customers (Cont'd.)

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

The aggregate of the costs incurred and the profit/loss recognised on each contract is compared against the progress billings up to the year end. Where costs incurred and recognised profits (less recognised losses) exceed progress billings, the balance is shown as amount due from customers on construction contracts. When progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is shown as amount due to customers on construction contracts.

(h) Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

Costs of produce stocks comprise ex-estate costs and a proportion of head office costs, determined on an average basis. Costs of refined palm oil, finished goods and work-in-progress comprise direct materials, direct labour and attributable overheads, determined on a weighted average basis. Costs of raw materials and stores are determined on a weighted average basis.

The cost of unsold completed properties consists of apportioned land cost and development expenditure incurred less provision for diminution in value of unsold properties. Unsold properties are stated at the lower of cost and net realisable value.

(i) Statements of Cash Flows

The statements of cash flows classify changes in cash and cash equivalents according to operating, investing and financing activities. The Group and the Company do not consider any of the assets other than cash and bank balances and short term deposits, reduced by bank overdrafts, to meet the definition of cash and cash equivalents. The statements of cash flows are prepared using the indirect method.

(j) Foreign Currencies

(i) Foreign Currency Transactions

Transactions in foreign currencies are initially recorded in Ringgit Malaysia at rates of exchange ruling at the date of transaction, or where settlements have not taken place by the year end at the approximate rates ruling at that date.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(j) Foreign Currencies (Cont'd.)

(i) Foreign Currency Transactions (Cont'd.)

Non-monetary items which are carried at historical cost are translated using the historical rate as at the date of acquisition and non-monetary items which are carried at fair value are translated using the exchange rate that existed when the values were determined.

All exchange rate differences are taken to the income statement with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These exchange differences are taken directly to equity until the disposal of the net investment, at which time they are recognised in the income statement.

(ii) Foreign Entities

Financial statements of foreign consolidated subsidiary companies are translated at year-end exchange rates with respect to the assets and liabilities, and at exchange rates at the dates of the transactions with respect to the income statement. All resulting translation differences are included in the foreign exchange reserve in shareholders' equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the Company and translated at the exchange rate ruling at the date of the transaction.

The principal exchange rates used for every unit of foreign currency ruling at the balance sheet date are as follows:

	2005 RM	2004 RM
1 Chinese Renminbi	0.468	0.468
1 Euro	4.641	4.641
1 United States Dollar	3.800	3.800
1,000 Vietnamese Dong	0.243	0.244
1,000 Indonesian Rupiah	0.416	0.455
1 Rand	0.672	0.594
1 Singapore Dollar	2.277	2.237
100 Bangladesh Taka	6.400	6.630

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(k) Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or negative goodwill.

(l) Impairment of Assets

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication of impairment. If any such indication exists, impairment is measured by comparing the carrying values of the assets with their recoverable amounts. Recoverable amount is the higher of net selling price and value in use, which is measured by reference to discounted future cash flows.

An impairment loss is recognised as an expense in the income statement immediately. Reversal of impairment losses recognised in prior years is recorded when the impairment losses recognised for the asset no longer exist or have decreased.

(m) Research and Development

Expenditure on research and development is written off in the income statement in the year in which it is incurred.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(n) Revenue Recognition

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably. The following specific recognition criteria must also be met before revenue is recognised:

(i) Sale of Goods/Services

Revenue from the sale of goods is recognised when significant risks and rewards of ownership of goods have been passed to the buyers. Revenue for services rendered is recognised upon performance of services.

(ii) Development Properties and Construction Contracts

Revenue from property development and construction is recognised on the percentage of completion method. Full provision is made for anticipated losses. The percentage of completion of construction-in-progress is determined based on the proportion of contract costs incurred for work performed to date over the estimated total contract costs.

(iii) Interest Income

Interest on deposits is accounted for on an accrual basis. For subsidiary and associated companies, dividend is accounted for when the right to receive payment is established.

(o) Financial Instruments

Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interests, dividends and gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(o) Financial Instruments (Cont'd.)

(i) Other Non-Current Investments

Non-current investments other than investments in subsidiary and associated companies are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(1).

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in the income statement.

(ii) Marketable Securities

Marketable securities are carried at the lower of cost and market value, determined on an aggregate basis. Cost is determined on the weighted average basis while market value is determined based on quoted market values. Increases or decreases in the carrying amount of marketable securities are recognised in the income statement. On disposal of marketable securities, the difference between net disposal proceeds and the carrying amount is recognised in the income statement.

(iii) Trade Receivables

Trade receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debts based on a review of all outstanding amounts as at the balance sheet date.

(iv) Trade Payables

Trade payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

(v) Interest-Bearing Borrowings

Interest-bearing bank loans and overdrafts are recorded at the amount of proceeds received, net of transaction costs.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such times as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in the income statement as an expense in the period in which they are incurred.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(vi) Equity Instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

(p) Employee Benefits

(i) Short Term Benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by the employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services rendered by employees that increase their entitlement to future compensated absence. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined Contribution Plans

As required by law, companies in Malaysia make contributions to the Employees Provident Fund ("EPF"). Some of the Group's foreign subsidiary companies make contributions to their respective countries' statutory pension schemes. Such contributions are recognised as an expense in the income statement as incurred.

3. SEGMENT INFORMATION

(a) Revenue

Revenue of the Company represents value of goods sold, trading and services rendered during the year. In respect of the Group, this represents value of goods sold, trading, progress billings on sale of houses and services rendered to external customers.

Analysis of revenue by activity:

	Group		Company	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
Sale of goods				
Palm products:				
Refined palm oil	142,276	101,234	837	-
Crude palm oil	853,827	660,262	107,902	59,240
Others	213,822	132,361	28,679	28,662
	<u>1,209,925</u>	<u>893,857</u>	<u>137,418</u>	<u>87,902</u>
Rubber	44,760	46,123	-	-
Others	146,812	161,348	68,355	131,852
	<u>1,401,497</u>	<u>1,101,328</u>	<u>205,773</u>	<u>219,754</u>
Rendering of services				
Fees and commissions	49,927	43,816	50,168	44,032
Plantation operations	<u>1,451,424</u>	<u>1,145,144</u>	<u>255,941</u>	<u>263,786</u>
Sale of goods				
Property development and management	161,346	249,068	-	-
Oils & fats	2,266,318	1,819,107	-	-
Others	182,915	164,086	-	-
	<u>4,062,003</u>	<u>3,377,405</u>	<u>255,941</u>	<u>263,786</u>
Inter-segment sales:				
- Plantation operations	(680,140)	(561,789)	-	-
- Oils & fats	(17,936)	(14,063)	-	-
- Others	(23,484)	-	-	-
	<u>(721,560)</u>	<u>(575,852)</u>	<u>-</u>	<u>-</u>
	<u>3,340,443</u>	<u>2,801,553</u>	<u>255,941</u>	<u>263,786</u>

3. SEGMENT INFORMATION (CONT'D.)

(b) Business Segments

The main business segments of the Group comprise the following:

Plantation and other related businesses	Cultivation, processing and sales of palm oil, palm kernel, fresh fruit bunches and rubber and trading.
Property development and management	Development and construction of residential, commercial and industrial property and the sale of developed land.
Oils & Fats	Production and sales of oils and fats.
Others	Production and sales of rubber footwear and technical products, coconut-based food products, fruit juices and puree and the provision of agricultural consultancy services. Production and sales of oil palm seeds and seedlings.

The Directors are of the opinion that all inter-segment transactions have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

3. SEGMENT INFORMATION (CONT'D.)

(b) Business Segments (Cont'd.)

	Plantation and Other Related Businesses RM'000	Property Development and Management RM'000	Oils & Fats RM'000	Others RM'000	Elimination RM'000	Total RM'000
30 June 2005						
REVENUE						
External sales	771,284	161,346	2,248,382	159,431	-	3,340,443
Inter-segment sales	680,140	-	17,936	23,484	(721,560)	-
Total revenue	<u>1,451,424</u>	<u>161,346</u>	<u>2,266,318</u>	<u>182,915</u>	<u>(721,560)</u>	<u>3,340,443</u>
RESULT						
Operating profit/(loss)	424,425	(32,228)	(12,356)	3,736	-	383,577
Investment income						1,993
Deposit interest						10,317
Other income						40,133
Associated companies	-	8,020	34,606	312	-	42,938
Exceptional item						<u>271,491</u>
Profit before taxation						<u>750,449</u>
30 June 2004						
REVENUE						
External sales	583,355	249,068	1,805,044	164,086	-	2,801,553
Inter-segment sales	561,789	-	14,063	-	(575,852)	-
Total revenue	<u>1,145,144</u>	<u>249,068</u>	<u>1,819,107</u>	<u>164,086</u>	<u>(575,852)</u>	<u>2,801,553</u>
RESULT						
Operating profit/(loss)	361,119	80,350	(22,352)	(15,420)	-	403,697
Investment income						1,913
Deposit interest						11,836
Other income						21,469
Associated companies	1,001	-	33,800	(229)	-	34,572
Exceptional item						<u>(1,529)</u>
Profit before taxation						<u>471,958</u>

3. SEGMENT INFORMATION (CONT'D.)

(b) Business Segments (Cont'd.)

	Plantation and Other Related Businesses RM'000	Property Development and Management RM'000	Oils & Fats RM'000	Others RM'000	Total RM'000
30 June 2005					
OTHER INFORMATION					
Segment assets	5,838,701	676,283	785,379	88,824	7,389,187
Associated companies	1,911	130,690	194,307	25,419	352,327
Other investments	42,021	610	-	55	42,686
Total assets	<u>5,882,633</u>	<u>807,583</u>	<u>979,686</u>	<u>114,298</u>	<u>7,784,200</u>
Segment liabilities	<u>673,801</u>	<u>280,824</u>	<u>383,691</u>	<u>7,822</u>	<u>1,346,138</u>
Capital expenditure	99,554	2,667	27,429	10,870	140,520
Depreciation	58,466	1,381	26,360	2,674	88,881
Property, plant and equipment written off	(3,434)	(148)	-	(9)	(3,591)
(Loss)/gain on exchange	-	-	(5,515)	5	(5,510)
30 June 2004					
OTHER INFORMATION					
Segment assets	2,826,482	1,896,710	678,369	109,676	5,511,237
Associated companies	3,693	2,420	168,279	25,108	199,500
Other investments	42,021	110	-	55	42,186
Total assets	<u>2,872,196</u>	<u>1,899,240</u>	<u>846,648</u>	<u>134,839</u>	<u>5,752,923</u>
Segment liabilities	<u>235,268</u>	<u>331,006</u>	<u>297,952</u>	<u>56,320</u>	<u>920,546</u>
Capital expenditure	52,761	5,716	22,667	6,371	87,515
Depreciation	43,294	3,151	8,691	20,923	76,059
Property, plant and equipment written off	(399)	(698)	-	(67)	(1,164)
Gain on exchange	-	-	10	881	891

3. SEGMENT INFORMATION (CONT'D.)

(c) Assets by geographical locations:

	Revenue RM'000	Operating Profit RM'000	Total Assets RM'000	Capital Expenditure RM'000
30 June 2005				
Malaysia	1,582,380	377,014	6,871,988	108,707
Europe	1,355,856	7,766	453,692	18,592
South Africa	284,209	442	158,857	3,306
Asia	117,998	(1,645)	299,663	9,915
	<u>3,340,443</u>	<u>383,577</u>	<u>7,784,200</u>	<u>140,520</u>
30 June 2004				
Malaysia	1,430,559	412,380	5,147,571	71,414
Europe	1,279,417	(6,697)	442,230	9,051
Asia	91,577	(1,986)	163,122	7,050
	<u>2,801,553</u>	<u>403,697</u>	<u>5,752,923</u>	<u>87,515</u>

(d) Geographical Segments

Analysis of revenue by geographical market:

	Total Revenue from External Customers	
	2005 RM'000	2004 RM'000
Malaysia	1,010,766	931,905
Europe/Russia	1,423,755	1,421,802
Japan/Vietnam/Korea/China	377,418	259,407
United States of America	63,548	69,169
Australia/New Zealand	14,326	22,983
India/Pakistan/Bangladesh	10,532	4,211
West Asia/Middle East	92,057	24,885
Africa	303,743	26,836
Others	44,298	40,355
	<u>3,340,443</u>	<u>2,801,553</u>

3. SEGMENT INFORMATION (CONT'D.)

(e) Profit Before Taxation

Analysis of profit by activity:

	Group		Company			
	2005 RM'000	%	2004 RM'000	%	2005 RM'000	2004 RM'000
Palm Products	445,423	97	367,084	97	48,904	41,325
Rubber	12,728	3	12,191	3	-	-
Operating surplus	458,151	<u>100</u>	379,275	<u>100</u>	48,904	41,325
Less: Replanting expenditure and planted area cut-out	<u>(40,997)</u>		<u>(20,695)</u>		<u>(4,035)</u>	<u>(701)</u>
	417,154		358,580		44,869	40,624
Fees and commissions	1,155		298		(12,088)	(10,007)
Others	<u>6,116</u>		<u>2,241</u>		<u>691</u>	<u>1,375</u>
Plantation and other related businesses	424,425		361,119		33,472	31,992
Property development and management	(32,228)		80,350		-	-
Oils & fats	(12,356)		(22,352)		-	-
Others	3,736		(15,420)		-	-
Investment and other income	<u>52,443</u>		<u>35,218</u>		<u>473,511</u>	<u>334,662</u>
OPERATING PROFIT AFTER FINANCE COSTS	436,020		438,915		506,983	366,654
Exceptional item	271,491		(1,529)		17,222	(2,979)
Associated companies	<u>42,938</u>		<u>34,572</u>		<u>-</u>	<u>-</u>
PROFIT BEFORE TAXATION	<u>750,449</u>		<u>471,958</u>		<u>524,205</u>	<u>363,675</u>

4. INVESTMENT AND OTHER INCOME

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Dividends (gross):				
Quoted shares in Malaysia:				
Subsidiary company	-	-	3,459	3,190
Associated company	-	-	-	162
Others	122	98	122	98
Unquoted shares:				
Subsidiary companies	-	-	375,394	300,155
Associated companies	-	-	-	17,500
Others	1,871	1,815	1,865	1,802
Other income:				
Deposit interest	10,317	11,836	5,717	10,251
Interest income	3,793	6,028	2,394	1,238
Gain on disposal of investment in subsidiary companies	17,848	-	9,237	-
* Gain on disposal of property, plant and equipment	3,510	6,158	76,245	37
Others	14,982	9,283	(922)	229
	<u>52,443</u>	<u>35,218</u>	<u>473,511</u>	<u>334,662</u>

* Included in gain on disposal of property, plant and equipment is gain of RM2,170,000 (2004: RM6,264,000) arising from compulsory acquisition of land.

5. OPERATING PROFIT BEFORE FINANCE COSTS

(a) Operating profit before finance costs is stated after charging:

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Staff costs (Note 5(c))	341,868	288,967	44,302	35,442
Depreciation (Note 12)	88,881	76,059	7,019	6,562
Research and development	23,484	17,825	1,447	1,062
Impairment of property, plant and equipment (Note 12)	1,221	-	-	-
Amortisation of goodwill (Note 18)	10,000	-	-	-
Auditors' remuneration				
- statutory audit	1,074	982	30	30
- other services	778	1,619	313	1,228
Rental of office premises	5,114	4,487	4,533	3,906
Replanting expenditure	23,827	18,802	3,678	701
Planted area cut-out	17,170	1,893	357	-
Property, plant and equipment written off	3,591	1,164	257	-
Directors' remuneration				
- fees	540	530	345	353
- emoluments	655	1,895	655	1,895
- benefits in kind	51	59	51	59

(b) Directors' Remuneration

	Executive Directors		Non-Executive Directors	
	2005 No.	2004 No.	2005 No.	2004 No.
Remuneration paid and payable to Directors of the Company analysed into bands of RM50,000:				
RM50,000 and below	-	-	2	4
RM50,001 - RM100,000	-	-	4	2
RM100,001 - RM150,000	-	-	1	2
RM300,001 - RM350,000	-	1	-	-
RM550,001 - RM600,000	-	1	-	-
RM700,001 - RM750,000	1	-	-	-
RM1,000,001 - RM1,050,000	-	1	-	-

5. OPERATING PROFIT BEFORE FINANCE COSTS (CONT'D.)

(b) Directors' Remuneration (Cont'd.)

	Group		Company	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
Non-Executive:				
Fees				
Tan Sri Dato' Seri (Dr.)				
Ahmad Sarji bin				
Abdul Hamid	118	115	69	69
Mohammad bin Abdullah	99	101	46	46
Dr. Ng Chong Kin	46	46	46	46
Datuk Maznah binti				
Abdul Hamid	46	46	46	46
Washington SyCip	-	8	-	8
Dato' Dr. Abdul Halim bin				
Haji Ismail	61	48	46	46
Dato' Henry Sackville				
Barlow	85	83	46	46
Tan Sri Dato' Haji Lamin				
bin Haji Mohd Yunus	85	83	46	46
	<u>540</u>	<u>530</u>	<u>345</u>	<u>353</u>
Executive:				
Emoluments				
Dato' Sabri bin Ahmad	655	310	655	310
Dato' Abd. Wahab				
bin Maskan	-	1,009	-	1,009
Megat Dziauddin bin				
Megat Mahmud	-	576	-	576
	<u>655</u>	<u>1,895</u>	<u>655</u>	<u>1,895</u>
Benefits in kind				
Dato' Sabri bin Ahmad	51	22	51	22
Dato' Abd. Wahab				
bin Maskan	-	23	-	23
Megat Dziauddin bin				
Megat Mahmud	-	14	-	14
	<u>51</u>	<u>59</u>	<u>51</u>	<u>59</u>

5. OPERATING PROFIT BEFORE FINANCE COSTS (CONT'D.)

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
(c) Staff Costs				
Wages and salaries	300,693	248,096	39,640	30,585
Employees provident fund	29,367	28,242	4,215	3,848
Social security costs	7,367	7,167	187	97
Other related costs	4,441	5,462	260	912
	<u>341,868</u>	<u>288,967</u>	<u>44,302</u>	<u>35,442</u>

6. FINANCE COSTS

	Group	
	2005 RM'000	2004 RM'000
Finance costs comprise:		
Interest expense		
- bank overdrafts	1,075	883
- term loans	4,637	5,665
- revolving credits and export credit refinancing	4,211	2,641
	<u>9,923</u>	<u>9,189</u>

7. EXCEPTIONAL ITEM

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
(Loss)/gain on the disposal of I&P Seriemas Sdn. Bhd. (formerly known as Golden Hope Development Sdn. Bhd.), I&P Alam Impian Sdn. Bhd. (formerly known as Golden Hope Properties Sdn. Bhd) and I&P Permodalan Harta Sdn. Bhd. (formerly known as Golden Hope Properties (Johor) Sdn. Bhd.)	(21,023)	-	17,222	-
Realisation of profit arising from the above disposal (previously unrealised due to lands sold within the Group)	292,514	-	-	-
Under provision for loss on disposal of investments in subsidiary companies	-	(1,529)	-	(2,979)
	<u>271,491</u>	<u>(1,529)</u>	<u>17,222</u>	<u>(2,979)</u>

8. TAXATION

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Tax expense for the year:				
Malaysian income tax	109,046	103,164	120,879	68,132
Foreign tax	2,197	(566)	-	-
	<u>111,243</u>	<u>102,598</u>	<u>120,879</u>	<u>68,132</u>
Deferred tax: (Note 17)				
Relating to origination and reversal of temporary differences	91,664	27,859	(641)	741
Associated companies	10,824	2,108	-	-
	<u>213,731</u>	<u>132,565</u>	<u>120,238</u>	<u>68,873</u>

8. TAXATION (CONT'D.)

Domestic income tax is calculated at the Malaysian statutory rate of 28% (2004: 28%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

Reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company are as follows:

	2005	2004
	RM'000	RM'000
Group		
Profit before taxation	<u>750,449</u>	<u>471,958</u>
Taxation at Malaysian statutory rate of 28% (2004: 28%)	210,126	132,148
Effect of different tax rates in other countries	666	68
Effect from exceptional item	(76,017)	-
Income not subject to tax	(13,104)	(24,652)
Expenses not deductible for tax purposes	11,664	9,954
Expenses double deducted for tax purposes	(3,644)	(1,670)
Utilisation of previous year's capital allowances	(9,385)	(8,377)
Losses without Group relief	13,019	15,100
Utilisation of current year's tax incentives	(2,800)	(5,880)
Utilisation of deferred tax assets	83,206	15,874
Tax expense for the year	<u>213,731</u>	<u>132,565</u>
Company		
Profit before taxation	<u>524,205</u>	<u>363,675</u>
Taxation at Malaysian statutory rate of 28% (2004: 28%)	146,777	101,829
Income not subject to tax	(31,411)	(34,394)
Utilisation of current year's tax incentives	(2,800)	(5,880)
Expenses not deductible for tax purposes	7,672	7,318
Tax expense for the year	<u>120,238</u>	<u>68,873</u>

8. TAXATION (CONT'D.)

Tax losses are analysed as follows:

	Group		Company	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
Tax savings recognised during the year arising from:				
Unutilised tax losses carried forward	36,729	36,729	-	-

Unabsorbed capital allowances are analysed as follows:

	Group		Company	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
Tax savings recognised during the year arising from:				
Utilisation of current year's unabsorbed capital allowances	-	6,452	-	5,805
Utilisation of unabsorbed capital allowances brought forward from previous years	9,385	8,377	-	-
Unabsorbed capital allowances carried forward	111,653	119,752	-	-

