

*Norlin Abdul Samad*  
Secretary

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

**Directors' Report and Audited Financial Statements**  
**30 June 2006**

These Audited Statements of Account of The Company with ~~Certified~~/Unqualified Auditor's Report for the year ended ~~30.6.06~~ were tabled at the Annual General Meeting / ~~Adjourned Annual General Meeting~~ held on ~~18/10/06~~

*Norlin Abdul Samad*

NORLIN ABDUL SAMAD  
I.C. NO 531228-71-5030  
SECRETARY  
(LS 000981)

~~\*Delete whichever is inapplicable~~

**GOLDEN HOPE PLANTATIONS BERHAD**  
**(Incorporated in Malaysia)**

<b>CONTENTS</b>	<b>PAGE</b>
Directors' Report	1 - 6
Statement by Directors	7
Statutory Declaration	7
Report of the Auditors	8 - 9
Income Statements	10
Balance Sheets	11 - 12
Consolidated Statement of Changes in Equity	13
Company Statement of Changes in Equity	14
Cash Flow Statements	15 - 17
Notes to the Financial Statements	18 - 82

**GOLDEN HOPE PLANTATIONS BERHAD**  
**(Incorporated in Malaysia)**

**REPORT OF THE DIRECTORS**

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 2006.

**PRINCIPAL ACTIVITIES**

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

The principal activities of its 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**

	<b>Group</b>	<b>Company</b>
	<b>RM'000</b>	<b>RM'000</b>
Profit before taxation	406,156	236,410
Taxation	<u>(137,078)</u>	<u>(63,086)</u>
Profit after taxation	269,078	173,324
Minority interests	<u>(9,312)</u>	<u>-</u>
Net profit for the year	<u>259,766</u>	<u>173,324</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, the following dividends were paid by the Company:

- (a) 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 previous year, was declared on 30 May 2005 and paid on 13 July 2005.

## **DIVIDENDS (CONTD.)**

- (b) 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%, amounting to RM184,484,197 in respect of the previous year as proposed in the Directors Report of that year, was paid on 12 December 2005.
- (c) An interim dividend of 7 sen per share less tax at 28%, amounting to RM71,743,854, in respect of the year under review, was declared on 23 February 2006 and paid on 5 April 2006.

At the forthcoming Annual General Meeting, a final dividend of 18 sen per share less tax at 28% for the financial year ended 30 June 2006 will be proposed for the shareholders' approval and to be paid on 20 November 2006.

## **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

## **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:

<b>Golden Hope Plantations Berhad</b>	<b>Number of Ordinary Shares of RM1 Each</b>			<b>As at 30.6.2006</b>
	<b>As at 1.7.2005</b>	<b>Bought</b>	<b>Sold</b>	
<b>Direct</b>				
Tan Sri Dato' Seri (Dr.) Ahmad Sarji bin Abdul Hamid	2*	-	-	2*
Dato' Sabri bin Ahmad	166,100	-	-	166,100
Dato' Sabri bin Ahmad	25,000**	-	-	25,000**
* Non-beneficial				
** Held by nominees				

On 26 June 2006, Dato' Sabri bin Ahmad was offered 500,000 options to purchase shares in Golden Hope Plantations Berhad under the Employees' Share Option Scheme which were granted on 11 August 2006.

Save for the above, there were no changes in Directors' interest between 30 June 2006 and 18 August 2006.

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.

**EMPLOYEES' SHARE OPTION SCHEME**

At the Extraordinary General Meeting held on 27 October 2005, the shareholders of the Company approved the establishment of an Employees' Share Option Scheme (ESOS).

The salient features of the ESOS are as follows:

- (a) Eligible employees are those full-time and Executive Directors of the Company and its subsidiary companies who are confirmed and with at least one (1) year of continuous service in the Group prior to the date of offer. Where an employee or Executive Director is serving under a fixed term contract of employment, the contract should be for a period of at least three (3) years.
- (b) The aggregate number of ordinary shares to be issued under the ESOS shall not exceed ten (10)% of the total issued and paid-up share capital of the Company at any point in time during the existence of the ESOS.

**EMPLOYEES' SHARE OPTION SCHEME (CONTD.)**

- (c) The minimum and maximum number of option shares granted to an eligible employee shall not be less than 1,000 shares or more than 1,000,000 shares respectively.
- (d) Any allocation of options to selected eligible employees who are directors or part of senior management shall not exceed fifty (50)% of the total options available and any allocation to an individual director or employee who is connected to substantial shareholder/s of the Company shall not exceed ten (10)% of the total options available.
- (e) The option is for a period of five (5) years commencing from the date of offer.
- (f) The option may be exercised in full or in lesser number of shares provided that the number shall be in multiples of 1,000 shares.
- (g) The option price shall be set at a discount of not more than ten (10)% on the weighted average market price of the shares as shown in the daily official list issued by the Bursa Malaysia Securities Berhad for the five (5) trading days immediately preceding the date of offer.

On 26 June 2006, the Company offered a total of 91,859,000 options to 10,069 eligible employees under the ESOS at an offer price of RM3.57 per share. On 11 August 2006, a total of 88,638,000 options were accepted by 9,672 employees.

**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 2006:

	<b>No. of Ordinary Shares of RM1 Each</b>	<b>Percentage</b>
Amanah Raya Nominees (Tempatan) Sdn. Bhd., Skim Amanah Saham Bumiputera	545,958,780	38.35
Permodalan Nasional Berhad	189,005,404	13.28
Kumpulan Wang Amanah Pencen	172,000,900	12.08
Employees Provident Fund Board	84,093,129	5.91

There are no other persons 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.
- (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

**OTHER STATUTORY INFORMATION (CONTD.)**

(f) (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 34 to the financial statements.

**SUBSEQUENT EVENTS**

The Group's subsequent events are disclosed in Note 35 to the financial statements.

**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  
24 August 2006





**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 10 to 82 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 2006 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

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

  
DATO' SABRI BIN AHMAD x  
Director

Kuala Lumpur, Malaysia  
24 August 2006

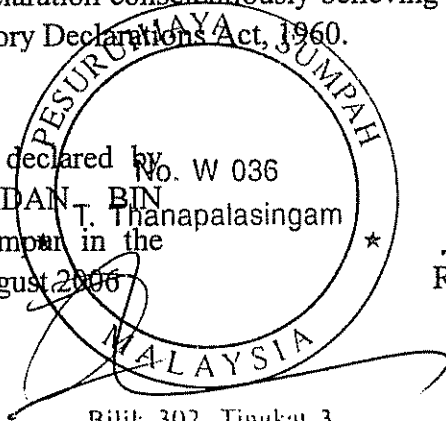
**STATUTORY DECLARATION**  
**PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965**

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 10 to 82 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 No. W 036  
the abovenamed RAZIDAN BIN  
T. Thanapalasingam  
GHAZALLI at Kuala Lumpur in the  
Federal Territory on 24 August 2006

  
RAZIDAN BIN GHAZALLI

Before me



Bilik 302, Tingkat 3  
Bangunan Loh Yew  
Jalan Mahkamah Persekutuan  
50050 Kuala Lumpur  
Tel: 03-26938528

29992 U

Mail Address:  
P.O. Box 11040  
50734 Kuala Lumpur, Malaysia

**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 10 to 82. 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 2006 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.

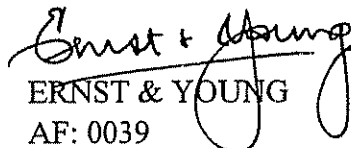
29992 U

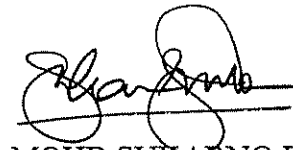
**REPORT OF THE AUDITORS TO THE MEMBERS OF  
GOLDEN HOPE PLANTATIONS BERHAD (CONTD.)  
(Incorporated in Malaysia)**

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  
24 August 2006

**GOLDEN HOPE PLANTATIONS BERHAD**  
**(Incorporated in Malaysia)**

**INCOME STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2006**

	Note	Group		Company	
		2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Revenue	3(a)	3,824,677	3,340,443	269,059	255,941
Cost of sales		(3,041,456)	(2,492,838)	(183,781)	(155,147)
Gross profit		783,221	847,605	85,278	100,794
Investment and other income	4	50,216	52,443	220,741	473,511
Selling and marketing expenses		(157,515)	(141,857)	(577)	(872)
Administrative expenses		(186,488)	(220,001)	(62,284)	(62,415)
Other operating expenses		(90,237)	(92,247)	(4,074)	(4,035)
Operating profit before finance costs	5	399,197	445,943	239,084	506,983
Finance costs	6	(10,306)	(9,923)	(2,674)	-
Operating profit after finance costs		388,891	436,020	236,410	506,983
Share of results of associated companies	3(b)	17,265	42,938	-	-
Exceptional item	7	-	271,491	-	17,222
Profit before taxation	3(b) & (e)	406,156	750,449	236,410	524,205
Taxation	8	(137,078)	(213,731)	(63,086)	(120,238)
Company and subsidiary companies		(124,979)	(202,907)	(63,086)	(120,238)
Associated companies		(12,099)	(10,824)	-	-
Profit after taxation		269,078	536,718	173,324	403,967
Continuing operations	9	269,078	537,686	-	-
Discontinuing operations	9	-	(968)	-	-
Minority interests		(9,312)	13,208	-	-
Net profit for the year		259,766	549,926	173,324	403,967
Earnings per share (sen)					
Basic	10(a)	18.2	42.2	12.1	31.0
Diluted	10(b)	18.2	42.2	12.1	31.0

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

**GOLDEN HOPE PLANTATIONS BERHAD**  
(Incorporated in Malaysia)

**BALANCE SHEETS AS AT 30 JUNE 2006**

	Note	Group		Company	
		2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
<b>NON-CURRENT ASSETS</b>					
Property, plant and equipment	12	3,958,845	3,872,345	553,263	539,068
Investments in subsidiary companies	13	-	-	4,949,737	4,828,781
Investments in associated companies	14	599,856	352,327	698,872	514,261
Other investments	15	42,686	42,686	42,440	42,440
Land held for property development	16	90,159	90,309	-	-
Deferred tax assets	17	226,073	235,769	-	-
Goodwill on consolidation	18	183,630	187,590	-	-
<b>CURRENT ASSETS</b>					
Property development-in-progress	19	152,014	190,364	-	-
Amounts due from customers	20	35,223	47,335	-	-
Inventories	21	379,698	280,543	2,411	2,759
Receivables	22	728,054	768,347	2,043,758	2,004,816
Short term investment	23	5,000	1,263,885	-	1,263,885
Tax recoverable		16,459	8,350	-	-
Cash and bank balances	24	203,831	452,700	61,962	251,100
		<u>1,520,279</u>	<u>3,011,524</u>	<u>2,108,131</u>	<u>3,522,560</u>
<b>CURRENT LIABILITIES</b>					
Dividends payable	11	-	79,715	-	79,715
Payables	25	586,909	637,572	5,780,799	5,680,019
Amounts due to customers	20	28,559	26,582	-	-
Bank borrowings	26	509,702	213,848	236,700	-
Taxation		24,488	59,839	17,460	21,779
		<u>1,149,658</u>	<u>1,017,556</u>	<u>6,034,959</u>	<u>5,781,513</u>
<b>NET CURRENT ASSETS/ (LIABILITIES)</b>					
		<u>370,621</u>	<u>1,993,968</u>	<u>(3,926,828)</u>	<u>(2,258,953)</u>
		<u>5,471,870</u>	<u>6,774,994</u>	<u>2,317,484</u>	<u>3,665,597</u>

