

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

Directors' Report and Audited Financial Statements
30 June 2007

GOLDEN HOPE PLANTATIONS BERHAD
(Incorporated in Malaysia)

CONTENTS	PAGE
Directors' Report	1 - 7
Statement by Directors	8
Statutory Declaration	8
Report of the Auditors	9 - 10
Income Statements	11
Balance Sheets	12 - 13
Consolidated Statement of Changes in Equity	14 - 15
Company Statement of Changes in Equity	16
Cash Flow Statements	17 - 19
Notes to the Financial Statements	20 - 102

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 2007.

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 15 and 16 to the financial statements respectively. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM'000	Company RM'000
Profit for the year	<u>450,847</u>	<u>222,829</u>
Attributable to:		
Equity holders of the Company	432,828	222,829
Minority interests	18,019	-
	<u>450,847</u>	<u>222,829</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, other than as disclosed in the financial statements.

DIVIDENDS

During the financial year, the following dividends were paid by the Company:

- (a) A final dividend of 18 sen per share, less tax at 28% amounting to RM185,457,754 in respect of the previous year as proposed in the Directors' Report of that year and paid on 20 November 2006.

DIVIDENDS (CONTD.)

- (b) A first interim dividend of 8 sen per share less tax at 27%, amounting to RM84,032,352 in respect of the year under review, was declared on 30 November 2006 and paid on 12 January 2007.
- (c) A second interim dividend of 8 sen per share less tax at 27%, amounting to RM86,146,900 in respect of the year under review, was declared on 28 February 2007 and paid on 10 April 2007.
- (d) A third interim dividend of 9 sen per share less tax at 27%, amounting to RM98,665,311 in respect of the year under review, was declared on 23 May 2007 and paid on 2 July 2007.

The Directors do not recommend the payment of a final dividend for the financial year ended 30 June 2007.

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 7(b) to the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

DIRECTORS' INTERESTS

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

Golden Hope Plantations Berhad	Number of Ordinary Shares of RM1 Each			
	As at 1.7.2006	Acquired	Sold	As at 30.6.2007
Direct				
Tan Sri Dato' Seri (Dr.) Ahmad Sarji bin Abdul Hamid	2*	-	-	2*
Dato' Sabri bin Ahmad	166,100	322,000	(297,100)	191,000
Dato' Sabri bin Ahmad	25,000**	178,000	-	203,000**

* Non-beneficial

** Held by nominees

Number of Options Over Ordinary Shares of RM1 Each

	Number of Options Over Ordinary Shares of RM1 Each			
	As at 1.7.2006	Granted	Exercised	As at 30.6.2007
Dato' Sabri bin Ahmad	-	500,000	(500,000)	-

There were no changes in Directors' interests between 30 June 2007 and 17 August 2007.

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

ISSUE OF SHARES

During the financial year, the issued and paid-up share capital of the Company was increased from 1,423,489,175 to 1,507,611,175 shares following the issue of 84,122,000 shares of RM1 each pursuant to the Employees' Share Option Scheme. These new shares were issued and credited as fully paid and rank pari passu in all respects with the existing shares of the Company. The share premium arising from this issue amounted to RM216,193,540.

EMPLOYEES' SHARE OPTION SCHEME

At the Extraordinary General Meeting held on 18 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.
- (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 Bursa Malaysia Securities Berhad for the five (5) trading days immediately preceding the date of offer.

Other details of the ESOS are disclosed in Note 27 to the financial statements.

The Company had been granted an exemption by the Companies Commission of Malaysia from having to disclose in this report the names of persons to whom options less than 500,000 has been granted during the ESOS period and details of their holding. This information has been separately filed with the Companies Commission of Malaysia.

EMPLOYEES' SHARE OPTION SCHEME (CONTD.)

The name of person and number of options granted and accepted in respect of ESOS of 500,000 options or more is as follows:

	Number of Options Over Ordinary Shares of RM1 Each			
	As at 1.7.2006	Granted	Exercised	As at 30.6.2007
Group Chief Executive - Dato' Sabri bin Ahmad	-	500,000	(500,000)	-

SUBSTANTIAL SHAREHOLDERS

The following held or were beneficially interested in 5% or more of the issued share capital of the Company as at 17 August 2007:

	No. of Ordinary Shares of RM1 Each	Percentage
Amanah Raya Nominees (Tempatan) Sdn. Bhd., Skim Amanah Saham Bumiputera	488,632,680	32.37
Permodalan Nasional Berhad	366,949,904	24.31
Kumpulan Wang Amanah Pencen	124,095,900	8.22
Employees Provident Fund Board	113,391,229	7.51

There are no other persons or corporations known to the Company to be the holder for or beneficial owner of five (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.