9. PROFIT AFTER TAXATION

GROUP	Note	Continuing Operations RM'000	Discontinuing Operations RM'000	Total RM'000
2005				
Revenue	3(a)	3,335,968	4,475	3,340,443
Operating profit/(loss) before finance costs	5	446,892	(949)	445,943
Finance costs	6	(9,904)	(19)	(9,923)
Operating profit/(loss) after finance costs		436,988	(968)	436,020
Share of results of associated companies	3(b)	42,938	-	42,938
Exceptional item	7	271,491	-	271,491
Profit/(loss) before taxation	3(b) & (e)	751,417	(968)	750,449
Taxation	8	(213,731)	-	(213,731)
Company and subsidiary companies		(202,907)	-	(202,907)
Associated companies		(10,824)	-	(10,824)
Profit/(loss) after taxation		537,686	(968)	536,718
2004				
Revenue	3(a)	2,763,474	38,079	2,801,553
Operating profit/(loss) before finance costs	5	455,270	(7,166)	448,104
Finance costs	6	(9,058)	(131)	(9,189)
Operating profit/(loss) after finance costs		446,212	(7,297)	438,915
Share of results of associated companies	3(b)	34,572	-	34,572
Exceptional item	7	(1,529)	-	(1,529)
Profit/(loss) before taxation	3(b) & (e)	479,255	(7,297)	471,958
Taxation	8	(132,565)	-	(132,565)
Company and subsidiary companies		(130,457)	-	(130,457)
Associated companies		(2,108)	-	(2,108)
Profit/(loss) after taxation		346,690	(7,297)	339,393

9. PROFIT AFTER TAXATION (CONT'D.)

Discontinuing Operations

During the year, the disposal of a wholly-owned subsidiary company, Dongwha Parquet Sdn. Bhd. (formerly known as Golden Hope Parquet Sdn. Bhd.) to Dongwha GH International Sdn. Bhd., a company which is 30% held by the Company, was completed on 30 September 2004. The disposal is in line with the Group's rationalisation exercise which is to focus on plantation and other related businesses.

The effects of the disposal on the revenue, results and cash flows of the subsidiary company were as follows:

	Financial period ended At Disposal Date RM'000	Financial year ended 30.6.2004 RM'000
Revenue	4,475	38,079
Loss from operations	(949)	(7,166)
Finance costs	(19)	(131)
Loss before taxation	(968)	(7,297)
Taxation	-	-
Net loss for the year	(968)	(7,297)
Cash flows from operating activities	(740)	(859)
Cash flows from investing activities	-	7
Cash flows from financing activities	56	1,617
Total cash flows	(684)	765

In respect of the financial year ended 30 June 2004, the effects of the disposal on the revenue, results and cash flows of subsidiary companies included the disposal of two wholly-owned subsidiary companies, Dongwha Fibreboard Sdn. Bhd. and Dongwha Furniture Sdn. Bhd.

10. EARNINGS PER SHARE**(a) Basic**

Basic earnings per share is calculated by dividing the net profit for the year by the weighted average number of ordinary shares in issue during the financial year.

	Group		Company	
	2005	2004	2005	2004
Net profit for the year (RM'000)	<u>549,926</u>	<u>341,715</u>	<u>403,967</u>	<u>294,802</u>
Weighted average number of ordinary shares in issue ('000)	<u>1,303,065</u>	<u>1,050,750</u>	<u>1,303,065</u>	<u>1,050,750</u>
Basic earnings per share (sen)	<u>42.2</u>	<u>32.5</u>	<u>31.0</u>	<u>28.1</u>

(b) Diluted

The Group and the Company have no potential options and/or other items that are dilutive in nature as at balance sheet date and therefore, diluted earnings per share are the same as the basic earnings per share.

11. DIVIDENDS - COMPANY

	2005		2004	
	Sen per share (gross)	RM'000 (net)	Sen per share (gross)	RM'000 (net)
Interim dividend for 2005 Declared on 30 May 2005 and paid on 13 July 2005 (2004: paid on 5 April 2004)				
- Tax exempt	2	28,470	-	-
- Tax paid	5	51,245	10	76,240
	<u>7</u>	<u>79,715</u>	<u>10</u>	<u>76,240</u>
Final dividend for 2004 paid on 19 November 2004 (Final dividend for 2003: paid on 19 November 2003)				
- Tax exempt	2	21,244	2	20,993
- Tax paid	13	99,424	13	98,248
	<u>15</u>	<u>120,668</u>	<u>15</u>	<u>119,241</u>
	<u>22</u>	<u>200,383</u>	<u>25</u>	<u>195,481</u>

At the forthcoming Annual General Meeting, a final dividend of 13 sen per share, less tax at 28% and a special dividend of 5 sen per share, less tax at 28% totalling RM184,484,197 for the financial year ended 30 June 2005 will be proposed for the shareholders' approval and to be paid on 12 December 2005.

12. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold	Short Leasehold	Estates	Buildings	Plant	Furniture	Vehicles	Total
	Land	Land			and	and		
	RM'000	RM'000	RM'000	RM'000	Machinery	Fittings	RM'000	RM'000
					RM'000	RM'000		
Cost								
At 1 July 2004	41,529	10,279	1,970,292	551,808	664,788	74,346	93,035	3,406,077
Exchange adjustments	-	(5)	-	(334)	(1,419)	(50)	(40)	(1,848)
Additions	-	-	11,168	67,260	40,072	9,849	12,171	140,520
Reclassification from land held for property development	-	-	6,721	-	-	-	-	6,721
Reclassification to land held for property development	-	-	(1,710)	-	-	-	-	(1,710)
Purchase of subsidiary companies	-	14,992	909,833	225,763	134,034	8,667	23,108	1,316,397
Disposal of subsidiary companies	(20,291)	(1,159)	-	(13,980)	(22,616)	(1,957)	(1,168)	(61,171)
Disposals	-	-	(1,358)	(5,048)	(15,073)	(868)	(6,913)	(29,260)
Impairment of assets	-	-	-	(1,221)	-	-	-	(1,221)
Write off	-	-	(17,170)	(3,826)	(11,378)	(3,833)	(4,096)	(40,303)
At 30 June 2005	21,238	24,107	2,877,776	820,422	788,408	86,154	116,097	4,734,202
Accumulated Depreciation								
At 1 July 2004	-	4,445	-	244,263	354,072	49,633	84,624	737,037
Exchange adjustments	-	-	-	(123)	3,541	(64)	(30)	3,324
Charge for the year (Note 5)	-	386	823	27,450	46,904	7,845	5,473	88,881
Purchase of subsidiary companies	-	342	14,724	17,462	37,414	5,446	21,335	96,723
Disposal of subsidiary companies	-	(149)	-	(4,063)	(15,988)	(1,136)	(869)	(22,205)
Disposals	-	-	-	(6,527)	(9,180)	(818)	(5,836)	(22,361)
Write off	-	-	-	(2,120)	(10,713)	(2,718)	(3,991)	(19,542)
At 30 June 2005	-	5,024	15,547	276,342	406,050	58,188	100,706	861,857
Net Book Value								
At 30 June 2005	21,238	19,083	2,862,229	544,080	382,358	27,966	15,391	3,872,345
At 30 June 2004	41,529	5,834	1,970,292	307,545	310,716	24,713	8,411	2,669,040
Depreciation charge for 2004 (Note 5)	-	290	-	20,159	41,209	8,069	6,332	76,059

12. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

	Group						
	2005		2004				
	RM'000		RM'000				
Estates comprise:							
Land:							
- Freehold	870,184		753,976				
- Long leasehold	640,178		434,068				
- Short leasehold	176,013		-				
Development expenditure	1,175,854		782,248				
	<u>2,862,229</u>		<u>1,970,292</u>				
Company	Freehold Land RM'000	Estates RM'000	Buildings RM'000	Plant and Machinery RM'000	Furniture and Fittings RM'000	Vehicles RM'000	Total RM'000
Cost							
At 1 July 2004	19,914	120,877	37,926	23,738	28,330	12,027	242,812
Additions	-	-	4,195	1,504	2,531	2,563	10,793
Additions-related party	-	458,841	33,889	-	-	-	492,730
Disposals	-	-	-	-	(6)	(4,972)	(4,978)
Disposals-related party	-	(102,788)	(24,655)	-	-	-	(127,443)
Write off	-	(357)	(1)	(541)	(2,154)	(1,640)	(4,693)
Transfer	-	-	9	20,668	(796)	6,176	26,057
At 30 June 2005	<u>19,914</u>	<u>476,573</u>	<u>51,363</u>	<u>45,369</u>	<u>27,905</u>	<u>14,154</u>	<u>635,278</u>
Accumulated Depreciation							
At 1 July 2004	-	-	10,819	21,390	17,337	11,748	61,294
Charge for the year (Note 5)	-	-	1,410	1,540	3,088	981	7,019
Additions-related party	-	-	24,730	-	-	-	24,730
Disposals	-	-	-	-	(1)	(3,991)	(3,992)
Disposals-related party	-	-	(9,850)	-	-	-	(9,850)
Write off	-	-	(1)	(540)	(1,898)	(1,640)	(4,079)
Transfer	-	-	9	16,111	(557)	5,525	21,088
At 30 June 2005	<u>-</u>	<u>-</u>	<u>27,117</u>	<u>38,501</u>	<u>17,969</u>	<u>12,623</u>	<u>96,210</u>
Net Book Value							
At 30 June 2005	<u>19,914</u>	<u>476,573</u>	<u>24,246</u>	<u>6,868</u>	<u>9,936</u>	<u>1,531</u>	<u>539,068</u>
At 30 June 2004	<u>19,914</u>	<u>120,877</u>	<u>27,107</u>	<u>2,348</u>	<u>10,993</u>	<u>279</u>	<u>181,518</u>
Depreciation charge for 2004 (Note 5)	<u>-</u>	<u>-</u>	<u>1,061</u>	<u>687</u>	<u>3,798</u>	<u>1,016</u>	<u>6,562</u>

12. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

	Company	
	2005	2004
	RM'000	RM'000
Estates comprise:		
Land:		
- Freehold	404,272	18,038
- Long leasehold	19,559	52,172
Development expenditure	52,742	50,667
	<u>476,573</u>	<u>120,877</u>

13. INVESTMENTS IN SUBSIDIARY COMPANIES

	Company	
	2005	2004
	RM'000	RM'000
Quoted shares in Malaysia, at cost		
At beginning of year	143,306	113,848
Additions	-	29,458
At end of year	<u>143,306</u>	<u>143,306</u>
Unquoted shares, at cost		
At beginning of year	3,466,703	3,484,603
Additions	1,281,175	89,600
Disposal	(51,403)	(107,500)
At end of year	<u>4,696,475</u>	<u>3,466,703</u>
Less: Impairment of investments in subsidiary companies	<u>(11,000)</u>	<u>(61,000)</u>
Total	<u>4,828,781</u>	<u>3,549,009</u>
Market value of quoted shares	<u>207,260</u>	<u>179,149</u>

13. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D.)