**GOLDEN HOPE PLANTATIONS BERHAD**  
**(Incorporated in Malaysia)**

**BALANCE SHEETS AS AT 30 JUNE 2006 (CONTD.)**

	Note	Group		Company	
		2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
<b>FINANCED BY:</b>					
Share capital	27	1,423,489	1,423,489	1,423,489	1,423,489
Reserves	28	3,536,805	4,816,790	889,942	2,236,731
Shareholders' equity		4,960,294	6,240,279	2,313,431	3,660,220
Minority interests		198,027	197,783	-	-
		<u>5,158,321</u>	<u>6,438,062</u>	<u>2,313,431</u>	<u>3,660,220</u>
Long term borrowings	29	118,509	150,141	-	-
Deferred tax liabilities	17	195,040	186,791	4,053	5,377
Non-current liabilities		313,549	336,932	4,053	5,377
		<u>5,471,870</u>	<u>6,774,994</u>	<u>2,317,484</u>	<u>3,665,597</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 2006**

	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
<b>At 1 July 2004</b>		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)
<b>At 30 June 2005</b>		<b>1,423,489</b>	<b>1,731,147</b>	<b>68,452</b>	<b>26,487</b>	<b>2,990,704</b>	<b>6,240,279</b>
<b>At 1 July 2005</b>		1,423,489	1,731,147	68,452	26,487	2,990,704	6,240,279
Net profit for the year		-	-	-	-	259,766	259,766
Dividends paid	11	-	-	-	-	(256,228)	(256,228)
Capital distribution		-	(1,263,885)	-	-	-	(1,263,885)
Translation of foreign subsidiary companies		-	-	-	(19,638)	-	(19,638)
<b>At 30 June 2006</b>		<b>1,423,489</b>	<b>467,262</b>	<b>68,452</b>	<b>6,849</b>	<b>2,994,242</b>	<b>4,960,294</b>

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 2006**

	Note	Share capital RM'000	Share premium RM'000	Retained profits RM'000	Total RM'000
<b>At 1 July 2004</b>		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)
<b>At 30 June 2005</b>		<u>1,423,489</u>	<u>1,731,147</u>	<u>505,584</u>	<u>3,660,220</u>
<b>At 1 July 2005</b>		1,423,489	1,731,147	505,584	3,660,220
Net profit for the year		-	-	173,324	173,324
Dividends paid	11	-	-	(256,228)	(256,228)
Capital distribution		-	(1,263,885)	-	(1,263,885)
<b>At 30 June 2006</b>		<u>1,423,489</u>	<u>467,262</u>	<u>422,680</u>	<u>2,313,431</u>

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



**GOLDEN HOPE PLANTATIONS BERHAD**  
**(Incorporated in Malaysia)**

**CASH FLOW STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2006**

	Group		Company	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before taxation	406,156	750,449	236,410	524,205
Adjustments for:				
Depreciation	109,226	88,881	7,072	7,019
Gain on disposal of property, plant and equipment	(2,229)	(1,340)	(189)	(76,245)
Gain on compulsory acquisition of land	(3,286)	(2,170)	-	-
Gain on partial disposal of subsidiary companies	(7,475)	-	-	-
Gain on disposal of subsidiary companies	-	(17,848)	-	(9,237)
Property, plant and equipment written off	2,190	3,591	54	257
Planted area cut-out	3,196	17,170	17	357
Profit retained by associated companies	(16,922)	(42,938)	-	-
Interest expense	10,306	9,923	2,674	-
Interest income	(10,499)	(14,110)	(5,884)	(8,111)
Dividend income				
- quoted shares	(122)	(122)	(2,087)	(3,581)
- unquoted shares	(821)	(1,871)	(212,375)	(377,259)
Exceptional item	-	(271,491)	-	(17,222)
Goodwill amortised	10,000	10,000	-	-
Impairment of property, plant and equipment	-	1,221	-	-
Operating profit before working capital changes	499,720	529,345	25,692	40,183
Working capital changes:				
Amounts due from/(to) customers	14,089	(3,702)	-	-
Short term investments	(5,000)	-	-	-
Inventories	(99,155)	(46,347)	348	164
Receivables	40,293	(254,065)	(159,898)	113,780
Payables	(50,663)	161,750	40,098	(389,166)
Cash generated from/(used in) operations	399,284	386,981	(93,760)	(235,039)
Interest paid	(14,459)	(14,553)	(2,674)	-
Taxation (paid)/refund	(150,494)	(93,738)	(9,014)	4,072
Net cash generated from/(used in) operating activities	234,331	278,690	(105,448)	(230,967)

**GOLDEN HOPE PLANTATIONS BERHAD**  
**(Incorporated in Malaysia)**

**CASH FLOW STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2006 (CONTD.)**

	<b>Group</b>		<b>Company</b>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of property, plant and equipment	(234,536)	(140,520)	(20,776)	(10,793)
Proceeds from disposal of property, plant and equipment	3,829	6,822	594	1,447
Proceeds from compulsory acquisition of land	4,313	3,585	-	-
Acquisition of subsidiary companies (Note 30)	-	11,254	-	(4,675)
Proceeds for partial disposal of subsidiary companies	9,986	-	-	-
Proceeds from disposal of subsidiary companies	-	4,975	-	10,073
Proceeds from disposal of associated companies	-	1,782	-	-
Realisation of property development	42,653	14,976	-	-
Purchase of additional shares in subsidiary companies	(15,000)	(3,800)	-	(3,800)
Purchase of investment in associated companies	(242,706)	-	(184,611)	-
Interest received	10,499	14,110	5,884	8,111
Dividends received				
- quoted shares	122	122	2,087	3,581
- unquoted shares	821	1,871	212,375	377,259
Exchange adjustments	10,703	1,977	-	-
Net cash (used in)/generated from investing activities	<u>(409,316)</u>	<u>(82,846)</u>	<u>15,553</u>	<u>381,203</u>

**GOLDEN HOPE PLANTATIONS BERHAD**  
(Incorporated in Malaysia)

**CASH FLOW STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2006 (CONTD.)**

	<b>Group</b>		<b>Company</b>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Rationalisation exercise expenses paid	-	(6,797)	-	(6,797)
Drawdown of revolving credit	247,983	2,149	236,700	-
Repayment of term loans	(17,468)	(14,274)	-	-
Drawdown/(repayment) of export credit refinancing	32,892	(4)	-	-
Dividends paid				
- members of the Company	(335,943)	(120,668)	(335,943)	(120,668)
- minority shareholders in subsidiary companies	(2,619)	(2,326)	-	-
Net cash used in financing activities	<u>(75,155)</u>	<u>(141,920)</u>	<u>(99,243)</u>	<u>(127,465)</u>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(250,140)</b>	<b>53,924</b>	<b>(189,138)</b>	<b>22,771</b>
<b>EFFECTS OF EXCHANGE RATE CHANGES</b>	<b>456</b>	<b>(50)</b>	<b>-</b>	<b>-</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>449,635</b>	<b>395,761</b>	<b>251,100</b>	<b>228,329</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>199,951</b>	<b>449,635</b>	<b>61,962</b>	<b>251,100</b>
The cash and cash equivalents comprise:				
Cash and bank balances (Note 24)	203,831	452,700	61,962	251,100
Bank overdrafts (Note 26)	(3,880)	(3,065)	-	-
	<u>199,951</u>	<u>449,635</u>	<u>61,962</u>	<u>251,100</u>

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

**GOLDEN HOPE PLANTATIONS BERHAD**  
**(Incorporated in Malaysia)**

**NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2006**

**1. CORPORATE INFORMATION**

The Company is an investment holding company. It also provides plantation management services and operates its own oil palm 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 23,119 (2005: 22,925) and 1,479 (2005: 1,628) respectively.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 24 August 2006.

**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.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

### (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 (CONTD.)**

### **(b) Basis of Consolidation (Contd.)**

#### **(ii) Associated Companies (Contd.)**

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 (CONTD.)

### (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(1).

- (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(1).

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

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

#### (i) Land Held for Property Development (Contd.)

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 comprises 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 (CONTD.)

### (g) Amounts Due From/(To) Customers (Contd.)

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 (CONTD.)

### (j) Foreign Currencies (Contd.)

#### (i) Foreign Currency Transactions (Contd.)

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:

	<b>2006</b>	<b>2005</b>
	<b>RM</b>	<b>RM</b>
1 Chinese Renminbi	0.464	0.468
1 Euro	4.711	4.641
1 United States Dollar	3.707	3.800
1,000 Vietnamese Dong	0.232	0.243
1,000 Indonesian Rupiah	0.416	0.416
1 South African Rand	0.526	0.672
1 Singapore Dollar	2.336	2.277
100 Bangladesh Taka	5.600	6.400
1 Moroccan Dirham	0.416	-
100 Japanese Yen	3.233	-
1 Great Britain Pound Sterling	6.785	-
1 Brazilian Real	1.660	-
1 Canadian Dollar	3.343	-

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

### (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 (CONTD.)**

### **(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 (CONTD.)**

### **(o) Financial Instruments (Contd.)**

#### **(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(l).

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 (CONTD.)**

### **(o) Financial Instruments (Contd.)**

#### **(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.

### 3. SEGMENT INFORMATION (CONTD.)

#### (a) Revenue (Contd.)

Analysis of revenue by activity:

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
<b>Sale of goods</b>				
Palm products:				
Refined palm oil	155,617	142,276	58,609	33,994
Crude palm oil	924,471	853,827	37,474	74,745
Others	188,527	213,822	26,175	28,679
	<u>1,268,615</u>	<u>1,209,925</u>	<u>122,258</u>	<u>137,418</u>
Rubber	75,682	44,760	-	-
Others	10,651	12,600	93,590	68,355
	<u>1,354,948</u>	<u>1,267,285</u>	<u>215,848</u>	<u>205,773</u>
<b>Rendering of services</b>				
Fees and commissions	53,211	49,927	53,211	50,168
Plantation operations	<u>1,408,159</u>	<u>1,317,212</u>	<u>269,059</u>	<u>255,941</u>
<b>Sale of goods</b>				
Property development and management	178,870	161,346	-	-
Oils & fats	2,914,462	2,412,959	-	-
Others	173,983	170,486	-	-
	<u>4,675,474</u>	<u>4,062,003</u>	<u>269,059</u>	<u>255,941</u>
Inter-segment sales:				
- Plantation operations	(698,635)	(593,052)	-	-
- Oils & fats	(121,689)	(105,024)	-	-
- Others	(30,473)	(23,484)	-	-
	<u>(850,797)</u>	<u>(721,560)</u>	<u>-</u>	<u>-</u>
	<u>3,824,677</u>	<u>3,340,443</u>	<u>269,059</u>	<u>255,941</u>

#### (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 production and sales of fruit juices and puree.
Property development and management	Development and construction of residential, commercial and industrial property and the sale of developed land.