OTHER STATUTORY INFORMATION (CONTD.)

(f) In the opinion of the Directors:

- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and
- (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

SIGNIFICANT EVENTS

The Group's corporate Merger Exercise and other significant events during the year 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 dated 24 August 2007.



Tan Sri Dato' Seri (Dr.) Ahmad
Sarji bin Abdul Hamid
Chairman



Dato' Sabri bin Ahmad
Director

Kuala Lumpur, Malaysia

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 11 to 102 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2007 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 dated 24 August 2007.

Tan Sri Dato' Seri (Dr.) Ahmad
Sarji bin Abdul Hamid
Chairman

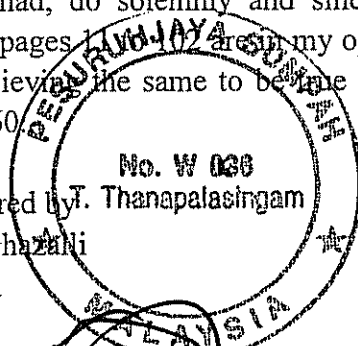
Dato' Sabri bin Ahmad
Director

Kuala Lumpur, Malaysia

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 11 to 102 are, in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the abovenamed Razidan bin Ghazalli
at Kuala Lumpur in the Federal
Territory on 24 August 2007.



Razidan bin Ghazalli

Before me

Amik 302, Tingkat 3
Bangunan Lone Yew,
Jalan Mahkamah Persekutuan
50050 Kuala Lumpur.
Tel: 03 26038528

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 11 to 102. 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 Financial Reporting 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 2007 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.

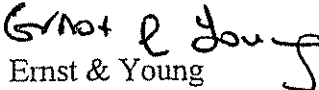
29992 U

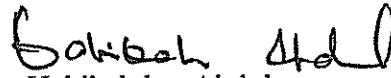
**REPORT OF THE AUDITORS TO THE MEMBERS OF
GOLDEN HOPE PLANTATIONS BERHAD (CONTD.)
(Incorporated in Malaysia)**

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 15 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


Habibah bte Abdul
No. 1210/05/08(J)
Partner

Kuala Lumpur, Malaysia
24 August 2007.

GOLDEN HOPE PLANTATIONS BERHAD
(Incorporated in Malaysia)

INCOME STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

	Note	Group		Company	
		2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Revenue	5(a)	4,683,663	3,824,677	430,707	269,059
Cost of sales		(3,689,915)	(3,041,456)	(316,095)	(183,781)
Gross profit		993,748	783,221	114,612	85,278
Investment and other income	6	34,768	50,216	309,195	220,741
Selling and marketing expenses		(161,548)	(157,515)	(403)	(577)
Administrative expenses		(186,590)	(186,488)	(88,190)	(62,284)
Other operating expenses		(60,245)	(90,237)	(23,267)	(4,074)
Operating profit before finance costs	7	620,133	399,197	311,947	239,084
Finance costs	8	(20,880)	(10,306)	(11,025)	(2,674)
Operating profit after finance costs		599,253	388,891	300,922	236,410
Share of results of associated companies	5(b)	37,521	5,166	-	-
Provision for impairment loss of an associated company		(24,000)	-	-	-
Profit before taxation	5(b) & (e)	612,774	394,057	300,922	236,410
Taxation	9	(161,927)	(124,979)	(78,093)	(63,086)
Profit for the year		450,847	269,078	222,829	173,324
Attributable to:					
Equity holders of the Company		432,828	259,766	222,829	173,324
Minority interests		18,019	9,312	-	-
		450,847	269,078	222,829	173,324
Earnings per share attributable to the equity holders of the Company (sen)					
Basic	10(a)	29.9	18.2	15.4	12.1
Diluted	10(b)	29.8		15.4	

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

GOLDEN HOPE PLANTATIONS BERHAD
(Incorporated in Malaysia)