Details of the subsidiary companies are as follows:

Company	Country of Incorporation	Effective Interest Held		Issued Share Capital	Principal Activities
		2005 %	2004 %		
Plantation					
Golden Hope Plantations (Peninsular) Sdn. Bhd.	Malaysia	100.0	100.0	RM1,018,659,265)	
Golden Hope Plantations (Sabah) Sdn. Bhd.	Malaysia	100.0	100.0	RM308,675,763)	
Golden Hope Plantations (Sarawak) Sdn. Bhd.	Malaysia	100.0	100.0	RM25,000,000)	
Austral Enterprises Berhad	Malaysia	100.0	-	RM83,996,022)	
Kumpulan Ladang-Ladang Rajawali Sdn. Bhd.	Malaysia	100.0	-	RM2)	
Derawan Sdn. Bhd.	Malaysia	100.0	-	RM20,000)	Production and
Sahua Enterprise Sdn. Bhd.	Malaysia	100.0	-	RM20,000)	processing of
Wangsa Mujur Sdn. Bhd.	Malaysia	72.5	-	RM10,345)	palm oil,
Chartquest Sdn. Bhd.	Malaysia	61.1	-	RM13,834,395)	palm kernel
Mentakab Rubber Company (Malaya) Berhad	Malaysia	60.7	60.7	RM60,249,170)	and rubber
The Glengowrie Rubber Company Berhad	Malaysia	89.7	89.7	RM350,000)	
Golden Hope Research Sdn. Bhd.	Malaysia	100.0	100.0	RM2)	
* P.T. Mitra Austral Sejahtera	Indonesia	65.0	-	RP44,898,763,200)	
* P.T. Sandika Natapalma	Indonesia	75.0	75.0	RP52,204,000,000)	
* P.T. Budidaya Agro Lestari	Indonesia	75.0	75.0	RP6,226,000,000)	
* P.T. Golden Hope Nusantara	Indonesia	100.0	100.0	RP11,426,000,000)	
Tohunsug Plantations Sdn. Bhd.	Malaysia	100.0	100.0	RM240,000)	Ceased
Mostyn Palm Processing Sdn. Bhd.	Malaysia	100.0	100.0	RM1,000,000)	operations
Golden Hope Latex Sdn. Bhd.	Malaysia	100.0	100.0	RM5,803,358)	Manufacture of latex concentrate

13. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D.)

Details of the subsidiary companies are as follows (cont'd.):

Company	Country of Incorporation	Effective Interest Held		Issued Share Capital	Principal Activities
		2005 %	2004 %		
Property					
@ Negara Properties (M) Berhad	Malaysia	62.6	62.6	RM70,599,161)	Property development and related businesses and investment holding
Melawati Development Sdn. Bhd.	Malaysia	62.6	62.6	RM10,000,002)	
Negara Properties Services Sdn. Bhd.	Malaysia	62.6	62.6	RM10,000)	
Sungai Kantan Development Sdn. Bhd.	Malaysia	62.6	62.6	RM20,000,000)	
Negara Properties Realty Sdn. Bhd.	Malaysia	62.6	62.6	RM500,000)	
Negara Properties Leisure Management Sdn. Bhd.	Malaysia	62.6	62.6	RM2)	
Negara Properties Landscaping Sdn. Bhd.	Malaysia	62.6	62.6	RM500,000)	
Negara Properties Builders Sdn. Bhd.	Malaysia	62.6	62.6	RM5,000,000)	
Negara Properties Harta Sdn. Bhd.	Malaysia	62.6	62.6	RM2)	
Melawati Resort Berhad	Malaysia	62.6	62.6	RM2)	
Negara Properties Smarhome Sdn. Bhd.	Malaysia	62.6	62.6	RM2)	
N.P. Development Sdn. Bhd.	Malaysia	43.8	43.8	RM500,000)	
Impian Golf Resort Berhad	Malaysia	100.0	62.6	RM5,000,000)	
Golden Hope Properties (Sabah) Sdn. Bhd.	Malaysia	100.0	100.0	RM2)	
Golden Hope Properties (Selangor) Sdn. Bhd.	Malaysia	100.0	100.0	RM500,000)	
Golden Hope Builders Sdn. Bhd.	Malaysia	100.0	100.0	RM1,000,000)	
Golden Hope Properties (Melaka) Sdn. Bhd.	Malaysia	100.0	100.0	RM500,000)	
Golden Hope Properties (Perak) Sdn. Bhd.	Malaysia	100.0	100.0	RM500,000)	
Pulau Carey Properties Sdn. Bhd.	Malaysia	100.0	100.0	RM500,000)	
Golden Hope Staff Bungalows Sdn. Bhd.	Malaysia	100.0	100.0	RM3,630,000)	

13. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D.)

Details of the subsidiary companies are as follows (cont'd.):

Company	Country of Incorporation	Effective Interest Held		Issued Share Capital	Principal Activities
		2005 %	2004 %		
Property (Cont'd.)					
Golden Hope Heritage Sdn. Bhd. (formerly known as Positive Expansion Sdn. Bhd.)	Malaysia	100.0	-	RM2	Property development and related businesses and investment holding
Oils & Fats					
Golden Jomalina Food Industries Sdn. Bhd.	Malaysia	100.0	100.0	RM10,000,000	Palm oil refining
* Golden Hope-Nhabe Edible Oils Co. Ltd.	Vietnam	51.0	51.0	VND72,285,687 (in VND'000)	Edible oils refining
* Jiangyin-Golden Hope Oils and Fats Co. Limited	China	60.0	60.0	RMB38,041,750	Ceased operations
*** Unimills B. V.	Netherlands	100.0	100.0	EUR18,000	Edible oils refining
*** Hudson & Knight (Proprietary) Limited	South Africa	100.0	100.0	RAND200	Bakery fats and edible oils refining
Austral Edible Oil Sdn. Bhd.	Malaysia	60.0	-	RM25,001,000	Palm oil refining
Aspen Timur Sdn. Bhd.	Malaysia	60.0	-	RM2	Has not commenced operation
Other Industries					
Golden Hope Agrotech Consultancy Sdn. Bhd.	Malaysia	100.0	100.0	RM100,000	Provision of agricultural consultancy services
Perkhidmatan Komputer Perlindungan Sdn. Bhd.	Malaysia	100.0	100.0	RM2,000,000	Provision of computer consultancy services

13. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D.)

Details of the subsidiary companies are as follows (cont'd):

Company	Country of Incorporation	Effective Interest Held		Issued Share Capital	Principal Activities	
		2005 %	2004 %			
Other Industries (Cont'd.)						
* Paul Tiefenbacher GmbH	Germany	100.0	100.0	EUR1,432,000	Trading and marketing	
Kapar Coconut Industries Sdn. Bhd.	Malaysia	51.0	51.0	RM4,285,714	Manufacture of coconut-based food products	
Golden Hope Fruit Industries Sdn. Bhd.	Malaysia	100.0	100.0	RM6,000,000	Fruit cultivation and processing	
Entree Sdn. Bhd.	Malaysia	60.0	60.0	RM2,000,000	Ceased operations	
Centrifugal Process Sdn. Bhd.	Malaysia	100.0	100.0	RM21,000,000	Fruit cultivation and processing	
Harvik Rubber Industries Sdn. Bhd.	Malaysia	100.0	70.0	RM8,000,000	Manufacture of rubber footwear and technical products	
Golden Hope Bioganic Sdn. Bhd.	Malaysia	100.0	100.0	RM3,000,000	Production of Vitamin E	
Investment Holding						
Malaysian Estates PLC	England	100.0	100.0	£16,695,267)) Investment holding	
Tegas Setia Sdn. Bhd.	Malaysia	100.0	100.0	RM15,445,488)		
Golden Hope Overseas Sdn. Bhd.	Malaysia	100.0	100.0	RM3,500,000)		
Chermang Development (Malaya) Sdn. Bhd.	Malaysia	83.9	83.9	RM2,880,000)		
* Golden Hope Plantations (Deutschland) GmbH	Germany	100.0	100.0	EUR27,570)		
Golden Hope Overseas Plantations Sdn. Bhd.	Malaysia	100.0	100.0	RM1,000,000)		
** Lavang Oil Palm Sdn. Bhd.	Malaysia	100.0	100.0	RM22,823,655)		
** Bintulu Installation Sdn. Bhd.	Malaysia	100.0	100.0	RM1,226,414)		
Others						
Dusun Durian Plantations Limited	England	100.0	100.0	£5,083,827		Dormant

13. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D.)

Details of the subsidiary companies are as follows (cont'd.):

Company	Country of Incorporation	Effective Interest Held		Issued Share Capital	Principal Activities
		2005 %	2004 %		
Others (Cont'd.)					
The London Asiatic Rubber And Produce Company, Limited	England	100.0	100.0	£3,480,554))
The Pataling Rubber Estates, Limited	England	100.0	100.0	£3,243,275))
Hoscote Rubber Estates Limited	England	100.0	100.0	£234,900))
The Straits Plantations, Limited	England	100.0	100.0	£936,000))
Sabah Plantations Limited	England	100.0	100.0	£1,200,000))
Castlefield (Klang) Rubber Estate PLC	England	100.0	100.0	£330,000))
Holyrood Rubber PLC	England	100.0	100.0	£87,015))
The Kuala Selangor Rubber PLC	England	100.0	100.0	£85,250))
Kinta Kellas Rubber Estate PLC	England	100.0	100.0	£413,125))
The Sungei Bahru Rubber Estate PLC	England	100.0	100.0	£259,383))
Nalek Rubber Estate Limited	England	100.0	100.0	£101,000)) Dormant
Edensor Rubber Estate Limited	England	100.0	100.0	£65,135))
Shelford Rubber Estate Limited	Scotland	100.0	100.0	£160,000))
Sogomana Rubber Estate Limited	Scotland	100.0	100.0	£100,000))
Trolak Estates Limited	Scotland	100.0	100.0	£64,909))
Doranakande Rubber Estates PLC	England	100.0	100.0	£75,949))
The Malaysia Rubber Company PLC	England	100.0	100.0	£180,000))
New Crescent (Holdings) Limited	England	100.0	100.0	£1,000))
Sogomana Group PLC	Scotland	100.0	100.0	£342,733))
Bakasawit Sdn. Bhd.	Malaysia	100.0	100.0	RM10,000))
Rubiatec Sdn. Bhd.	Malaysia	100.0	100.0	RM130,000))
Binuang Palm Oil Refinery Sdn. Bhd.	Malaysia	100.0	100.0	RM2))
Glengowrie Properties Sdn. Bhd.	Malaysia	89.7	89.7	RM2))

13. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D.)

All the subsidiary companies operate in Malaysia except for Golden Hope-Nhabe Edible Oils Co. Ltd., Paul Tiefenbacher GmbH, Unimills B.V., Jiangyin-Golden Hope Oils and Fats Co. Limited, Hudson & Knight (Proprietary) Limited, P.T. Budidaya Agro Lestari, P.T. Sandika Natapalma, P.T. Mitra Austral Sejahtera and P.T. Golden Hope Nusantara which operate in Vietnam, Germany, Netherlands, China, South Africa and Indonesia respectively.