## 3. SEGMENT INFORMATION (CONTD.)

## (b) Business Segments (Contd.)

Oils & Fats	Production and sales of oils and fats and trading.
Others	Production and sales of rubber footwear and technical products and coconut-based food products 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.

	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
<b>30 June 2006</b>						
<b>REVENUE</b>						
External sales	709,524	178,870	2,792,773	143,510	-	3,824,677
Inter-segment sales	698,635	-	121,689	30,473	(850,797)	-
Total revenue	<u>1,408,159</u>	<u>178,870</u>	<u>2,914,462</u>	<u>173,983</u>	<u>(850,797)</u>	<u>3,824,677</u>
<b>RESULTS</b>						
Operating profit/(loss)	344,180	343	526	(6,374)	-	338,675
Investment income						943
Deposit interest						7,287
Other income						41,986
Associated companies	-	(3,248)	21,681	(1,168)	-	<u>17,265</u>
<b>Profit before taxation</b>						<u>406,156</u>



## 3. SEGMENT INFORMATION (CONTD.)

## (b) Business Segments (Contd.)

	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
<b>30 June 2005</b>						
<b>REVENUE</b>						
External sales	724,160	161,346	2,307,935	147,002	-	3,340,443
Inter-segment sales	593,052	-	105,024	23,484	(721,560)	-
Total revenue	<u>1,317,212</u>	<u>161,346</u>	<u>2,412,959</u>	<u>170,486</u>	<u>(721,560)</u>	<u>3,340,443</u>
<b>RESULTS</b>						
Operating profit/(loss)	417,857	(32,228)	(5,487)	3,435	-	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>
<b>Profit before taxation</b>						<u>750,449</u>
<b>30 June 2006</b>						
<b>OTHER INFORMATION</b>						
Segment assets	4,451,740	638,345	776,427	112,474		5,978,986
Associated companies	1,911	138,073	430,924	28,948		599,856
Other investments	42,021	610	-	55		42,686
Total assets	<u>4,495,672</u>	<u>777,028</u>	<u>1,207,351</u>	<u>141,477</u>		<u>6,621,528</u>
Segment liabilities	<u>800,963</u>	<u>256,464</u>	<u>376,294</u>	<u>29,486</u>		<u>1,463,207</u>

## 3. SEGMENT INFORMATION (CONTD.)

## (b) Business Segments (Contd.)

	Plantation and Other Related Businesses RM'000	Property Development and Management RM'000	Oils & Fats RM'000	Others RM'000	Total RM'000
<b>30 June 2006</b>					
Capital expenditure	182,395	5,307	40,623	6,211	234,536
Depreciation	71,607	1,703	29,347	6,569	109,226
Property, plant and equipment written off	(876)	(1,031)	(283)	-	(2,190)
Gain/(loss) on exchange	373	-	1,846	(85)	2,134
<b>30 June 2005</b>					
<b>OTHER INFORMATION</b>					
Segment assets	5,847,051	676,283	785,379	88,824	7,397,537
Associated companies	1,911	130,690	194,307	25,419	352,327
Other investments	42,021	610	-	55	42,686
Total assets	5,890,983	807,583	979,686	114,298	7,792,550
Segment liabilities	682,151	280,824	383,691	7,822	1,354,488
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)

## (c) Assets by geographical locations:

	Revenue RM'000	Operating Profit/(Loss) RM'000	Total Assets RM'000	Capital Expenditure RM'000
<b>30 June 2006</b>				
Malaysia	2,064,916	342,260	5,772,963	199,918
Europe	1,178,111	(6,766)	456,097	15,226
South Africa	428,412	7,518	114,724	2,798
Asia	153,238	(4,337)	277,744	16,594
	3,824,677	338,675	6,621,528	234,536

## 3. SEGMENT INFORMATION (CONTD.)

## (c) Assets by geographical locations:

	Revenue RM'000	Operating Profit/(Loss) RM'000	Total Assets RM'000	Capital Expenditure RM'000
<b>30 June 2005</b>				
Malaysia	1,582,380	377,014	6,880,338	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>7,792,550</u>	<u>140,520</u>

## (d) Geographical Segments

Analysis of revenue by geographical market:

	Total Revenue from External Customers	
	2006 RM'000	2005 RM'000
Malaysia	1,677,180	1,010,766
Europe/Ukraine	1,275,586	1,423,755
Japan/Vietnam/Korea/China	256,882	377,418
United States of America	46,603	63,548
Australia/New Zealand	3,872	14,326
India/Pakistan/Bangladesh	1,353	10,532
West Asia/Middle East	118,370	92,057
Africa	442,518	303,743
Others	2,313	44,298
	<u>3,824,677</u>	<u>3,340,443</u>

**3. SEGMENT INFORMATION (CONTD.)****(e) Profit Before Taxation**

Analysis of profit by activity:

	<b>Group</b>				<b>Company</b>	
	<b>2006</b>		<b>2005</b>		<b>2006</b>	<b>2005</b>
	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>RM'000</b>
Palm products	338,187	90	448,357	97	27,308	48,904
Rubber	36,768	10	12,728	3	-	-
Operating surplus	374,955	<u>100</u>	461,085	<u>100</u>	27,308	48,904
Less: Replanting expenditure and planted area cut-out	<u>(28,470)</u>		<u>(40,997)</u>		<u>(4,074)</u>	<u>(4,035)</u>
	346,485		420,088		23,234	44,869
Fees and commissions	633		1,155		(8,710)	(12,088)
Others	<u>(2,938)</u>		<u>(3,386)</u>		<u>1,145</u>	<u>691</u>
Plantation and other related businesses	344,180		417,857		15,669	33,472
Property development and management	343		(32,228)		-	-
Oils & fats	526		(5,487)		-	-
Others	(6,374)		3,435		-	-
Investment and other income	<u>50,216</u>		<u>52,443</u>		<u>220,741</u>	<u>473,511</u>
<b>OPERATING PROFIT AFTER FINANCE COSTS</b>	<b>388,891</b>		<b>436,020</b>		<b>236,410</b>	<b>506,983</b>
Associated companies	17,265		42,938		-	-
Exceptional item	<u>-</u>		<u>271,491</u>		<u>-</u>	<u>17,222</u>
<b>PROFIT BEFORE TAXATION</b>	<b><u>406,156</u></b>		<b><u>750,449</u></b>		<b><u>236,410</u></b>	<b><u>524,205</u></b>

## 4. INVESTMENT AND OTHER INCOME

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
<b>Dividends (gross):</b>				
<b>Quoted shares in Malaysia:</b>				
Subsidiary companies	-	-	1,965	3,459
Others	122	122	122	122
<b>Unquoted shares:</b>				
Subsidiary companies	-	-	211,261	375,394
Associated companies	-	-	300	-
Others	821	1,871	814	1,865
<b>Other income:</b>				
Deposit interest	7,287	10,317	2,717	5,717
Interest income	3,212	3,793	3,167	2,394
Gain on disposal of investment in subsidiary companies	-	17,848	-	9,237
Gain on disposal of partial investment in subsidiary companies	7,475	-	-	-
Gain on disposal of property, plant and equipment *	5,515	3,510	189	76,245
Others	25,784	14,982	206	(922)
	<u>50,216</u>	<u>52,443</u>	<u>220,741</u>	<u>473,511</u>

\* Included in gain on disposal of property, plant and equipment is gain of RM3,286,000 (2005: RM2,170,000) arising from compulsory acquisition of land.

## 5. OPERATING PROFIT BEFORE FINANCE COSTS

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

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Staff costs (Note 5(c))	371,748	341,868	44,825	44,302
Depreciation (Note 12)	109,226	88,881	7,072	7,019
Research and development	30,473	23,484	1,367	1,447
Impairment of property, plant and equipment	-	1,221	-	-
Amortisation of goodwill (Note 18)	10,000	10,000	-	-
Auditors' remuneration				
- statutory audit	1,177	1,074	30	30
- other services	1,011	778	397	313
Rental of office premises	4,217	5,114	3,564	4,533
Replanting expenditure	25,274	23,827	4,058	3,678
Planted area cut-out	3,196	17,170	16	357
Property, plant and equipment written off	2,190	3,591	54	257
Directors' remuneration				
- fees	560	540	345	345
- emoluments	775	655	775	655
- benefits in kind	51	51	51	51

### (b) Directors' Remuneration

	Executive Directors		Non-Executive Directors	
	2006 No.	2005 No.	2006 No.	2005 No.
Remuneration paid and payable to Directors of the Company analysed into bands of RM50,000:				
RM50,000 and below	-	-	2	2
RM50,001 - RM100,000	-	-	4	4
RM100,001 - RM150,000	-	-	1	1
RM700,001 - RM750,000	-	1	-	-
RM800,001 - RM850,000	1	-	-	-