BALANCE SHEETS AS AT 30 JUNE 2007

	Note	Group		Company	
		2007	2006	2007	2006
		RM'000	Restated RM'000	RM'000	Restated RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	12	2,914,831	2,849,120	515,131	500,537
Biological assets	13	1,174,528	1,162,815	52,706	52,726
Investment properties	14	6,112	6,837	-	-
Investments in subsidiary companies	15	-	-	4,937,035	4,949,737
Investments in associated companies	16	631,295	599,856	700,872	698,872
Other investments	17	42,686	42,686	42,440	42,440
Land held for property development	18	94,856	114,671	-	-
Deferred tax assets	19	224,707	238,501	-	-
Goodwill on consolidation	20	183,630	183,630	-	-
		<u>5,272,645</u>	<u>5,198,116</u>	<u>6,248,184</u>	<u>6,244,312</u>
Current assets					
Property development costs	21	55,628	31,145	-	-
Amounts due from customers	22	33,578	35,223	-	-
Inventories	23	394,516	382,480	7,587	5,193
Receivables	24	861,015	725,272	2,217,391	2,040,976
Short term investment	25	22,730	5,000	-	-
Tax recoverable		22,307	16,459	-	-
Cash and bank balances	26	276,173	203,831	69,768	61,962
		<u>1,665,947</u>	<u>1,399,410</u>	<u>2,294,746</u>	<u>2,108,131</u>
TOTAL ASSETS		<u>6,938,592</u>	<u>6,597,526</u>	<u>8,542,930</u>	<u>8,352,443</u>

GOLDEN HOPE PLANTATIONS BERHAD
(Incorporated in Malaysia)

BALANCE SHEETS AS AT 30 JUNE 2007 (CONTD.)

		Group		Company	
		2007	2006	2007	2006
		RM'000	Restated RM'000	RM'000	Restated RM'000
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	27	1,507,611	1,423,489	1,507,611	1,423,489
Reserves	28	3,750,859	3,496,981	935,558	889,942
		<u>5,258,470</u>	<u>4,920,470</u>	<u>2,443,169</u>	<u>2,313,431</u>
Minority interests		193,054	184,287	-	-
Total equity		<u>5,451,524</u>	<u>5,104,757</u>	<u>2,443,169</u>	<u>2,313,431</u>
Non-current liabilities					
Long term borrowings	30	54,109	118,509	-	-
Deferred tax liabilities	19	245,505	195,040	1,271	4,053
		<u>299,614</u>	<u>313,549</u>	<u>1,271</u>	<u>4,053</u>
Current liabilities					
Dividends payable	11	98,665	-	98,665	-
Payables	31	565,930	616,471	5,862,743	5,780,799
Amounts due to customers	22	25,415	28,559	-	-
Bank borrowings	29	473,259	509,702	122,000	236,700
Taxation		24,185	24,488	15,082	17,460
		<u>1,187,454</u>	<u>1,179,220</u>	<u>6,098,490</u>	<u>6,034,959</u>
Total liabilities		<u>1,487,068</u>	<u>1,492,769</u>	<u>6,099,761</u>	<u>6,039,012</u>
TOTAL EQUITY AND LIABILITIES		<u>6,938,592</u>	<u>6,597,526</u>	<u>8,542,930</u>	<u>8,352,443</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 2007

Note	Attributable to Equity Holders of the Company										Minority Interests	Total Equity		
	Share Capital		Share Premium		Reserve on Consolidation		Share Option		Exchange Adjustment				Distributable Profits	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000			RM'000	RM'000
At 1 July 2005 (previously stated)	1,423,489	1,731,147	68,452	-	26,487	2,990,704	6,240,279	197,783	6,438,062					
Prior year adjustment (i)	-	-	-	-	-	(22,690)	(22,690)	(13,740)	(36,430)					
Prior year adjustment (ii)	-	-	-	-	-	(17,134)	(17,134)	-	(17,134)					
At 1 July 2005 (restated)	1,423,489	1,731,147	68,452	-	26,487	2,950,880	6,200,455	184,043	6,384,498					
Profit for the year	-	-	-	-	-	259,766	259,766	9,312	269,078					
Dividends paid	-	-	-	-	-	(256,228)	(256,228)	(2,619)	(258,847)					
Capital distribution	-	(1,263,885)	-	-	-	-	(1,263,885)	-	(1,263,885)					
Changes in Group composition	-	-	-	-	-	-	-	(6,449)	(6,449)					
Translation of foreign subsidiary companies	-	-	-	-	(19,638)	-	(19,638)	-	(19,638)					
At 30 June 2006	1,423,489	467,262	68,452	-	6,849	2,954,418	4,920,470	184,287	5,104,757					