Under an internal reorganisation scheme of the Group's plantation business which took place from 1 July 1999, all the U.K. incorporated companies and 3 Malaysian incorporated companies will eventually be liquidated. The purpose of the scheme is to streamline the Group's plantation business to bring about greater efficiencies. The liquidation of 2 investment holding companies, namely Lavang Oil Palm Sdn. Bhd. and Bintulu Installation Sdn. Bhd. had commenced.

* Subsidiary companies not audited by Ernst & Young

** In members' voluntary liquidation

*** Audited by Ernst & Young Global

@ The shareholdings in Negara Properties (M) Berhad ("Negara") held by the Group have been transferred to Island and Peninsular Berhad's ("I&P") Central Depository System ("CDS") Account following the Extraordinary General Meeting of the Company held on 8 March 2005 ("EGM"). However, subsequent to the EGM, the Company on 31 March 2005, received from Kumpulan Wang Simpanan Pekerja ("KWSP"), an injunction order from the High Court of Malaya of Kuala Lumpur restraining the Company and I&P from acting in any manner whatsoever on the resolution passed at the EGM in relation to the acceptance of the Voluntary General Offer ("VGO") on Negara by the Company. Pending a final decision from the Court on the injunction order, the Company continues to have beneficial ownership of the shares transferred to I&P. In view of this, Negara continues to be recognised as a subsidiary company of the Group.

14. INVESTMENTS IN ASSOCIATED COMPANIES

	Group		Company	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
Unquoted shares:				
Cost	188,745	68,032	514,261	65,222
Share of post-acquisition reserves	163,582	131,468	-	-
Total	<u>352,327</u>	<u>199,500</u>	<u>514,261</u>	<u>65,222</u>
Analysed by:				
Share of net assets	<u>352,327</u>	<u>199,500</u>		

14. INVESTMENTS IN ASSOCIATED COMPANIES (CONT'D.)

Details of the associated companies are as follows:

Company	Country of Incorporation	Effective Interest Held		Issued Share Capital	Principal Activities
		2005 %	2004 %		
Cognis Oleochemicals (M) Sdn. Bhd.	Malaysia	50.0	50.0	RM74,750,000	Production and sale of methylesters, fatty acid, fatty alcohols, speciality chemicals and refined glycerine; and the import and distribution of chemicals for the cosmetics, toiletries, detergent, plastic, paint and textile industries
Cognis Rika (M) Sdn. Bhd.	Malaysia	27.5	27.5	RM45,000,000	Production of fatty alcohols
Cognis Kimianika (M) Sdn. Bhd.	Malaysia	50.0	50.0	RM11,000,000	Ceased operations
Cognis Chemicals (M) Sdn. Bhd.	Malaysia	50.0	50.0	RM1,200,000	Ceased operations
Tenom Crumb Sdn. Bhd.	Malaysia	49.0	49.0	RM3,900,000	Processing of latex, rubber and scrap
Bitaria Sdn. Bhd.	Malaysia	14.9	14.9	RM2,500,002	Property development
Leverian Holdings Pte. Ltd.	Singapore	40.0	40.0	S\$600,000	Investment holding

14. INVESTMENTS IN ASSOCIATED COMPANIES (CONT'D.)

Details of the associated companies are as follows (cont'd):

Company	Country of Incorporation	Effective Interest Held		Issued Share Capital	Principal Activities
		2005 %	2004 %		
Bangladesh Edible Oil Limited	Bangladesh	40.0	40.0	TK25,000,200	Operation of edible oil refineries
Intertrade (Bangladesh) Private Limited	Bangladesh	40.0	40.0	TK250,000	Rental of oil tanks and trading in edible oils
Gruhom (M) Sdn. Bhd.	Malaysia	50.0	50.0	RM2	Has not commenced operations
Asian Furs Sdn. Bhd.	Malaysia	50.0	50.0	RM10,000	Real property holding
Dongwha GH International Sdn. Bhd.	Malaysia	30.0	30.0	RM8,305,000	Investment holding
Dongwha Fibreboard Sdn. Bhd.	Malaysia	30.0	30.0	RM80,000,000	Production of medium density fibreboard
Dongwha Furniture Sdn. Bhd.	Malaysia	30.0	30.0	RM35,000,000	Production of medium density fibreboard furniture
Dongwha Parquet Sdn. Bhd.	Malaysia	30.0	100.0	RM50,000,000	Production of rubberwood parquet
I&P Seriemas Sdn. Bhd.	Malaysia	40.0	100.0	RM2,500,000	Property development and related businesses and investment holding
Golden Morib Sdn. Bhd.	Malaysia	28.0	70.0	RM300,000	Property development

15. OTHER INVESTMENTS

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Quoted investment, at cost:				
Perak Corporation Berhad	27,930	27,930	27,930	27,930
Unquoted investments, at cost:				
Cyberview Sdn. Bhd.	35,000	35,000	35,000	35,000
Syarikat Pendidikan Staffield Berhad	3,050	3,050	3,050	3,050
Koko Malaysia Sendirian Berhad	1,500	1,500	-	-
Boustead Bulking Sendirian Berhad	80	80	-	-
I&P Alam Impian Sdn. Bhd.	500	-	500	-
Malaysian Technology Development Corporation Sdn. Bhd.	1,000	1,000	1,000	1,000
Others	166	166	-	-
	<u>41,296</u>	<u>40,796</u>	<u>39,550</u>	<u>39,050</u>
Other investments, at cost	69,226	68,726	67,480	66,980
Less: Provision for diminution in value	(26,540)	(26,540)	(25,040)	(25,040)
	<u>42,686</u>	<u>42,186</u>	<u>42,440</u>	<u>41,940</u>
Market value of quoted investment	<u>3,981</u>	<u>5,574</u>	<u>3,981</u>	<u>5,574</u>

15. OTHER INVESTMENTS (CONT'D.)

Detailed holdings are:

Company	Country of Incorporation	Percentage Held		
		2005 %	2004 %	
Perak Corporation Berhad	Malaysia	6.1	6.1	6,125,000 ordinary shares of RM1 each, fully paid. Issued share capital RM100,000,000.
Cyberview Sdn. Bhd.	Malaysia	10.5	10.5	35,000,000 ordinary shares of RM1 each, fully paid. Issued share capital RM332,500,001.
Syarikat Pendidikan Staffield Berhad	Malaysia	-	-	3,050,000 3.75% debenture stocks of RM1 each, fully paid.
Koko Malaysia Sendirian Berhad	Malaysia	8.5	8.5	1,500,000 ordinary shares of RM1 each, fully paid. Issued share capital RM17,750,000.
Boustead Bulking Sendirian Berhad	Malaysia	8.0	8.0	80,000 ordinary shares of RM1 each, fully paid. Issued share capital RM1,000,000.
Malaysian Technology Development Corporation Sdn. Bhd.	Malaysia	1.3	1.3	1,040,000 ordinary shares of RM1 each, fully paid. Issued share capital RM78,436,008.
I&P Alam Impian Sdn. Bhd.	Malaysia	1.0	100.0	500,000 ordinary shares of RM1 each, fully paid. Issued share capital RM50,000,000.

16. LAND HELD FOR PROPERTY DEVELOPMENT

	Freehold Land RM'000
At 30 June 2005	
Cost	
At 1 July 2004	516,769
Additions	3,862
Reclassification to property, plant and equipment	(6,721)
Reclassification from property, plant and equipment	1,710
Transfer to property development-in-progress	(51,556)
Disposal of subsidiary companies	(373,755)
At 30 June 2005	<u>90,309</u>
At 30 June 2004	
Cost	
At 1 July 2003	516,421
Additions	61,680
Transfer to property development-in-progress	(61,332)
At 30 June 2004	<u>516,769</u>

17. DEFERRED TAX

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Net deferred tax assets/(liabilities)				
At 1 July	264,747	293,412	(6,018)	(5,277)
Recognised in the income statement (Note 8)	(91,664)	(27,859)	641	(741)
Acquired through subsidiary company	(109,435)	(806)	-	-
Disposal of subsidiary companies	(14,670)	-	-	-
At 30 June	<u>48,978</u>	<u>264,747</u>	<u>(5,377)</u>	<u>(6,018)</u>

Presented after appropriate offsetting
as follows:

Deferred tax assets	235,769	315,211	-	-
Deferred tax liabilities	(186,791)	(50,464)	(5,377)	(6,018)
	<u>48,978</u>	<u>264,747</u>	<u>(5,377)</u>	<u>(6,018)</u>

17. DEFERRED TAX (CONT'D.)

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

Deferred Tax Liabilities of the Group:

	Accelerated Capital Allowances RM'000	Total RM'000
At 1 July 2004	50,464	50,464
Acquired through subsidiary company	122,584	122,584
Recognised in the income statement	(927)	(927)
Disposal of subsidiary companies	14,670	14,670
At 30 June 2005	<u>186,791</u>	<u>186,791</u>
At 1 July 2003	46,050	46,050
Acquired through subsidiary company	806	806
Recognised in the income statement	3,608	3,608
At 30 June 2004	<u>50,464</u>	<u>50,464</u>

Deferred Tax Assets of the Group:

	Unrealised Gain from Disposal of Land RM'000	Tax Losses and Unabsorbed Capital Allowances RM'000	Total RM'000
At 1 July 2004	277,428	37,783	315,211
Acquired through subsidiary company	-	13,149	13,149
Recognised in the income statement	(83,206)	(9,385)	(92,591)
At 30 June 2005	<u>194,222</u>	<u>41,547</u>	<u>235,769</u>
At 1 July 2003	293,302	46,160	339,462
Recognised in the income statement	(15,874)	(8,377)	(24,251)
At 30 June 2004	<u>277,428</u>	<u>37,783</u>	<u>315,211</u>

17. DEFERRED TAX (CONT'D.)**Deferred Tax Liabilities of the Company:**

	Accelerated Capital Allowances RM'000	Total RM'000
At 1 July 2004	6,018	6,018
Recognised in the income statement	(641)	(641)
At 30 June 2005	<u>5,377</u>	<u>5,377</u>
At 1 July 2003	5,277	5,277
Recognised in the income statement	741	741
At 30 June 2004	<u>6,018</u>	<u>6,018</u>

18. GOODWILL ON CONSOLIDATION

	2005 RM'000
Group	
At 1 July 2004	-
Acquisition of subsidiary company	<u>197,590</u>
	197,590
Less: Accumulated amortisation in income statement	<u>(10,000)</u>
At 30 June 2005	<u>187,590</u>

19. PROPERTY DEVELOPMENT-IN-PROGRESS

	Group	
	2005	2004
	RM'000	RM'000
Property development cost		
At 1 July:		
Freehold land	687,854	630,351
Development costs	368,242	276,856
Disposal of subsidiary companies	(656,296)	-
	<u>399,800</u>	<u>907,207</u>
Costs incurred during the year:		
Freehold land	-	57,503
Development costs	56,917	30,238
	<u>56,917</u>	<u>87,741</u>
Costs recognised in income statement:		
At 1 July	(256,725)	(183,058)
Recognised during the year	(56,105)	(73,667)
At 30 June	<u>(312,830)</u>	<u>(256,725)</u>
Transfers:		
From land held for property development	51,556	61,332
To inventories	(5,079)	(184)
	<u>46,477</u>	<u>61,148</u>
Property development cost at 30 June	<u>190,364</u>	<u>799,371</u>
Included in property development costs incurred during the financial year		
Interest expense	<u>4,630</u>	<u>4,771</u>

20. AMOUNTS DUE FROM/(TO) CUSTOMERS

	Group	
	2005 RM'000	2004 RM'000
Cost of construction in progress	602,645	552,564
Estimated attributable profit	8,828	5,439
	611,473	558,003
Progress billings received and receivable	(590,720)	(540,952)
	20,753	17,051
Represented by:		
Amounts due from customers	47,335	37,600
Amounts due to customers	(26,582)	(20,549)
	20,753	17,051
Contract Revenue		
- Total	649,528	540,952
- Recognised during the year	46,573	44,088
Contract Cost		
- Total	602,645	552,564
- Recognised during the year	49,745	58,653

Included in progress billings received and receivable are retention sums receivable of RM6,629,000 (2004: RM6,161,000).