## 5. OPERATING PROFIT BEFORE FINANCE COSTS (CONTD.)

## (b) Directors' Remuneration (Contd.)

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
<b>Non-Executive:</b>				
<b>Fees</b>				
Tan Sri Dato' Seri (Dr.) Ahmad Sarji bin Abdul Hamid	127	118	69	69
Mohammad bin Abdullah	96	99	46	46
Dr. Ng Chong Kin	46	46	46	46
Datuk Maznah binti Abdul Hamid	46	46	46	46
Dato' Dr. Abdul Halim bin Haji Ismail	67	61	46	46
Dato' Henry Sackville Barlow	94	85	46	46
Tan Sri Dato' Haji Lamin bin Haji Mohd Yunus	84	85	46	46
	<u>560</u>	<u>540</u>	<u>345</u>	<u>345</u>
<b>Executive:</b>				
<b>Emoluments</b>				
Dato' Sabri bin Ahmad	<u>775</u>	<u>655</u>	<u>775</u>	<u>655</u>
<b>Benefits in kind</b>				
Dato' Sabri bin Ahmad	<u>51</u>	<u>51</u>	<u>51</u>	<u>51</u>
<b>(c) Staff Costs</b>				
Wages and salaries	330,488	300,693	40,250	39,640
Employees provident fund	31,993	29,367	4,169	4,215
Social security costs	6,592	7,367	180	187
Other related costs	2,675	4,441	226	260
	<u>371,748</u>	<u>341,868</u>	<u>44,825</u>	<u>44,302</u>

**6. FINANCE COSTS**

	<b>Group</b>		<b>Company</b>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Finance costs comprise:				
Interest expense				
- bank overdrafts	943	1,075	-	-
- term loans	3,224	4,637	-	-
- revolving credits and export credit refinancing	6,139	4,211	2,674	-
	<u>10,306</u>	<u>9,923</u>	<u>2,674</u>	<u>-</u>

**7. EXCEPTIONAL ITEM**

	<b>Group</b>		<b>Company</b>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
(Loss)/gain on the disposal of I&P Seriemas Sdn. Bhd., I&P Alam Impian Sdn. Bhd. and I&P Permodalan Harta 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	-	-
	<u>-</u>	<u>271,491</u>	<u>-</u>	<u>17,222</u>



## 8. TAXATION

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Tax expense for the year:				
Malaysian income tax	98,838	109,046	67,102	120,879
Foreign tax	2,333	2,197	-	-
	<u>101,171</u>	<u>111,243</u>	<u>67,102</u>	<u>120,879</u>
Under/(over)provision in prior years:				
Malaysian income tax	4,523	-	(2,692)	-
Foreign tax	1,340	-	-	-
	<u>107,034</u>	<u>111,243</u>	<u>64,410</u>	<u>120,879</u>
Deferred tax: (Note 17)				
Relating to origination and reversal of temporary differences	8,245	91,664	331	(641)
Under/(over)provision of deferred taxation	9,700	-	(1,655)	-
Associated companies	12,099	10,824	-	-
	<u>137,078</u>	<u>213,731</u>	<u>63,086</u>	<u>120,238</u>

Domestic income tax is calculated at the Malaysian statutory rate of 28% (2005: 28%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The effective tax rate for the Group is higher than the statutory tax rate mainly due to provision for tax underprovided in prior years and expenses not deductible for tax purposes.

The effective tax rate for the Company is lower than the statutory tax rate mainly due to reversal of tax overprovided in prior years.

**8. TAXATION (CONTD.)**

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:

	<b>2006</b>	<b>2005</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Group</b>		
Profit before taxation	406,156	750,449
Taxation at Malaysian statutory rate of 28%	113,724	210,126
Effect of different tax rates in other countries	1,827	666
Effect from exceptional item	-	(76,017)
Income not subject to tax	(6,794)	(13,104)
Expenses not deductible for tax purposes	11,344	11,664
Expenses double deducted for tax purposes	(8,010)	(3,644)
Utilisation of previous year's capital allowances	(5,807)	(9,385)
Losses without Group relief	11,273	13,019
Utilisation of current year's tax incentives	(2,800)	(2,800)
Utilisation of deferred tax assets	6,758	83,206
Underprovision of income tax	5,863	-
Underprovision of deferred tax	9,700	-
Tax expense for the year	<u>137,078</u>	<u>213,731</u>
<b>Company</b>		
Profit before taxation	236,410	524,205
Taxation at Malaysian statutory rate of 28%	66,195	146,777
Income not subject to tax	-	(31,411)
Utilisation of current year's tax incentives	(2,800)	(2,800)
Expenses not deductible for tax purposes	4,038	7,672
Overprovision of income tax	(2,692)	-
Overprovision of deferred tax	(1,655)	-
Tax expense for the year	<u>63,086</u>	<u>120,238</u>

**8. TAXATION (CONTD.)**

Unabsorbed capital allowances are analysed as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Tax savings recognised during the year arising from:				
Utilisation of unabsorbed capital allowances brought forward from previous years	7,100	9,385	-	-
Unabsorbed capital allowances carried forward	<u>103,553</u>	<u>111,653</u>	<u>-</u>	<u>-</u>

**9. PROFIT AFTER TAXATION**

<b>Group</b>	<b>Note</b>	<b>Continuing Operations</b>	<b>Discontinuing Operations</b>	<b>Total</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>2005</b>				
Revenue	3(a)	<u>3,335,968</u>	<u>4,475</u>	<u>3,340,443</u>
Operating profit/(loss) before finance costs	5	446,892	(949)	445,943
Finance costs	6	<u>(9,904)</u>	<u>(19)</u>	<u>(9,923)</u>
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	<u>271,491</u>	<u>-</u>	<u>271,491</u>
Profit/(loss) before taxation	3(b) & (e)	<u>751,417</u>	<u>(968)</u>	<u>750,449</u>
Taxation	8	(213,731)	-	(213,731)
Company and subsidiary companies		<u>(202,907)</u>	<u>-</u>	<u>(202,907)</u>
Associated companies		<u>(10,824)</u>	<u>-</u>	<u>(10,824)</u>
Profit/(loss) after taxation		<u>537,686</u>	<u>(968)</u>	<u>536,718</u>

## 9. PROFIT AFTER TAXATION (CONTD.)

### Discontinuing Operations

There were no discontinuing operations in the financial year ended 30 June 2006. Discontinuing operations in the last financial year was in respect of the disposal of a wholly-owned subsidiary company, Dongwha Parquet Sdn. Bhd. to Dongwha GH International Sdn. Bhd., a company which is 30% held by the Company, 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:

	<b>Financial period ended At Disposal Date RM'000</b>	<b>Financial year ended 30.6.2004 RM'000</b>
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

**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.

	<b>Group</b>		<b>Company</b>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
Net profit for the year (RM'000)	<u>259,766</u>	<u>549,926</u>	<u>173,324</u>	<u>403,967</u>
Weighted average number of ordinary shares in issue ('000)	<u>1,423,489</u>	<u>1,303,065</u>	<u>1,423,489</u>	<u>1,303,065</u>
Basic earnings per share (sen)	<u>18.2</u>	<u>42.2</u>	<u>12.1</u>	<u>31.0</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**

	2006		2005	
	Sen per share (gross)	RM'000 (net)	Sen per share (gross)	RM'000 (net)
Interim dividend for 2006 Paid on 5 April 2006 (2005: paid on 13 July 2005)				
- Tax exempt	-	-	2	28,470
- Tax paid	7	71,744	5	51,245
	<u>7</u>	<u>71,744</u>	<u>7</u>	<u>79,715</u>
Final and special dividend for 2005 Paid on 12 December 2005 (Final dividend for 2004: paid on 19 November 2004)				
- Tax exempt	-	-	2	21,244
- Tax paid	18	184,484	13	99,424
	<u>18</u>	<u>184,484</u>	<u>15</u>	<u>120,668</u>
	<u>25</u>	<u>256,228</u>	<u>22</u>	<u>200,383</u>

At the forthcoming Annual General Meeting, a final dividend of 18 sen per share, less tax at 28%, totalling RM184,484,197 for the financial year ended 30 June 2006 will be proposed for the shareholders' approval and to be paid on 20 November 2006.

## 12. PROPERTY, PLANT AND EQUIPMENT

Group	Short		Estates	Buildings	Plant and Machinery	Furniture and Fittings	Vehicles	Total
	Freehold Land	Leasehold Land						
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Cost</b>								
At 1 July 2005	21,238	24,107	2,877,776	820,422	788,408	86,154	116,097	4,734,202
Exchange adjustments	74	-	(23,684)	(11,121)	4,102	258	(742)	(31,113)
Additions	-	-	43,926	53,774	121,640	10,734	4,462	234,536
Reclassification	-	-	44,806	(55,737)	11,709	(673)	(105)	-
Disposals	-	-	(1,028)	(2,328)	(1,038)	(1,254)	(2,216)	(7,864)
Write off	-	-	(3,196)	(7,131)	(3,882)	(2,579)	(3,545)	(20,333)
At 30 June 2006	21,312	24,107	2,938,600	797,879	920,939	92,640	113,951	4,909,428
<b>Accumulated Depreciation</b>								
At 1 July 2005	-	5,024	15,547	276,342	406,050	58,188	100,706	861,857
Exchange adjustments	-	116	-	140	(146)	10	(437)	(317)
Charge for the year (Note 5)	-	134	1,381	32,790	62,134	5,460	7,327	109,226
Reclassification	-	-	-	(46)	126	2	(82)	-
Disposals	-	-	-	(1,428)	(783)	(1,163)	(1,862)	(5,236)
Write off	-	-	-	(6,504)	(3,459)	(1,442)	(3,542)	(14,947)
At 30 June 2006	-	5,274	16,928	301,294	463,922	61,055	102,110	950,583
<b>Net Book Value</b>								
At 30 June 2006	21,312	18,833	2,921,672	496,585	457,017	31,585	11,841	3,958,845
At 30 June 2005	21,238	19,083	2,862,229	544,080	382,358	27,966	15,391	3,872,345
<b>Details as at 1 July 2004</b>								
Cost	41,529	10,279	1,970,292	551,808	664,788	74,346	93,035	3,406,077
Accumulated Depreciation	-	4,445	-	244,263	354,072	49,633	84,624	737,037
Depreciation charge for 2005 (Note 5)	-	386	823	27,450	46,904	7,845	5,473	88,881

## 12. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

	Group	
	2006	2005
	RM'000	RM'000
Estates comprise:		
Land:		
- Freehold	903,120	870,184
- Long leasehold	677,227	640,178
- Short leasehold	159,085	176,013
Development expenditure	<u>1,182,240</u>	<u>1,175,854</u>
	<u>2,921,672</u>	<u>2,862,229</u>