GOLDEN HOPE PLANTATIONS BERHAD
(Incorporated in Malaysia)

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2007 (CONTD.)**

	← Attributable to Equity Holders of the Company →						Minority Interests	Total Equity	
	← Non-distributable →			Distributable					
	Share Capital RM'000	Share Premium RM'000	Reserve on Consolidation RM'000	Share Option RM'000	Exchange Adjustment RM'000	Retained Profits RM'000			Total RM'000
At 1 July 2006									
As previously stated	1,423,489	467,262	68,452	-	6,849	2,994,242	4,960,294	198,027	5,158,321
Effects of adopting FRS 3	-	-	(68,452)	-	-	68,452	-	-	-
Prior year adjustment (i)	-	-	-	-	-	(22,690)	(22,690)	(13,740)	(36,430)
Prior year adjustment (ii)	-	-	-	-	-	(17,134)	(17,134)	-	(17,134)
At 1 July 2006 (restated)	1,423,489	467,262	-	-	6,849	3,022,870	4,920,470	184,287	5,104,757
Profit for the year	-	-	-	-	-	432,828	432,828	18,019	450,847
Dividends paid and declared	-	-	-	-	-	(454,302)	(454,302)	(6,982)	(461,284)
Issue of ordinary shares	84,122	216,194	-	-	-	-	300,316	-	300,316
Changes in Group composition	-	-	-	-	-	-	-	(2,270)	(2,270)
Share options granted under ESOS:									
- Recognised in income statement	-	-	-	60,895	-	-	60,895	-	60,895
- Exercised during the year	-	57,203	-	(57,203)	-	-	-	-	-
Translation of foreign subsidiary companies	-	-	-	-	(1,737)	-	(1,737)	-	(1,737)
At 30 June 2007	1,507,611	740,659	-	3,692	5,112	3,001,396	5,258,470	193,054	5,451,524

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 2007

	Note	Share capital RM'000	Share premium RM'000	Share option RM'000	Retained profits RM'000	Total RM'000
At 1 July 2005		1,423,489	1,731,147	-	505,584	3,660,220
Profit for the year		-	-	-	173,324	173,324
Dividends paid	11	-	-	-	(256,228)	(256,228)
Capital distribution		-	(1,263,885)	-	-	(1,263,885)
At 30 June 2006		<u>1,423,489</u>	<u>467,262</u>	<u>-</u>	<u>422,680</u>	<u>2,313,431</u>
At 1 July 2006		1,423,489	467,262	-	422,680	2,313,431
Profit for the year		-	-	-	222,829	222,829
Dividends paid and declared	11	-	-	-	(454,302)	(454,302)
Issue of ordinary shares pursuant to ESOS		84,122	216,194	-	-	300,316
Share options granted under ESOS:						
- Recognised in income statement		-	-	27,870	-	27,870
- Included in amounts due from subsidiary companies		-	-	33,025	-	33,025
- Exercised during the year		-	57,203	(57,203)	-	-
At 30 June 2007		<u>1,507,611</u>	<u>740,659</u>	<u>3,692</u>	<u>191,207</u>	<u>2,443,169</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 2007

	Group		Company	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	612,774	394,057	300,922	236,410
Adjustments for:				
Depreciation				
- Property, plant and equipment	103,291	108,984	7,468	7,072
- Investment properties	224	242	-	-
Gain on disposal of property, plant and equipment	(31)	(319)	(71)	(189)
Gain on disposal of investment properties	(796)	(1,910)	-	-
Gain on compulsory acquisition of land	(5,663)	(3,286)	-	-
Surplus on liquidation of a subsidiary company	(2,708)	-	-	-
Gain on partial disposal of subsidiary companies	-	(7,475)	-	-
Property, plant and equipment written off	925	2,192	-	54
Biological assets written off	1,298	3,196	20	16
Profit retained by associated companies	(30,221)	(4,823)	-	-
Provision for impairment loss of an associated company	24,000	-	-	-
Interest expense	20,880	10,306	11,025	2,674
Interest income	(7,755)	(10,499)	(1,179)	(5,884)
Dividend income				
- quoted shares	(122)	(122)	(6,044)	(2,087)
- unquoted shares	(2,268)	(821)	(301,098)	(212,375)
Share options granted under ESOS	60,895	-	27,870	-
Goodwill amortised	-	10,000	-	-
Operating profit before working capital changes	774,723	499,722	38,913	25,691

GOLDEN HOPE PLANTATIONS BERHAD
(Incorporated in Malaysia)

CASH FLOW STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007 (CONTD.)