21. INVENTORIES

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
At cost:				
Produce stocks	36,768	27,598	525	2,278
Refined palm oil	26,059	31,288	1,844	-
Raw materials and stores	70,446	41,863	390	645
Work-in-progress	10,671	15,740	-	-
Finished goods	122,665	104,018	-	-
Completed properties	13,934	15,539	-	-
	280,543	236,046	2,759	2,923

22. RECEIVABLES

	Group		Company	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
Trade receivables	447,553	450,906	23,783	15,061
Due from subsidiary companies	-	-	1,935,315	2,553,744
Prepayments	4,343	5,330	431	282
Deposits	2,735	2,653	501	500
Staff loan	12,529	5,525	11,460	5,265
Sundry receivables	301,187	74,168	33,326	14,579
	<u>768,347</u>	<u>538,582</u>	<u>2,004,816</u>	<u>2,589,431</u>

The Group's normal trade credit term ranges from 30 to 90 days. Other credit terms are assessed and approved on a case-by-case basis.

The Group has no significant concentration of credit risk that may arise from exposure to a single receivable or to groups of receivables.

The amounts due from subsidiary companies are unsecured, interest-free and have no fixed terms of repayment.

23. SHORT TERM INVESTMENT

	Group		Company	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
Quoted investment, at cost:				
Island & Peninsular Berhad	<u>1,263,885</u>	<u>-</u>	<u>1,263,885</u>	<u>-</u>
Market value of quoted investment	<u>561,313</u>	<u>-</u>	<u>561,313</u>	<u>-</u>

The short term investment relates to investment in Island & Peninsular Berhad pending distribution to shareholders pursuant to the Company's rationalisation exercise (as detailed in Note 35(c)). No allowance for diminution in value is made because the holding is temporary.

24. CASH AND BANK BALANCES

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Cash on hand and at banks *	66,248	96,681	9,620	179
Deposits with:				
banks	266,414	182,633	137,570	122,590
finance companies	19,484	69,756	15,100	64,050
other financial corporations	100,554	49,548	88,810	41,510
	<u>452,700</u>	<u>398,618</u>	<u>251,100</u>	<u>228,329</u>

* Included in cash on hand and at banks of the Group are balances held under housing development accounts of RM1,031,204 (2004: RM5,025,211) pursuant to Section 7A of the Housing Developers Act, 1966, which represents monies received from purchasers of the Group's residential units less payment and withdrawal in accordance with the Act.

The average effective interest rates of deposits at the balance sheet date and the average maturities of deposits as at the end of the financial year are as follows:

	Average Interest Rates %		Average Maturities Days	
	2005	2004	2005	2004
Group				
Banks	3.00	3.48	31	31
Finance companies	2.77	2.81	31	30
Other financial corporations	2.69	2.74	33	19
Company				
Banks	2.71	2.85	31	31
Finance companies	2.70	2.80	31	30
Other financial corporations	2.68	2.72	35	18

25. PAYABLES

	Group		Company	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
Trade payables	338,702	200,574	566	1,468
Due to subsidiary companies	-	-	5,587,163	4,413,595
Provisions	96,142	69,397	5,799	6,462
Accruals	61,891	62,616	10,988	9,376
Sundry payables	140,837	104,626	75,503	4,589
	<u>637,572</u>	<u>437,213</u>	<u>5,680,019</u>	<u>4,435,490</u>

The normal trade credit term granted to the Group ranges from 30 to 90 days.

The amounts due to subsidiary companies are unsecured, interest-free and have no fixed terms of repayment.

26. BANK BORROWINGS

	Group	
	2005	2004
	RM'000	RM'000
Unsecured:		
Bank overdrafts	3,065	2,857
Export credit refinancing	12,265	2,313
Revolving credits	179,615	177,466
Short term loans	339	691
	<u>195,284</u>	<u>183,327</u>
Current portion of long term loans (Note 29)	18,564	13,923
	<u>213,848</u>	<u>197,250</u>

The average effective interest rates at the balance sheet date for borrowings are as follows:

	Group	
	2005	2004
	%	%
Bank overdrafts	4.54	6.75
Export credit refinancing	3.58	3.00
Revolving credits	3.92	4.09
Term loans	3.39	2.81

27. SHARE CAPITAL

	Number of Ordinary Shares of RM1 Each		Amount	
	2005	2004	2005	2004
	'000	'000	RM'000	RM'000
Authorised:				
At 1 July/30 June	5,000,000	5,000,000	5,000,000	5,000,000
Issued and fully paid:				
At 1 July	1,062,217	1,036,502	1,062,217	1,036,502
Issued and paid-up during the year	361,272	25,715	361,272	25,715
At 30 June	1,423,489	1,062,217	1,423,489	1,062,217

During the financial year, the issued and paid-up share capital of the Company was increased from 1,062,217,499 to 1,423,489,175 shares following the issue of 361,271,676 shares of RM1 each pursuant to the rationalisation exercise (as detailed in Note 35(c) to the financial statements). These new shares were issued and credited as fully paid and rank pari passu in all respects with the existing shares of the Company except that they would not be entitled for the distribution of the Island & Peninsular Berhad shares pursuant to the Proposed Bonus Issue and Capital Repayment under the rationalisation exercise. The share premium arising from this issue amounted to RM888,728,323.

28. RESERVES

	Group		Company	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
Total reserves at 30 June are analysed as follows:				
Non-distributable:				
Share premium	1,731,147	849,216	1,731,147	849,216
Reserve on consolidation	68,452	68,976	-	-
Exchange adjustment	26,487	29,732	-	-
	1,826,086	947,924	1,731,147	849,216
Distributable:				
Retained profits	2,990,704	2,641,161	505,584	302,000
	4,816,790	3,589,085	2,236,731	1,151,216

Reserve on consolidation arose from acquisition of subsidiary companies

Movements in reserves are shown in the statements of changes in equity.

28. RESERVES (CONT'D.)

Based on the estimated tax credit available, approximately RM265,515,000 (2004: RM230,500,000) of the Company's retained profits are available for distribution by way of dividends without incurring additional tax liability. In addition, the Company has tax exempt income available for distribution as tax exempt dividends amounting to approximately RM149,000,000 (2004: RM169,962,000).

29. LONG TERM BORROWINGS

	Group	
	2005	2004
	RM'000	RM'000
Long term loans	168,705	127,628
Less: Current portion of loans included under current liabilities (Note 26)	(18,564)	(13,923)
	<u>150,141</u>	<u>113,705</u>
Maturity of Borrowings		
Within one year	18,564	13,923
More than 1 year and less than 2 years	50,696	34,028
More than 2 years and less than 5 years	99,445	59,544
5 years or more	-	20,133
	<u>168,705</u>	<u>127,628</u>

30. ACQUISITION OF SUBSIDIARY COMPANIES**GROUP**

	Austral Enterprises Berhad Group 2005 RM'000
Property, plant and equipment	1,219,674
Current assets	138,932
Current and long term liabilities	(153,847)
Deferred taxation	(109,435)
Minority interests	(38,239)
	<u>1,057,085</u>
Goodwill on consolidation	197,590
Net assets acquired	<u>1,254,675</u>

30. ACQUISITION OF SUBSIDIARY COMPANIES (CONT'D)**GROUP**

	Austral Enterprises Berhad Group 2005 RM'000
Purchase consideration satisfied by:	
Cash	4,675
Issuance of 361,271,676 ordinary shares of RM1.00 each at RM3.46 per share pursuant to the rationalisation exercise (as detailed in Note 35(c) to the financial statements)	<u>1,250,000</u> <u>1,254,675</u>
Purchase consideration discharged by cash	4,675
Less: Cash and cash equivalents of subsidiary companies	<u>(15,929)</u>
Cash inflow on acquisition of subsidiary companies	<u>(11,254)</u>

31. DISPOSAL OF SUBSIDIARY COMPANIES**GROUP**

	Dongwha Parquet Sdn. Bhd. 2005 RM'000	Property Companies 2005 RM'000	Total 2005 RM'000
Property, plant and equipment	14,944	24,020	38,964
Development properties	-	1,639,171	1,639,171
Deferred taxation	-	14,670	14,670
Current assets	11,339	133,506	144,845
Current liabilities	<u>(8,503)</u>	<u>(77,420)</u>	<u>(85,923)</u>
	17,780	1,733,947	1,751,727
Consideration received	(10,073)	(1,263,885)	(1,273,958)
Classified as associated company	-	(449,039)	(449,039)
Provision	<u>(25,555)</u>	-	<u>(25,555)</u>
(Gain)/loss on disposal	<u>(17,848)</u>	<u>21,023</u>	<u>3,175</u>

31. DISPOSAL OF SUBSIDIARY COMPANIES (CONT'D)

GROUP

	Dongwha Parquet Sdn. Bhd. 2005 RM'000	Property Companies 2005 RM'000	Total 2005 RM'000
Consideration for disposal	10,073	1,263,885	1,273,958
Add/(less):			
Cash and cash equivalents of subsidiary companies disposed	1,947	(7,045)	(5,098)
Consideration received in the form of I&P shares pursuant to the rationalisation exercise (as detailed in Note 35(c) to the financial statements)	-	(1,263,885)	(1,263,885)
Net cash inflow/(outflow) from disposal of subsidiary companies	<u>12,020</u>	<u>(7,045)</u>	<u>4,975</u>

32. CAPITAL COMMITMENTS

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Authorised capital expenditure not provided for in the financial statements:				
Contracted for	57,608	29,782	5,711	874
Not contracted for	316,708	273,378	50,879	20,522
	<u>374,316</u>	<u>303,160</u>	<u>56,590</u>	<u>21,396</u>