Company	Freehold		Plant and Machinery		Furniture and Fittings		Vehicles	Total
	Land	Estates	Buildings	Machinery	Fittings			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Cost</b>								
At 1 July 2005	19,914	476,573	51,363	45,369	27,905	14,154	635,278	
Additions	-	-	16,050	1,582	2,250	894	20,776	
Additions-related party	-	-	20	1,542	455	110	2,127	
Disposals	-	-	-	-	(8)	(1,377)	(1,385)	
Disposals-related party	-	-	-	-	(374)	(421)	(795)	
Write off	-	(16)	(18)	(591)	(130)	(658)	(1,413)	
At 30 June 2006	<u>19,914</u>	<u>476,557</u>	<u>67,415</u>	<u>47,902</u>	<u>30,098</u>	<u>12,702</u>	<u>654,588</u>	
<b>Accumulated Depreciation</b>								
At 1 July 2005	-	-	27,117	38,501	17,969	12,623	96,210	
Charge for the year (Note 5)	-	-	1,555	1,606	2,780	1,131	7,072	
Additions-related party	-	-	4	620	2	54	680	
Disposals	-	-	-	-	(4)	(1,016)	(1,020)	
Disposals-related party	-	-	-	-	(3)	(310)	(313)	
Write off	-	-	(9)	(577)	(61)	(657)	(1,304)	
At 30 June 2006	<u>-</u>	<u>-</u>	<u>28,667</u>	<u>40,150</u>	<u>20,683</u>	<u>11,825</u>	<u>101,325</u>	
<b>Net Book Value</b>								
At 30 June 2006	<u>19,914</u>	<u>476,557</u>	<u>38,748</u>	<u>7,752</u>	<u>9,415</u>	<u>877</u>	<u>553,263</u>	
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>	
<b>Details as at 1 July 2004</b>								
Cost	19,914	120,877	37,926	23,738	28,330	12,027	242,812	
Accumulated Depreciation	-	-	10,819	21,390	17,337	11,748	61,294	
Depreciation charge for 2005 (Note 5)	-	-	1,410	1,540	3,088	981	7,019	



**12. PROPERTY, PLANT AND EQUIPMENT (CONTD.)**

	Company	
	2006	2005
	RM'000	RM'000
Estates comprise:		
Land:		
- Freehold	404,272	404,272
- Long leasehold	19,559	19,559
Development expenditure	52,726	52,742
	<u>476,557</u>	<u>476,573</u>

**13. INVESTMENTS IN SUBSIDIARY COMPANIES**

	Company	
	2006	2005
	RM'000	RM'000
Quoted shares in Malaysia, at cost		
At beginning/end of year	<u>143,306</u>	<u>143,306</u>
Unquoted shares, at cost		
At beginning of year	4,696,475	3,466,703
Capital repayment	(14,766)	-
Additions	139,222	1,281,175
Disposal	(3,500)	(51,403)
At end of year	<u>4,817,431</u>	<u>4,696,475</u>
Less: Impairment of investments in subsidiary companies	<u>(11,000)</u>	<u>(11,000)</u>
Total	<u>4,949,737</u>	<u>4,828,781</u>
Market value of quoted shares	<u>167,985</u>	<u>207,260</u>

## 13. INVESTMENTS IN SUBSIDIARY COMPANIES (CONTD.)

Details of the subsidiary companies are as follows:

Company	Country of Incorporation	Effective Interest Held		Issued Share Capital	Principal Activities
		2006 %	2005 %		
<b>Plantation</b>					
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	100.0	RM83,996,022 )	)
Kumpulan Ladang-Ladang Rajawali Sdn. Bhd.	Malaysia	100.0	100.0	RM2 )	)
Derawan Sdn. Bhd.	Malaysia	100.0	100.0	RM20,000 )	) Production and
Sahua Enterprise Sdn. Bhd.	Malaysia	100.0	100.0	RM20,000 )	) processing of
Wangsa Mujur Sdn. Bhd.	Malaysia	72.5	72.5	RM10,345 )	) palm oil,
Chartquest Sdn. Bhd.	Malaysia	61.1	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 )	)
* P.T. Mitra Austral Sejahtera	Indonesia	65.0	65.0	RP44,898,763,200 )	)
* P.T. Sandika Natapalma	Indonesia	100.0	75.0	RP52,204,000,000 )	)
* P.T. Budidaya Agro Lestari	Indonesia	100.0	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
Golden Hope Food & Beverages Sdn. Bhd. (formerly known as Centrifugal Process Sdn. Bhd.)	Malaysia	100.0	100.0	RM21,000,000 )	) latex concentrate
Golden Hope Fruit Industries Sdn. Bhd.	Malaysia	100.0	100.0	RM6,000,000 )	) Fruit cultivation
					) and processing
					) Trading and
					) marketing of
					) fruit juices

## 13. INVESTMENTS IN SUBSIDIARY COMPANIES (CONTD.)

Details of the subsidiary companies are as follows (Contd.):

Company	Country of Incorporation	Effective Interest Held		Issued Share Capital	Principal Activities
		2006 %	2005 %		
<b>Property</b>					
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	100.0	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 (CONTD.)

Details of the subsidiary companies are as follows (Contd.):

Company	Country of Incorporation	Effective Interest Held		Issued Share Capital	Principal Activities
		2006 %	2005 %		
<b>Property (Contd.)</b>					
Golden Hope Heritage Sdn. Bhd.	Malaysia	100.0	100.0	RM2	) Property development and related businesses and investment holding
<b>Oils &amp; Fats</b>					
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	30.6	51.0	VND72,285,687 (in VND'000)	Edible oils refining
** 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
Rubiatec Sdn. Bhd.	Malaysia	100.0	100.0	RM130,000	Production and sales of biodiesel
Austral Edible Oil Sdn. Bhd.	Malaysia	60.0	60.0	RM25,001,000	Palm oil refining
Golden Hope Bioganic Sdn. Bhd.	Malaysia	100.0	100.0	RM3,000,000	Production of Vitamin E
# Jiangyin-Golden Hope Oils and Fats Co. Limited	China	60.0	60.0	RMB38,041,750	Ceased operations
Aspen Timur Sdn. Bhd.	Malaysia	60.0	60.0	RM2	Has not commenced operation

## 13. INVESTMENTS IN SUBSIDIARY COMPANIES (CONTD.)

Details of the subsidiary companies are as follows (Contd.):

Company	Country of Incorporation	Effective Interest Held		Issued Share Capital	Principal Activities
		2006 %	2005 %		
<b>Other Industries</b>					
Golden Hope Agrotech Consultancy Sdn. Bhd.	Malaysia	100.0	100.0	RM100,000	Provision of agricultural consultancy services
Perkhidmatan Komputer Perladangan Sdn. Bhd.	Malaysia	100.0	100.0	RM2,000,000	Provision of computer consultancy services
Golden Hope Research Sdn. Bhd.	Malaysia	100.0	100.0	RM2	Provision of research services
* 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
Harvik Rubber Industries Sdn. Bhd.	Malaysia	100.0	100.0	RM8,000,000	Manufacture of rubber footwear and technical products
Golden Hope Academy Sdn. Bhd.	Malaysia	100.0	-	RM200,000	Establish and manage private higher educational institutions
Entree Sdn. Bhd.	Malaysia	60.0	60.0	RM2,000,000	Ceased operations

## 13. INVESTMENTS IN SUBSIDIARY COMPANIES (CONTD.)

Details of the subsidiary companies are as follows (Contd.):

Company	Country of Incorporation	Effective Interest Held		Issued Share Capital	Principal Activities
		2006 %	2005 %		
<b>Investment Holding</b>					
Malaysian Estates PLC	England	100.0	100.0	£16,695,267 )	
Tegas Setia Sdn. Bhd.	Malaysia	100.0	100.0	RM15,445,488 )	
Golden Hope Overseas Sdn. Bhd.	Malaysia	60.0	100.0	RM3,500,000 )	
Golden Hope Netherland B.V.	Netherland	100.0	-	EUR18,000 )	
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 )	Investment holding
Golden Hope International Investments	Cayman Islands	100.0	-	USD27,522,098 )	
Golden Hope Investments (Asia Pacific)	Cayman Islands	60.0	-	USD958,905 )	
Golden Hope Overseas Capital	Mauritius	100.0	-	USD4,783,564 )	
Golden Hope Investments (Europe) S.a.r.l	Luxembourg	100.0	-	EUR815,250 ) (32,610 shares of) EUR25 each )	
Golden Hope Investments	Cayman Islands	100.0	-	USD1 )	
<b>Others</b>					
Dusun Durian Plantations Limited	England	100.0	100.0	£5,083,827 )	
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 )	Dormant
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 )	

## 13. INVESTMENTS IN SUBSIDIARY COMPANIES (CONTD.)

Details of the subsidiary companies are as follows (Contd.):

Company	Country of Incorporation	Effective Interest Held		Issued Share Capital	Principal Activities
		2006 %	2005 %		
<b>Others (Contd.)</b>					
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 )	)
Binuang Palm Oil Refinery Sdn. Bhd.	Malaysia	100.0	100.0	RM2 )	Dormant )
Glengowrie Properties Sdn. Bhd.	Malaysia	89.7	89.7	RM2 )	)
# 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 )	)

**13. INVESTMENTS IN SUBSIDIARY COMPANIES (CONTD.)**

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

\* Subsidiary companies not audited by Ernst & Young

\*\* Audited by Ernst & Young Global

# In members' voluntary liquidation

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 be liquidated. The purpose of the scheme is to streamline the Group's plantation business to bring about greater efficiencies.