	Group		Company	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES (CONTD.)				
Working capital changes:				
Amounts due (to)/from customers	(1,499)	14,089	-	-
Short term investments	(17,730)	(5,000)	-	-
Inventories	(15,612)	(99,155)	(2,395)	348
Receivables	(132,962)	40,291	(130,242)	(159,897)
Payables	(38,947)	(50,663)	79,499	40,098
Cash generated from/(used in) operations	567,973	399,284	(14,225)	(93,760)
Interest paid	(24,855)	(14,459)	(11,025)	(2,674)
Taxation paid	(107,688)	(150,494)	(83,253)	(9,014)
Net cash generated from/(used in) operating activities	435,430	234,331	(108,503)	(105,448)

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property, plant and equipment	(186,551)	(222,290)	(22,138)	(20,776)
Addition to biological assets	(14,147)	(10,984)	-	-
Addition to investment properties	(3)	(1,262)	-	-
Proceeds from disposal of property, plant and equipment	2,888	499	147	594
Proceeds from sale of investment properties	1,300	3,330	-	-
Proceeds from compulsory acquisition of land	6,809	4,313	-	-
Proceeds for partial disposal of subsidiary companies	-	9,986	-	-
Proceeds from liquidation of a subsidiary company	688	-	-	-
Addition to property development	(1,177)	-	-	-
Realisation of property development	-	42,653	-	-
Purchase of additional shares in subsidiary companies	-	(15,000)	-	-
Purchase of investment in associated companies	(21,387)	(242,706)	-	(184,611)
Interest received	7,755	10,499	1,179	5,884

GOLDEN HOPE PLANTATIONS BERHAD
(Incorporated in Malaysia)

CASH FLOW STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007 (CONTD.)

	Group		Company	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM INVESTING ACTIVITIES (CONTD.)				
Dividends received				
- quoted shares	122	122	6,044	2,087
- unquoted shares	2,268	821	301,098	212,375
Exchange adjustments	2,939	10,703	-	-
Net cash (used in)/generated from investing activities	<u>(198,496)</u>	<u>(409,316)</u>	<u>286,330</u>	<u>15,553</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Issuance of shares pursuant to ESOS	300,316	-	300,316	-
Drawdown/(repayment) of revolving credit	-	247,983	(114,700)	236,700
Repayment of term loans	(115,949)	(17,468)	-	-
Drawdown of export credit financing	14,652	32,892	-	-
Dividends paid				
- members of the Company	(355,637)	(335,943)	(355,637)	(335,943)
- minority shareholders in subsidiary companies	(6,982)	(2,619)	-	-
Net cash used in financing activities	<u>(163,600)</u>	<u>(75,155)</u>	<u>(170,021)</u>	<u>(99,243)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS				
	73,334	(250,140)	7,806	(189,138)
EFFECTS OF EXCHANGE RATE CHANGES				
	(1,446)	456	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR				
	<u>199,951</u>	<u>449,635</u>	<u>61,962</u>	<u>251,100</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR				
	<u>271,839</u>	<u>199,951</u>	<u>69,768</u>	<u>61,962</u>
The cash and cash equivalents comprise:				
Cash and bank balances (Note 26)	276,173	203,831	69,768	61,962
Bank overdrafts (Note 29)	(4,334)	(3,880)	-	-
	<u>271,839</u>	<u>199,951</u>	<u>69,768</u>	<u>61,962</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 2007

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 15 and 16 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 financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 24 August 2007.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The financial statements comply with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards (FRSs) in Malaysia. At the beginning of the current financial year, the Group and the Company had adopted new and revised FRSs which are mandatory for financial periods beginning on or after 1 January 2006 as described fully in Note 3.

The financial statements of the Group and of the Company have also been prepared on a historical basis.

The financial statements are presented in Ringgit Malaysia (RM) and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.1 Basis of Preparation (Contd.)