33. SIGNIFICANT RELATED PARTY TRANSACTIONS

	2005 RM'000	2004 RM'000
Group		
Recurrent related party transactions:		
Tolling fees receivable from an associated company		
- Cognis Oleochemicals (M) Sdn. Bhd.	3,610	2,650
Sales of refined products to an associated company		
- Cognis Oleochemicals (M) Sdn. Bhd.	-	21,867
	<hr/>	<hr/>
Company		
Recurrent related party transactions:		
Sales of fresh fruit bunches to subsidiary companies		
- Golden Hope Plantations (Peninsular) Sdn. Bhd.	7,405	20,110
- Golden Hope Plantations (Sabah) Sdn. Bhd.	-	142
Purchases of fresh fruit bunches from subsidiary companies		
- Golden Hope Plantations (Peninsular) Sdn. Bhd.	22,776	-
- Golden Hope Plantations (Sabah) Sdn. Bhd.	-	12,431
Sales of crude palm oil to subsidiary companies		
- Unimills B.V.	-	56,878
- Golden Jomalina Food Industries Sdn. Bhd.	59,406	-
Sales of refined palm oil to subsidiary company		
- Golden Hope-Nhabe Edible Oils Co. Ltd.	32,874	69,146
Management fees receivable from subsidiary companies		
- Golden Hope Plantations (Peninsular) Sdn. Bhd.	12,199	16,723
- Golden Hope Plantations (Sabah) Sdn. Bhd.	5,044	2,383
- Golden Hope Plantations (Sarawak) Sdn. Bhd.	2,785	2,265
- Golden Hope Latex Sdn. Bhd.	700	644
- Austral Enterprises Berhad	5,832	-
Selling commission receivable from subsidiary companies		
- Golden Hope Plantations (Peninsular) Sdn. Bhd.	12,919	15,060
- Golden Hope Plantations (Sabah) Sdn. Bhd.	6,330	3,476
- Golden Hope Plantations (Sarawak) Sdn. Bhd.	2,247	1,789
- Golden Hope Latex Sdn. Bhd.	922	853
	<hr/>	<hr/>

33. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D.)

The Directors are of the opinion that all the transactions above have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

34. CONTINGENT LIABILITIES

	Company	
	2005 RM'000	2004 RM'000
Guarantee given to financial institutions for facilities granted to a subsidiary company (unsecured)	303,986	329,511

35. SIGNIFICANT EVENTS

- (a) On 7 July 2004, following the fulfillment of all conditions precedent, the acquisition of 2,400,000 ordinary shares of RM1.00 each or the remaining 30% interest in Harvik Rubber Industries Sdn. Bhd. for a consideration of US\$1,000,000 was completed.
- (b) On 30 September 2004, following the fulfillment of all conditions precedent, the disposal of the entire issued and paid-up share capital of Dongwha Parquet Sdn. Bhd. to Dongwha GH International Sdn. Bhd. ("Dongwha") for a purchase consideration of RM11,000,000, was completed.

Golden Hope Plantations Berhad ("Golden Hope") holds 30% interest in Dongwha while, the remaining 70% is held by Dongwha Hong Kong International Co. Ltd., a wholly-owned subsidiary company of Dongwha Enterprise Co. Ltd. of Korea.

The authorised share capital of Dongwha comprised 20,000,000 ordinary shares of RM1.00 each of which 8,305,000 have been issued and fully paid-up.

- (c) On 16 September 2003, Aseambankers Malaysia Berhad ("Aseambankers"), on behalf of the Board of Directors of Golden Hope announced a Rationalisation Exercise with Island & Peninsular Berhad ("I&P") which involved the following:
- (i) Acquisition of 83,683,022 ordinary shares of RM1.00 each, representing approximately 99.63% equity interest in Austral Enterprises Berhad ("AEB") a wholly-owned subsidiary company of I&P, for a purchase consideration of RM1,250,000,000 to be satisfied by the issuance of 361,271,676 new Golden Hope Shares at an issue price of RM3.46 per Golden Hope Share ("Proposed Acquisition").

35. SIGNIFICANT EVENTS (CONT'D.)

(c) Cont'd.

(ii) Subscription of 1,500,000 new ordinary shares of RM1.00 each, representing 60% of the enlarged issued and paid-up share capital of I&P Seriemas Sdn. Bhd. ("I&P Seriemas") by I&P for a subscription price of RM629,645,945, which will be satisfied by the issuance of 185,189,984 new I&P Shares to Golden Hope, at an issue price of RM3.40 per share in consideration of Golden Hope paying I&P Seriemas the subscription price of RM629,645,945 on behalf of I&P by setting-off against the balance amount of debt as at 30 September 2003 owing by I&P Seriemas to Golden Hope ("Proposed Subscription").

(iii) Settlement by I&P of the amount of RM33,096,419 as at 30 September 2003 owing by I&P Permodalan Harta Sdn. Bhd. ("I&P Permodalan Harta") to Golden Hope, by the issuance of 9,734,240 new I&P Shares at an issue price of RM3.40 per I&P Share to Golden Hope ("Proposed Settlement").

Sale of the entire issued and paid-up capital of I&P Permodalan Harta by Golden Hope to I&P at the sale consideration of RM17,222,158 to be satisfied by the issuance of 5,065,340 new I&P Shares at an issue price of RM3.40 per I&P Share to Golden Hope ("Proposed Disposal of I&P Permodalan Harta").

(iv) Subscription of 49,500,000 new ordinary shares of RM1.00 each, representing 99% of the issued and paid-up share capital in I&P Alam Impian Sdn. Bhd. ("I&P Alam Impian") by I&P, for a total cash subscription price of RM49,500,000 of which RM495,000 will be paid on completion and the balance of RM49,005,000 will be "uncalled capital" ("Proposed Subscription").

Settlement by I&P of the amount of RM583,920,060 by the issuance of 171,741,194 new I&P Shares at an issue price of RM3.40 per I&P Share to Golden Hope in settlement of the consolidated inter-company advances owing by I&P Alam Impian to Golden Hope of RM301,281,000 as at 30 September 2003 and in consideration of Golden Hope assuming the obligation to pay the balance of the purchase price for Haron Estate of RM282,639,060 directly to Haron Estate Development Sdn. Bhd. ("Haron Estate Development") in accordance with the terms and conditions of the Haron Estate Development Sales and Purchase Agreement ("Proposed Settlement").

(v) Voluntary General Offer ("VGO") by I&P to acquire the entire issued and paid-up share capital of Negara Properties Berhad ("Negara"), a 62.6% subsidiary company of Golden Hope (held directly and indirectly through subsidiary companies of Golden Hope), ("Offer Shares") for a total purchase consideration of RM310,000,000 or approximately RM4.39 per ordinary share in Negara to be satisfied by the issuance of 91,176,470 new I&P Shares at an issue price of RM3.40 per I&P Share (assuming full acceptances of the Offer Shares) ("VGO on Negara").

35. SIGNIFICANT EVENTS (CONT'D.)

(c) Cont'd.

(vi) Capital distribution to its shareholders (excluding those issued pursuant to the Proposed Acquisition) of the entire new I&P Shares to be received by Golden Hope pursuant to the Proposed Disposal of I&P Permodalan Harta, the Proposed Subscriptions and the Proposed Settlements of Amount Owing through Proposed Bonus Issue and Capital Repayment.

The proposed rationalisation has been approved by :

- (i) Securities Commission (SC) on 28 May 2004 subject to Golden Hope/AEB meeting certain conditions;
- (ii) Foreign Investment Committee (FIC) on 21 July 2004;
- (iii) The shareholders of Golden Hope and I&P at their respective Extraordinary General Meetings (EGM) held on 15 September 2004 and 28 September 2004 respectively;
- (iv) Bursa Malaysia for the listing of and quotation of 361,271,676 new ordinary shares issued by Golden Hope pursuant to the Proposed Rationalisation; and
- (v) The Capital Repayment under Section 64 of the Companies Act, 1965 has been sanctioned by the High Court of Malaya on 24 June 2005.

On 1 November 2004, Aseambankers, on behalf of the Board of Directors, announced that both Golden Hope and I&P had completed the Proposed Acquisition, Proposed Disposal of I&P Permodalan Harta, Proposed Subscriptions and Proposed Settlements.

The rationalisation exercise is still pending the following:

- (i) Change to the Express Conditions for Lot 509, Mukim of Burau, District of Jerantut, Pahang and Lot No. 379, Mukim of Pedah, District of Jerantut, Pahang, within 12 months from the date of SC's approval.

In respect of the Change to the Express Conditions, the conversion of land use for Lot 379, Mukim of Pedah, District of Jerantut, Pahang has been approved whilst the conversion of land use for Lot 509, Mukim of Burau, District of Jerantut, Pahang is still pending the approval from Pejabat Tanah Jerantut and the State EXCO.

- (ii) VGO by I&P to acquire the entire issued and paid-up share capital of Negara for a total purchase consideration of RM310,000,000 to be satisfied by the issuance of 91,176,470 new I&P Shares at an issue price of RM3.40 per I&P Share.

35. SIGNIFICANT EVENTS (CONT'D.)

(c) Cont'd.

(iii) Capital distribution to Golden Hope's shareholders of 371,730,758 new I&P Shares amounting to RM1,263,884,582 received by Golden Hope pursuant to the Proposed Disposal of I&P Permodalan Harta, the Proposed Subscriptions and the Proposed Settlements of Amount Owing through the Proposed Bonus Issue and Capital Repayment.

(d) The VGO on Negara was approved by the shareholders of Golden Hope at an EGM held on 8 March 2005 ("Golden Hope EGM"). The Group's shareholdings (direct and indirect) in Negara were transferred to I&P's Central Depository System ("CDS") account on 10 March 2005 and 24 March 2005 following the Golden Hope EGM. However, the Company, on 31 March 2005, received from Kumpulan Wang Simpanan Pekerja ("KWSP"), an order from the High Court of Malaya of Kuala Lumpur restraining the Company and I&P from acting in any manner whatsoever on the resolution passed at the Golden Hope EGM in relation to the acceptance of the VGO on Negara by Golden Hope.

The Court, on 11 July 2005, dismissed Golden Hope's application for a declaratory relief in the Originating Summons filed by Golden Hope against KWSP for an interpretation of Section 61 of the Articles Of Association on the right to demand a poll at its general meeting. On 12 July 2005, Golden Hope filed a notice of appeal to the Court of Appeal in respect of the said decision.

The Court had also ordered KWSP's application for the injunction and Golden Hope's application for setting aside the injunction order of 31 March 2005 to be heard on 12 August 2005. On 12 August 2005, Aseambankers on behalf of Golden Hope, announced that the hearing was postponed to 12 September 2005.

(e) On 6 April 2005, Aseambankers, on behalf of Golden Hope announced that the Company entered into a conditional Sales and Purchase Agreement of Shares ("SPA") with I&P, for the proposed acquisition of 313,000 ordinary shares of RM1.00 each representing the remaining approximately 0.37% equity interest in AEB, from I&P at a total cash consideration of RM4,675,381.

As at the date of the SPA, Golden Hope is no longer prohibited under Section 132G of the Companies Act, 1965 from acquiring the shares from I&P.

The acquisition was completed on 20 April 2005.