**14. INVESTMENTS IN ASSOCIATED COMPANIES**

	<b>Group</b>		<b>Company</b>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Unquoted shares:				
Cost	431,450	188,745	698,872	514,261
Share of post-acquisition reserves	168,406	163,582	-	-
<b>Total</b>	<b>599,856</b>	<b>352,327</b>	<b>698,872</b>	<b>514,261</b>
Analysed by:				
Share of net assets	599,856	352,327		



**14. INVESTMENTS IN ASSOCIATED COMPANIES (CONTD.)**

Details of the associated companies are as follows:

Company	Country of Incorporation	Effective Interest Held		Issued Share Capital	Principal Activities
		2006 %	2005 %		
Cognis Oleochemicals (M) Sdn. Bhd.	Malaysia	50.0	50.0	RM400,000,000	Investment holding, production and sales of methylesters, 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	RM109,375,000	Production and sales of fatty alcohols
Cognis Oleochemicals U.K. Ltd.	United Kingdom	50.0	-	£1,000	Investment holding and trading in oleochemicals
Cognis Oleochemicals GmbH	Germany	50.0	-	EUR1,280,000	Production and trading in oleochemicals
Cognis Oleochemicals LLC	United States of America	50.0	-	USD1,000	Production and trading in oleochemicals
Cognis Oleochemicals Canada Ltd.	Canada	50.0	-	CND2,350,010	Production and trading in oleochemicals
Cognis Oleochemicals Japan Ltd.	Japan	50.0	-	JPY100,000,000	Trading in oleochemicals

## 14. INVESTMENTS IN ASSOCIATED COMPANIES (CONTD.)

Details of the associated companies are as follows (Contd):

Company	Country of Incorporation	Effective Interest Held		Issued Share Capital	Principal Activities
		2006 %	2005 %		
Cognis Importação e Comércio Oleoquimica Ltda	Brazil	50.0	-	REAIS2,470,279	Trading in oleochemicals
Gruhom (M) Sdn. Bhd.	Malaysia	50.0	50.0	RM2	Has not commenced operations
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
Asian Furs Sdn. Bhd.	Malaysia	50.0	50.0	RM10,000	Dormant
Savola Morocco S.A.	Morocco	40.0	-	MAD94,250,000 (942,500 shares of MAD100 each)	Production and sales of edible oils
Leverian Holdings Pte. Ltd.	Singapore	40.0	40.0	S\$600,000	Investment holding
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
Dongwha GH International Sdn. Bhd.	Malaysia	30.0	30.0	RM8,305,000	Investment holding

**14. INVESTMENTS IN ASSOCIATED COMPANIES (CONTD.)**

Details of the associated companies are as follows (Contd):

Company	Country of Incorporation	Effective Interest Held		Issued Share Capital	Principal Activities
		2006 %	2005 %		
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	30.0	RM50,000,000	Production of rubberwood parquet
Bitaria Sdn. Bhd.	Malaysia	14.9	14.9	RM2,500,002	Property development
I&P Seriemas Sdn. Bhd.	Malaysia	40.0	40.0	RM2,500,000	Property development and related businesses and investment holding
I&P Morib Sdn. Bhd. (formerly known as Golden Morib Sdn. Bhd.)	Malaysia	28.0	28.0	RM300,000	Property development
Tenom Crumb Sdn. Bhd.	Malaysia	49.0	49.0	RM3,900,000	Processing of latex, rubber and scrap

## 15. OTHER INVESTMENTS

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 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	500	500
Malaysian Technology Development Corporation Sdn. Bhd.	1,000	1,000	1,000	1,000
Others	166	166	-	-
	<u>41,296</u>	<u>41,296</u>	<u>39,550</u>	<u>39,550</u>
Other investments, at cost	69,226	69,226	67,480	67,480
Less: Provision for diminution in value	(26,540)	(26,540)	(25,040)	(25,040)
	<u>42,686</u>	<u>42,686</u>	<u>42,440</u>	<u>42,440</u>
Market value of quoted investment	<u>3,920</u>	<u>3,981</u>	<u>3,920</u>	<u>3,981</u>

Detailed holdings are:

Company	Country of Incorporation	Percentage Held		
		2006 %	2005 %	
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.

**15. OTHER INVESTMENTS (CONTD.)**

Company	Country of Incorporation	Percentage Held		
		2006 %	2005 %	
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	1.0	500,000 ordinary shares of RM1 each, fully paid. Issued share capital RM50,000,000.

**16. LAND HELD FOR PROPERTY DEVELOPMENT**

Group	Freehold Land RM'000
<b>At 30 June 2006</b>	
<b>Cost</b>	
At 1 July 2005	90,309
Reversal of development costs	(150)
At 30 June 2006	<u>90,159</u>

**16. LAND HELD FOR PROPERTY DEVELOPMENT (CONTD.)**

	<b>Freehold Land RM'000</b>
<b>At 30 June 2005</b>	
<b>Cost</b>	
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>

**17. DEFERRED TAX**

	<b>Group</b>		<b>Company</b>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Net deferred tax assets/(liabilities)				
At 1 July	48,978	264,747	(5,377)	(6,018)
Recognised in the income statement (Note 8)	(17,945)	(91,664)	1,324	641
Acquired through subsidiary companies	-	(109,435)	-	-
Disposal of subsidiary companies	-	(14,670)	-	-
At 30 June	<u>31,033</u>	<u>48,978</u>	<u>(4,053)</u>	<u>(5,377)</u>
Presented after appropriate offsetting as follows:				
Deferred tax assets	226,073	235,769	-	-
Deferred tax liabilities	(195,040)	(186,791)	(4,053)	(5,377)
	<u>31,033</u>	<u>48,978</u>	<u>(4,053)</u>	<u>(5,377)</u>

**17. DEFERRED TAX (CONTD.)**

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:**

	<b>Accelerated Capital Allowances RM'000</b>	<b>Total RM'000</b>
At 1 July 2005	186,791	186,791
Recognised in the income statement	8,249	8,249
At 30 June 2006	<u>195,040</u>	<u>195,040</u>
At 1 July 2004	50,464	50,464
Acquired through subsidiary companies	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>

**Deferred Tax Assets of the Group:**

	<b>Unrealised Gain from Disposal of Land RM'000</b>	<b>Tax Losses and Unabsorbed Capital Allowances RM'000</b>	<b>Total RM'000</b>
At 1 July 2005	194,222	41,547	235,769
Recognised in the income statement	(1,778)	(7,918)	(9,696)
At 30 June 2006	<u>192,444</u>	<u>33,629</u>	<u>226,073</u>
At 1 July 2004	277,428	37,783	315,211
Acquired through subsidiary companies	-	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>

**17. DEFERRED TAX (CONTD.)****Deferred Tax Liabilities of the Company:**

	<b>Accelerated Capital Allowances RM'000</b>	<b>Total RM'000</b>
At 1 July 2005	5,377	5,377
Recognised in the income statement	(1,324)	(1,324)
At 30 June 2006	<u>4,053</u>	<u>4,053</u>
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>

**18. GOODWILL ON CONSOLIDATION**

	<b>Group</b>	
	<b>2006 RM'000</b>	<b>2005 RM'000</b>
At 1 July	187,590	-
Changes in Group composition	6,040	-
Acquisition of subsidiary companies	-	197,590
	<u>193,630</u>	<u>197,590</u>
Less: Accumulated amortisation in income statement	(10,000)	(10,000)
At 30 June	<u>183,630</u>	<u>187,590</u>



## 19. PROPERTY DEVELOPMENT-IN-PROGRESS

	Group	
	2006	2005
	RM'000	RM'000
<b>Property development cost</b>		
At 1 July:		
Freehold land	83,114	687,854
Development costs	405,094	368,242
Disposal of subsidiary companies	-	(656,296)
	<u>488,208</u>	<u>399,800</u>
<b>Costs incurred during the year:</b>		
Freehold land	4,203	-
Development costs	65,312	56,917
	<u>69,515</u>	<u>56,917</u>
<b>Costs recognised in income statement:</b>		
At 1 July	(312,830)	(256,725)
Recognised during the year	(71,916)	(56,105)
Reversal of completed projects	40,607	-
At 30 June	<u>(344,139)</u>	<u>(312,830)</u>
<b>Reversal of development costs during the year:</b>		
Freehold land	(14,483)	-
Development costs	(6,278)	-
	<u>(20,761)</u>	<u>-</u>
<b>Transfers:</b>		
From land held for property development	-	51,556
To inventories	(40,809)	(5,079)
	<u>(40,809)</u>	<u>46,477</u>
Property development cost at 30 June	<u>152,014</u>	<u>190,364</u>
Included in property development costs incurred during the financial year		
Interest expense	<u>4,153</u>	<u>4,630</u>

**20. AMOUNTS DUE FROM/(TO) CUSTOMERS**

	Group	
	2006 RM'000	2005 RM'000
Cost of construction in progress	670,346	602,645
Estimated attributable profit	2,847	8,828
	<u>673,193</u>	<u>611,473</u>
Progress billings received and receivable	(666,529)	(590,720)
	<u>6,664</u>	<u>20,753</u>
Represented by:		
Amounts due from customers	35,223	47,335
Amounts due to customers	(28,559)	(26,582)
	<u>6,664</u>	<u>20,753</u>
Contract Revenue		
- Total	665,679	649,528
- Recognised during the year	<u>102,885</u>	<u>46,573</u>
Contract Cost		
- Total	670,346	602,645
- Recognised during the year	<u>93,547</u>	<u>49,745</u>

Included in progress billings received and receivable are retention sums receivable of RM8,364,000 (2005: RM6,629,000).

**21. INVENTORIES**

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
At cost:				
Produce stocks	54,018	36,768	1,032	537
Refined palm oil	43,891	26,059	1,030	1,832
Raw materials and stores	88,087	70,446	349	390
Work-in-progress	22,682	10,671	-	-
Finished goods	122,287	122,665	-	-
Completed properties	48,733	13,934	-	-
	<u>379,698</u>	<u>280,543</u>	<u>2,411</u>	<u>2,759</u>

**22. RECEIVABLES**

	<b>Group</b>		<b>Company</b>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Trade receivables	465,757	447,553	31,197	23,783
Due from subsidiary companies	-	-	1,897,209	1,783,548
Due from associated companies	54,797	151,767	54,797	151,767
Prepayments	8,489	4,343	460	431
Deposits	6,261	2,735	516	501
Staff loan	11,804	12,529	9,767	11,460
Sundry receivables	180,946	149,420	49,812	33,326
	<u>728,054</u>	<u>768,347</u>	<u>2,043,758</u>	<u>2,004,816</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**

	<b>Group</b>		<b>Company</b>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Quoted investment, at cost:				
Island & Peninsular Berhad *	-	1,263,885	-	1,263,885
Investment in institutional trust at cost **	5,000	-	-	-
	<u>5,000</u>	<u>1,263,885</u>	<u>-</u>	<u>1,263,885</u>
Market value of quoted investment	-	561,313	-	561,313

\* The short term quoted investment in respect of the previous year relates to investment in Island & Peninsular Berhad pending distribution to shareholders pursuant to the Company's Rationalisation Exercise (as detailed in Note 34(a)). No allowance for diminution in value was made because the holding was temporary. The distribution of the holdings in Island & Peninsular Berhad was completed on 14 September 2005.

\*\* The investment is in respect of funds placed by a subsidiary company in an institutional trust fund managed by Amanah Raya Berhad.