35. SIGNIFICANT EVENTS (CONT'D.)

- (f) On 12 April 2005, Golden Hope announced, that its wholly-owned subsidiary company, Hudson & Knight (Proprietary) Limited, executed a Sale of Business Agreement with Unilever South Africa (Proprietary) Limited for the acquisition of the "Crispa" and "Holsum" businesses ("Businesses") for a consideration of Rand 14 million (approximately Ringgit Malaysia 8.4 million) and an amount equal to the value of the stock at hand estimated to be approximately Rand 5 million (approximately Ringgit Malaysia 3.01 million) ("Acquisition").

The Acquisition is an "indivisible" package comprising the purchase of the Businesses as going concerns together with the rights, titles and interests in the following:

- (i) the "Crispa" trademarks worldwide;
 - (ii) the "Holsum" trademarks worldwide excluding countries in the West African region;
 - (iii) the intellectual property rights and copyrights to artwork and designs on packing and advertising materials;
 - (iv) the finished goods inventory;
 - (v) the goodwill relating to the Trademarks and Businesses; and
 - (vi) the customer lists and technical know-how.
- (g) On 15 April 2005, Golden Hope signed a collaboration agreement with Savola Edible Oils Company Ltd. with regard to the parties' proposed collaboration in the branded consumer and retail business of edible oils and fats with the aim of achieving their mutual objective of becoming a significant global player in the branded consumer and retail business of edible oils and fats.
- (h) On 13 May 2005, Golden Hope Overseas Plantations Sdn. Bhd., a wholly-owned subsidiary of Golden Hope, signed a sale and purchase agreement with PT Multi Cipta Lahan Subur ("PTMCLS") to acquire PTMCLS' 25% equity shareholding in PT Budidaya Agro Lestari and PT Sandika Natapalma for a total cash consideration of RM15,000,000.

The acquisition was completed on 15 July 2005 following the fulfillment of all conditions precedent.

36. SUBSEQUENT EVENTS

- (a) On 13 July 2005, Golden Hope announced, that it has signed a memorandum of understanding ("MOU") with Cognis Deutschland GmbH & Co. KG ("Cognis") stating the intention to target future profitable growth by expanding the scope of Cognis Oleochemicals (M) Sdn. Bhd. ("COM"), the parties' existing 50:50 joint venture in Malaysia, through the contribution of Cognis' global oleochemicals and plastics technology businesses. Through COM, Cognis and Golden Hope have successfully cooperated in the production, marketing and sales of fatty acids, fatty alcohol, glycerin and associated products in Malaysia since 1989.

The MOU proposed that Cognis contributes its oleo basic and derivatives businesses, comprising fatty acids, glycerin, oilfield chemicals, azelaic acid and pelargonic acid (ozone acids), as well as its plastics technology business to COM.

- (b) On 5 August 2005, Golden Hope announced the signing of a memorandum of understanding with the Government of Malaysia for and on behalf of the Malaysian Centre for Remote Sensing, Ministry of Science, Technology and Innovation with regards to the proposed collaboration to explore the potential use of remote sensing and geographic information system technologies.

37. FINANCIAL INSTRUMENTS

(a) Financial Risk Management Objectives and Policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate, foreign exchange, liquidity and credit risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

(b) Interest Rate Risk

The Group's primary interest rate risk relates to interest-bearing debt, the Group had no substantial long-term interest-bearing assets as at 30 June 2005. The investments in financial assets are mainly short term in nature and they are not held for speculative purposes but have been mostly placed in fixed deposits.

The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. The Group actively reviews its debt portfolio, taking into account the investment holding period and nature of its assets. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes.

The information on maturity dates and effective interest rates of financial assets and liabilities are disclosed in their respective notes.

37. FINANCIAL INSTRUMENTS (CONT'D.)

(c) Foreign Exchange Risk

The Group operates internationally and is exposed to various currencies. Foreign currency denominated assets and liabilities together with expected cash flows from highly probable purchases and sales give rise to foreign exchange exposure.

The Group maintains a natural hedge, whenever possible, by borrowing in the currency of the country in which the property or investment is located or by borrowing in currencies that match the future revenue stream to be generated from its investments.

Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

The net unhedged financial assets and financial liabilities of the Group companies as at 30 June 2005 that are not denominated in their functional currencies is expected to be immaterial.

As at 30 June 2005, the outstanding foreign exchange currency contracts entered into by the Group to hedge its trade receivables and payables are as follows:

	Contract Amounts '000	Carrying Amounts Euro '000	Carrying Amounts RM'000 Equivalent
Trade receivables			
United States Dollar	16,124	-	61,257
Euro	22	-	101
Great Britain Pound	21	39	148
United States Dollar	5,879	4,488	19,677
Future sales of goods			
United States Dollar	25,528	20,567	95,453
Great Britain Pound	390	567	2,702
Trade payables			
United States Dollar	4,486	3,440	15,966
Future purchase of raw materials			
United States Dollar	74,059	58,784	272,817

37. FINANCIAL INSTRUMENTS (CONT'D.)

(c) Foreign Exchange Risk (Cont'd.)

The fair value of outstanding forward foreign exchange currency contracts of the Group at the balance sheet date was a net unfavourable position of RM4,284,000.

It is not practical to estimate the fair values of the forward foreign exchange currency contracts for the future sales of goods and purchase of raw materials reliably due to the uncertainties of timing, costs and eventual outcome.

(d) Liquidity Risk

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities of a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from both capital markets and financial institutions and prudently balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

(e) Credit Risk

Credit risk, or the risk of counterparties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored via strictly limiting the Group's associations to business partners with high creditworthiness. Trade receivables are monitored on an ongoing basis via Group management reporting procedures.

The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial instruments.

37. FINANCIAL INSTRUMENTS (CONT'D.)

(f) Fair Values

The aggregate net fair values of financial assets and financial liabilities which are not carried at fair value on the balance sheets of the Group and of the Company as at the end of the financial year are represented as follows:

		Group		Company	
	Note	Carrying Amount RM'000	Fair Value RM'000	Carrying Amount RM'000	Fair Value RM'000
Financial Assets					
At 30 June 2005:					
Other investments					
Non-current unquoted shares	15	36,796	*	36,550	*
Amounts due from subsidiary companies	22	-	-	1,935,315	#
At 30 June 2004:					
Other investments					
Non-current unquoted shares	15	36,296	*	36,050	*
Amounts due from subsidiary companies	22	-	-	2,553,744	#
Financial Liabilities					
At 30 June 2005:					
Amounts due to					
subsidiary companies	25	-	-	5,587,163	#
Long term loans	29	150,141	@	-	-
At 30 June 2004:					
Amounts due to					
subsidiary companies	25	-	-	4,413,595	#
Long term loans	29	113,705	@	-	-

37. FINANCIAL INSTRUMENTS (CONT'D.)

(f) Fair Values (Cont'd.)

- * It is not practical to estimate the fair value of the Group's non-current unquoted shares because of the lack of quoted market prices and the inability to estimate fair value without incurring excessive costs.
- # It is not practical to estimate the fair value of amounts due from/to subsidiary companies due principally to a lack of fixed repayment term entered by the parties involved and without incurring excessive costs.
- @ It is not practical to estimate the fair values of the long term loans due to the fluctuation of interest rates and foreign exchange rates.

The following methods and assumptions are used to estimate the fair values of the following classes of financial instruments:

(i) **Cash and Bank Balances, Other Receivables/Payables and Short Term Borrowings**

The carrying amounts reported in the balance sheets approximate fair values due to their short term maturity.

(ii) **Trade Receivables and Trade Payables**

The carrying amounts in the balance sheets approximate fair values because these are subject to normal trade credit terms.

GOLDEN HOPE PLANTATIONS BERHAD
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS
PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

We, **TAN SRI DATO' SERI (DR.) AHMAD SARJI BIN ABDUL HAMID** and **DATO' SABRI BIN AHMAD**, being two of the Directors of **GOLDEN HOPE PLANTATIONS BERHAD**, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 7 to 78 are drawn up in accordance with applicable MASB Approved Accounting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2005 and of the results and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors

**TAN SRI DATO' SERI (DR.) AHMAD
SARJI BIN ABDUL HAMID**
Chairman

**DATO' SABRI BIN
AHMAD**
Director

Kuala Lumpur, Malaysia
25 August 2005

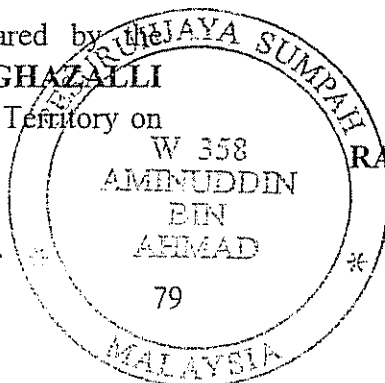
STATUTORY DECLARATION
PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, **RAZIDAN BIN GHAZALLI**, being the Officer primarily responsible for the financial management of **GOLDEN HOPE PLANTATIONS BERHAD**, do solemnly and sincerely declare that the accompanying financial statements set out on pages 7 to 78 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the
abovenamed **RAZIDAN BIN GHAZALLI**
at Kuala Lumpur in the Federal Territory on
25 August 2005.

Before me

25-1, Jalan Sri Hartamas 7,
Taman Sri Hartamas,
50482 Kuala Lumpur



RAZIDAN BIN GHAZALLI

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**REPORT OF THE AUDITORS TO THE MEMBERS OF
GOLDEN HOPE PLANTATIONS BERHAD
(Incorporated in Malaysia)**

We have audited the financial statements set out on pages 7 to 78. These financial statements are the responsibility of the Company's Directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with applicable Approved Standards on Auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia so as to give a true and fair view of:
 - (i) the financial positions of the Group and of the Company as at 30 June 2005 and of the results and the cash flows of the Group and of the Company for the year then ended; and
 - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by its subsidiary companies of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

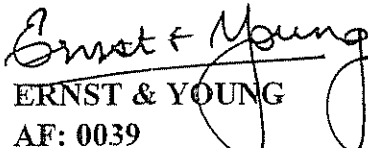
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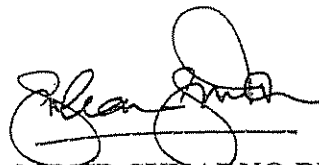
**REPORT OF THE AUDITORS TO THE MEMBERS OF
GOLDEN HOPE PLANTATIONS BERHAD (CONT'D.)
(Incorporated in Malaysia)**

We have considered the financial statements and the auditors' reports thereon of the subsidiary companies of which we have not acted as auditors, as indicated in Note 13 to the financial statements, being financial statements that have been included in the consolidated financial statements.

We are satisfied that the financial statements of the subsidiary companies that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The auditors' reports on the financial statements of the subsidiary companies were not subject to any qualification material to the consolidated financial statements and did not include any comment required to be made under Section 174(3) of the Act.


ERNST & YOUNG
AF: 0039
Chartered Accountants


MOHD SUKARNO BIN TUN SARDON
No. 1697/03/07 (J)
Partner

Kuala Lumpur, Malaysia
25 August 2005