## 24. CASH AND BANK BALANCES

	<b>Group</b>		<b>Company</b>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Cash on hand and at banks *	72,557	66,248	2,762	9,620
Deposits with:				
banks	59,413	266,414	-	137,570
finance companies	617	19,484	-	15,100
other financial corporations	71,244	100,554	59,200	88,810
	<u>203,831</u>	<u>452,700</u>	<u>61,962</u>	<u>251,100</u>

\* Included in cash on hand and at banks of the Group are balances held under housing development accounts of RM2,582,075 (2005: RM1,031,204) 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:

	<b>Average Interest Rates</b>		<b>Average Maturities</b>	
	<b>%</b>		<b>Days</b>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
<b>Group</b>				
Banks	2.73	3.00	31	31
Finance companies	3.50	2.77	31	31
Other financial corporations	3.31	2.69	20	33
<b>Company</b>				
Banks	-	2.71	-	31
Finance companies	-	2.70	-	31
Other financial corporations	3.35	2.68	7	35

**25. PAYABLES**

	<b>Group</b>		<b>Company</b>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Trade payables	265,209	338,702	820	566
Due to subsidiary companies	-	-	5,750,570	5,587,163
Provisions	97,467	96,142	9,333	5,799
Accruals	76,096	61,891	14,518	10,988
Sundry payables	148,137	140,837	5,558	75,503
	<u>586,909</u>	<u>637,572</u>	<u>5,780,799</u>	<u>5,680,019</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**

	<b>Group</b>		<b>Company</b>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Unsecured:				
Bank overdrafts	3,880	3,065	-	-
Export credit refinancing	45,158	12,265	-	-
Revolving credits	427,598	179,615	236,700	-
Short term loans	-	339	-	-
	<u>476,636</u>	<u>195,284</u>	<u>236,700</u>	<u>-</u>
Current portion of long term loans (Note 29)	33,066	18,564	-	-
	<u>509,702</u>	<u>213,848</u>	<u>236,700</u>	<u>-</u>

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

	<b>Group</b>		<b>Company</b>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Bank overdrafts	4.99	4.54	-	-
Export credit refinancing	4.60	3.58	-	-
Revolving credits	4.31	3.92	4.00	-
Term loans	3.93	3.39	-	-

**27. SHARE CAPITAL**

	Number of Ordinary Shares of RM1 Each		Amount	
	2006	2005	2006	2005
	'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	1,423,489	1,062,217	1,423,489	1,062,217
Issued and paid-up during the year	-	361,272	-	361,272
At 30 June	1,423,489	1,423,489	1,423,489	1,423,489

**28. RESERVES**

	Group		Company	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Total reserves at 30 June are analysed as follows:				
Non-distributable:				
Share premium	467,262	1,731,147	467,262	1,731,147
Reserve on consolidation	68,452	68,452	-	-
Exchange adjustment	6,849	26,487	-	-
	542,563	1,826,086	467,262	1,731,147
Distributable:				
Retained profits	2,994,242	2,990,704	422,680	505,584
	3,536,805	4,816,790	889,942	2,236,731

The movement in share premium account was due to the capital distribution to shareholders pursuant to the Rationalisation Exercise as disclosed in Note 34(a).

Reserve on consolidation arose from acquisition of subsidiary companies.

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

Based on the estimated tax credit available, approximately RM258,546,000 (2005: RM265,515,000) 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 RM134,600,000 (2005: RM149,000,000).

**29. LONG TERM BORROWINGS**

	<b>Group</b>	
	<b>2006</b>	<b>2005</b>
	<b>RM'000</b>	<b>RM'000</b>
Long term loans	151,575	168,705
Less: Current portion of loans included under current liabilities (Note 26)	<u>(33,066)</u>	<u>(18,564)</u>
	<u>118,509</u>	<u>150,141</u>
<b>Maturity of Borrowings</b>		
Within one year	33,066	18,564
More than 1 year and less than 2 years	92,598	50,696
More than 2 years and less than 5 years	<u>25,911</u>	<u>99,445</u>
	<u>151,575</u>	<u>168,705</u>

**30. ACQUISITION OF SUBSIDIARY COMPANIES****Group**

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

	<b>Group</b>		<b>Company</b>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Authorised capital expenditure not provided for in the financial statements:				
Contracted for	47,057	57,608	3,795	5,711
Not contracted for	301,854	316,708	29,229	50,879
	<u>348,911</u>	<u>374,316</u>	<u>33,024</u>	<u>56,590</u>

**32. SIGNIFICANT RELATED PARTY TRANSACTIONS**

	<b>2006</b>	<b>2005</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Group</b>		
<b>Recurrent related party transactions:</b>		
<b>Tolling fees receivable from an associated company</b>		
- Cognis Oleochemicals (M) Sdn. Bhd.	<u>8,254</u>	<u>3,610</u>
<b>Company</b>		
<b>Recurrent related party transactions:</b>		
<b>Sales of fresh fruit bunches to subsidiary company</b>		
- Golden Hope Plantations (Peninsular) Sdn. Bhd.	-	7,405
<b>Purchases of fresh fruit bunches from subsidiary company</b>		
- Golden Hope Plantations (Peninsular) Sdn. Bhd.	19,260	22,776
<b>Sales of crude palm oil to subsidiary company</b>		
- Golden Jomalina Food Industries Sdn. Bhd.	33,659	59,406
<b>Sales of refined palm oil to subsidiary company</b>		
- Golden Hope-Nhabe Edible Oils Co. Ltd.	53,286	32,874



**32. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTD.)**

<b>Company</b>	<b>2006</b>	<b>2005</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Recurrent related party transactions (Contd.):</b>		
<b>Management fees receivable from subsidiary companies</b>		
- Golden Hope Plantations (Peninsular) Sdn. Bhd.	12,444	12,199
- Golden Hope Plantations (Sabah) Sdn. Bhd.	5,003	5,044
- Golden Hope Plantations (Sarawak) Sdn. Bhd.	3,295	2,785
- Golden Hope Latex Sdn. Bhd.	1,442	700
- Austral Enterprises Berhad	6,920	5,832
<b>Selling commission receivable from subsidiary companies</b>		
- Golden Hope Plantations (Peninsular) Sdn. Bhd.	13,374	12,919
- Golden Hope Plantations (Sabah) Sdn. Bhd.	5,593	6,330
- Golden Hope Plantations (Sarawak) Sdn. Bhd.	2,910	2,247
- Golden Hope Latex Sdn. Bhd.	1,117	922

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.

**33. CONTINGENT LIABILITIES**

	<b>Company</b>	
	<b>2006</b>	<b>2005</b>
	<b>RM'000</b>	<b>RM'000</b>
Guarantee given to financial institutions for facilities granted to a subsidiary company (unsecured)	306,215	303,986

### 34. SIGNIFICANT EVENTS

(a) On 16 September 2003, Aseambankers Malaysia Berhad (Aseambankers), on behalf of the Board of Directors of Golden Hope Plantations Berhad (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.
- (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), a wholly-owned subsidiary company of Golden Hope, 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.
- (iii) Settlement by I&P the amount of RM33,096,419 as at 30 September 2003 owing by I&P Permodalan Harta Sdn. Bhd. (I&P Permodalan Harta), a wholly-owned subsidiary company of Golden Hope, 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.

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.

- (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), a wholly-owned subsidiary company of Golden Hope, 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".

Settlement by I&P 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 Sale and Purchase Agreement.

**34. SIGNIFICANT EVENTS (CONTD.)**

(a) Contd.

- (v) Voluntary General Offer (VGO) by I&P to acquire the entire issued and paid-up share capital of Negara Properties (M) 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).
- (vi) Capital distribution to its shareholders (excluding those issued pursuant to the acquisition of AEB) of the entire new I&P Shares received by Golden Hope pursuant to the Disposal of I&P Permodalan Harta, the Subscriptions and the Settlements of Amounts Owing through Bonus Issue and Capital Repayment.

Items (i) to (iv) of the Rationalisation Exercise was completed on 14 September 2005 with the Capital Distribution to shareholders of 371,730,758 I&P Shares amounting to RM1,263,884,582.

In respect of the item (v), VGO on Negara, the shareholders of Golden Hope approved the VGO at an Extraordinary General Meeting (EGM) held on 8 March 2005. 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 of 8 March 2005 in relation to the acceptance of the VGO on Negara by Golden Hope.

On 27 March 2006, Aseambankers on behalf of Golden Hope, announced that, the shareholders of Golden Hope at an EGM held on 13 March 2006 approved the revocation of the ordinary resolution passed by the shareholders at the EGM held on 8 March 2005 relating to the acceptance of the VGO on Negara.

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, approval in principle has been obtained from Pejabat Tanah Jerantut and the State EXCO, subject to payment of additional premium.

- (b) On 14 September 2005, Golden Hope signed a share sale agreement with AFIA International Company (AFIA) (formerly known as Savola Edible Oils Company Ltd.), to acquire 377,000 shares of MAD100 each in Savola Morocco S.A. representing 40% of the issued and paid-up share capital of Savola Morocco S.A. for a consideration of US\$12.26 million. The acquisition is the 1st step towards implementing Phase 1 of the collaboration between the parties as envisaged in the Collaboration Agreement which was signed between the parties on 15 April 2005.

**34. SIGNIFICANT EVENTS (CONTD.)**

## (b) Contd.

On 26 May 2006, Golden Hope International Investments (GHII), a wholly-owned subsidiary company of Golden Hope, signed a share sale agreement for the disposal of 40% of its shareholding in Golden Hope Investments (Asia Pacific) (GHIAP), a wholly-owned subsidiary company of GHII, to AFIA for a consideration of US\$2.73 million. GHIAP is the holding company of Golden Hope Overseas Sdn. Bhd..

Golden Hope Overseas Sdn. Bhd. holds 51% of Golden Hope-Nhabe Edible Oils Co. Ltd. (Golden Hope-Nhabe), Golden Hope's Vietnam-based refinery, whilst the remaining 49% is held by National Company for Vegetable Oils, Aromas and Cosmetics of Vietnam (Vocarimex). With the acquisition of the 40% equity in GHIAP, AFIA effectively owns 20.4% of Golden Hope-Nhabe.

Golden Hope and AFIA plan to join efforts with Vocarimex to exploit the growth opportunities offered by Vietnam in the edible oils & fats market and its rapidly growing 84 million population market. The collaboration would also enable Golden Hope to enter the branded consumer and retail business of edible oils & fats in the Middle East, which is a growing market, and to leverage on AFIA's strong brands.

The collaboration is in line with Golden Hope's existing strategy to expand its involvement in downstream operations by increasing its presence in the manufacturing, marketing and distribution of branded consumer packed edible oils & fats internationally.

- (c) On 17 October 2005, Golden Hope announced that it has signed a Memorandum of Agreement with Universiti Putra Malaysia (UPM) to undertake a joint programme with UPM to implement a Diploma of Agriculture (Plantations Industry Option) which would produce graduates who are readily employable for the job market.
- (d) On 12 November 2005, Commerce International Merchant Bankers Berhad (CIMB), on behalf of the Board of Directors of Golden Hope, announced the proposed extension to the scope of the existing joint venture in Cognis Oleochemicals (Malaysia) Sdn. Bhd. (COM) between Cognis B.V. and Golden Hope by entering into the following agreements:
- (i) A revised and restated joint venture agreement dated 11 November 2005 between Cognis B.V., Golden Hope and COM whereby Cognis B.V. and Golden Hope have agreed to extend the existing scope of business of COM from conducting a Malaysian business to a worldwide business with fatty acids, glycerine, hardened oils, triacetine, ozone acids, oilfield esters and chemicals, PVC lubricants and plasticiser (Proposed Expansion).

### 34. SIGNIFICANT EVENTS (CONTD.)

(d) Contd.

- (ii) A share subscription agreement dated 11 November 2005 between Cognis B.V., Golden Hope and COM whereby:

Golden Hope agrees to subscribe for and COM agrees to issue and allot 162,625,000 new COM Shares at the subscription price of US\$47.5 million or approximately RM180.5 million, based on an exchange rate of RM3.80 per US\$ to be satisfied in cash; and

Cognis B.V. agrees to subscribe for and COM agrees to issue and allot 162,625,000 new COM Shares at the subscription price of US\$47.5 million or approximately RM180.5 million, based on an exchange rate of RM3.80 per US\$ to be fully satisfied by the transfer of inter-company receivable owing by Cognis Oleochemical GmbH to Cognis B.V. (a company involved in the oleochemical business), which will be transferred by Cognis B.V. to COM.

The Proposed Expansion is conceived through COM entering into a share purchase agreement dated 11 November 2005 with Cognis B.V. (SPA). The SPA would involve the acquisition by COM of the entire issued and paid-up share capital of Cognis Oleochemicals U.K. Ltd. (Cognis UK) from Cognis B.V.. By then, Cognis UK would have acquired or be in the process of acquiring 5 companies incorporated in the United States of America, Canada, Germany, Brazil and Japan which will own and operate the non-Malaysian oleochemicals businesses of Cognis UK and its subsidiary companies.

On 18 February 2006, CIMB, on behalf of the Board of Directors announced that the Proposed Expansion and subscription of new ordinary shares of RM1.00 each in COM was completed on 17 February 2006, German time (18 February 2006, Malaysian time), in accordance with the terms and conditions of the share subscription agreement dated 11 November 2005.

- (e) On 5 December 2005, Golden Hope announced that Golden Hope Plantations (Peninsular) Sdn. Bhd., a wholly-owned subsidiary company of Golden Hope, had entered into two Sale and Purchase Agreements with I&P Seriemas Sdn. Bhd., a 40% associated company of Golden Hope, for the proposed acquisition of lands held under the following titles:

(i) Sungai Sedu Estate

Geran 30586, Lot 746, Mukim Tanjong Dua Belas, District of Kuala Lumpur State of Selangor, measuring approximately 63 acres for a purchase consideration of RM9,135,000.

### 34. SIGNIFICANT EVENTS (CONTD.)

(e) Contd.

(ii) Dusun Durian Estate

Geran 48775, Lot 8, Mukim Morib and Geran 44714, Lot 1710, Mukim Kelanang, both in District of Kuala Langat State of Selangor, measuring approximately 256 acres for a purchase consideration of RM34,500,000.

(f) On 6 December 2005, Golden Hope announced that the shareholders of Jiangyin-Golden Hope Oils & Fats Co. Ltd. (Jiangyin-GH), Golden Hope Overseas Sdn. Bhd. and Jiangyin Oils & Fat Chemical Co. had at the EGM held on 6 December 2005 in Jiangyin, People's Republic of China, approved the resolution to dissolve Jiangyin-GH by way of members' voluntary winding up.

(g) On 12 December 2005, Golden Hope announced that Rubiatec Sdn. Bhd. (Rubiatec), a wholly owned subsidiary company of Golden Hope had signed an agreement with Malaysian Palm Oil Board (MPOB), to enter into an arrangement for the design, construction, commissioning and completion of a palm biodiesel plant together with the requisite support buildings, infrastructure and ancillary facilities (Project).

Taking cognizance of Government's move towards migrating to renewable energy supply; the increased demand for palm oil and the effects of the Kyoto Protocol, the Project forms the basis to enable Golden Hope, through Rubiatec, to position itself as a leader in the production of sustainable energy. The Project is also synergistic to its core business of plantation.

(h) On 26 January 2006, Golden Hope announced that it has entered into a Letter of Intent (LOI) with Godiver Handelsgesellschaft mbH (Godiver) on 23 January 2006.

In furtherance of the LOI, Golden Hope or its nominee and Godiver will incorporate a Dutch limited liability company that will erect and operate a biodiesel production facility in Zwijndrecht, the Netherlands.

On 10 July 2006, Golden Hope announced that the tenure of the LOI has lapsed.

(i) On 26 June 2006, Golden Hope announced that, its wholly-owned subsidiary company, Impian Golf Resort Berhad (IGRB) has on the same day, entered into a Sale and Purchase Agreement with Sungai Kantan Development Sdn. Bhd., a wholly-owned subsidiary company of Negara Properties (M) Berhad, a 62.6% subsidiary company of the Golden Hope Group, for the purchase of a parcel of freehold land held under H.S. (D) 47918, PT No. 36968 Mukim of Kajang, District of Ulu Langat, Selangor Darul Ehsan, measuring approximately 5.531 acres for a cash consideration of RM6,023,100.

The purchase of the property is to complement the IGRB's Impian Golf and Country Club operations by having a permanent golf driving range which would enhance its capability in hosting international level professional golf tournaments in the future.

#### 34. SIGNIFICANT EVENTS (CONTD.)

- (j) On 30 June 2006, Golden Hope announced that it had on 29 June 2006, signed a Research and Development Agreement with NIZO food research B.V. (NIZO food research) to collaborate (Proposed Collaboration) with each other whereby NIZO food research will:
- (i) Provide Golden Hope with research facilities and state-of-the-art pilot food application facilities and offers to act as coordinator for Golden Hope and its subsidiary companies in the Dutch Food Valley; and
  - (ii) Arrange and assist Golden Hope with know-how, facilities and expertise to have researches performed.

The Proposed Collaboration forms the basis of the collaboration between Golden Hope and NIZO food research in which Golden Hope and NIZO food research could offer each other by combining their respective expertise and resources with the objective of establishing oils & fats businesses through the respective collaborative projects.

#### 35. SUBSEQUENT EVENTS

- (a) On 27 July 2006, Golden Hope announced the signing of a memorandum of understanding (MOU) with Cognis Oleochemicals (M) Sdn. Bhd. (COM) and Lonkey Industrial Co. Ltd. (Lonkey), Guangzhou, China to collaborate (Proposed Collaboration) by cooperating and contributing their respective expertise and resources in the Proposed Collaboration with the objective of conducting a due diligence on the business of Methyl Ester Sulphonates (MES) and to facilitate valuation of the business with the view of forming a joint-venture in the manufacture, distribution and sale of MES (Proposed Business).

Upon the successful completion of the MOU Golden Hope or its nominee(s), COM and Lonkey intend to execute a joint-venture agreement to conduct the Proposed Business.

The rationale for the Proposed Collaboration are:

- (i) To strengthen Golden Hope's biodiesel business by providing the complimentary revenue from the sale of C16 ME for MES and others for biodiesel.
- (ii) To capitalise on the potential of MES as a replacement for Linear Alkyl Sulphonate (LAS) in the detergent industry.
- (iii) Strengthen Golden Hope's presence in the downstream activities of the oleochemicals derivative business.

### **35. SUBSEQUENT EVENTS (CONTD.)**

- (b) On 27 July 2006, Golden Hope announced that it has signed a memorandum of understanding with Homey Group Co. Ltd. (Homey) of the People's Republic of China.

Golden Hope and Homey have agreed to work jointly by combining their respective expertise and resources to achieve their mutual objective of becoming significant players in their respective businesses through the development and production of value-added food-based consumer products and biodiesel, respectively.

### **36. 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 2006. 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.

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.



**36. FINANCIAL INSTRUMENTS (CONTD.)****(b) Interest Rate Risk (Contd.)**

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 2006 that are not denominated in their functional currencies is expected to be immaterial.

**(c) Foreign Exchange Risk**

As at 30 June 2006, the outstanding foreign exchange currency contracts entered into by the Group to hedge its trade receivables and payables are as follows:

	<b>Contract Amounts '000</b>	<b>Carrying Amounts Euro '000</b>	<b>Carrying Amounts RM'000 Equivalent</b>
<b>Trade receivables</b>			
United States Dollar	39,018	-	142,256
Euro	413	-	1,909
Great Britain Pound	159	228	1,078
United States Dollar	<u>4,476</u>	<u>3,629</u>	<u>17,098</u>
<b>Future sales of goods</b>			
United States Dollar	24,405	19,577	92,228
Great Britain Pound	758	1,092	5,142
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Trade payables</b>			
United States Dollar	<u>996</u>	<u>822</u>	<u>3,870</u>
<b>Future purchases of raw materials</b>			
United States Dollar	<u>56,488</u>	<u>44,964</u>	<u>211,826</u>

The fair value of outstanding forward foreign exchange currency contracts of the Group at the balance sheet date was a net unfavourable position of RM1,618,000.

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.

**36. FINANCIAL INSTRUMENTS (CONTD.)****(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.

**(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:

		<b>Group</b>		<b>Company</b>	
	<b>Note</b>	<b>Carrying Amount RM'000</b>	<b>Fair Value RM'000</b>	<b>Carrying Amount RM'000</b>	<b>Fair Value RM'000</b>
<b>Financial Assets</b>					
At 30 June 2006:					
Other investments					
Non-current unquoted shares	15	36,796	*	36,550	*
Amounts due from subsidiary companies	22	-	-	1,897,209	#
Amounts due from associated companies	22	-	-	54,797	#

## 36. FINANCIAL INSTRUMENTS (CONTD.)

## (f) Fair Values (Contd.)

		Group		Company	
	Note	Carrying Amount RM'000	Fair Value RM'000	Carrying Amount RM'000	Fair Value RM'000
<b>Financial Assets (Contd.)</b>					
At 30 June 2005:					
Other investments					
Non-current unquoted shares	15	36,796	*	36,550	*
Amounts due from subsidiary companies	22	-	-	1,783,548	#
Amounts due from associated companies	22	-	-	151,767	#
<b>Financial Liabilities</b>					
At 30 June 2006:					
Amounts due to subsidiary companies					
	25	-	-	5,750,570	#
Long term loans	29	118,509	@	-	-
At 30 June 2005:					
Amounts due to subsidiary companies					
	25	-	-	5,587,163	#
Long term loans	29	150,141	@	-	-

### 36. FINANCIAL INSTRUMENTS (CONTD.)

#### (f) Fair Values (Contd.)

- \* 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 and associated 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.