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

2.2 Summary of Significant Accounting Policies

(a) 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. The acquisition method of accounting involves allocating the cost of the business combination to the fair value of the assets acquired, liabilities and contingent liabilities assumed at the date of acquisition. 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 excess of the cost of an acquisition over the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities of the acquired subsidiary company at the date of acquisition is included in the consolidated balance sheet as goodwill arising on consolidation. If the cost of acquisition is less than the Group's share of net fair value of the assets, liabilities and contingent liabilities, the difference is recognised directly in the income statement.

Goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may not be recoverable.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of Significant Accounting Policies (Contd.)

(a) Basis of Consolidation (Contd.)

(i) Subsidiary Companies (Contd.)

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 fair value of the assets together with any balance of goodwill and exchange differences which were not previously recognised in the consolidated income statement.

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group. It is measured at the minorities' share of the fair value of the subsidiary companies' identifiable assets and liabilities at the acquisition date and the minorities' share of changes in the subsidiary companies' equity since then.

(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.

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. Equity accounting is discontinued when the Group's share of losses and negative reserves in an associated company equals or exceeds its interest in the associated company, including any other unsecured receivables, unless the Group has incurred obligations or guaranteed obligations in respect of the associated company.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of Significant Accounting Policies (Contd.)

(b) Goodwill

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

Goodwill is stated at cost less impairment losses. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may not be recoverable.

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.

Impairment is determined by assessing the recoverable amount of the group of cash generating units (CGU) to which the goodwill relates. Where the recoverable amount of a group of CGU is less than the carrying amount, an impairment loss is recognised. Where goodwill forms part of a group of CGU and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed off is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed in this circumstance is measured based on the relative values of the operation disposed of and the portion of CGU retained.

Reversal of impairment loss for a CGU shall be allocated to the assets of the unit, except for goodwill, pro-rata with the carrying amounts of those assets. These increases in carrying amounts shall be treated as reversals of impairment losses for individual assets. However, the carrying amount of an asset shall not be increased above the lower of its recoverable amount (if determinable) and the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in previous years. In such circumstance, the amount of the reversal of the impairment loss that would otherwise have been allocated to the asset shall be allocated pro rata to the other assets of the unit, except for goodwill.

An impairment loss recognised for goodwill shall not be reversed in a subsequent period.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of Significant Accounting Policies (Contd.)

(c) 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 2.2(m).

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

(d) Property, Plant and Equipment and Depreciation

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance cost are charged to the income statement during the financial period in which they are incurred.

Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.2(m).

(i) Freehold land is not depreciated.

(ii) Short leasehold land is depreciated over the period of the lease.

(iii) Long leasehold land with unexpired lease periods of more than 50 years, are not depreciated as the impact of non-depreciation is deemed immaterial.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of Significant Accounting Policies (Contd.)

(d) Property, Plant and Equipment and Depreciation (Contd.)

(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

The residual values, useful life and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in the income statement and the outstanding portion of the revaluation surplus on that item is taken directly to revenue reserve.

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.

(e) Biological Assets

Biological assets, consisting of new planting incurred from land clearing and upkeep of trees to maturity, are recorded at cost. The cost of new planting capitalised is not amortised. However, where the cost of new planting is incurred on leasehold land which has unexpired period shorter than the crop's economic life, the cost is amortised over the remaining period of the lease on a straight line basis.

Replanting expenditure which represents costs incurred for the replanting of old planted areas is charged to income statement in the year it is incurred.

Area cut-out comprising write-off cost of biological assets arising from a change of crop is charged to the income statement.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of Significant Accounting Policies (Contd.)

(f) Investment Properties

Investment properties comprise freehold land and buildings held either to earn rental income or for capital appreciation or for both. The Group has adopted a policy to measure its investment property at cost, including transaction costs. Freehold land is not depreciated. Depreciation for buildings is provided for on a straight-line basis over the period of its estimated useful life of 50 years.

An investment property is derecognised when either it has been disposed or when the investment property is permanently withdrawn from use and no future economic benefits is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property is recognised in income statement in the year in which they arise.

(g) Land Held for Property Development and Property Development Costs

(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 2.2(m).

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 Costs

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of Significant Accounting Policies (Contd.)

(g) Land Held for Property Development and Property Development Costs (Contd.)

(ii) Property Development Costs (Contd.)

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 surveys of work performed.

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.

(h) Construction Contracts and 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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of Significant Accounting Policies (Contd.)

(i) 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.

(j) 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.

(k) Foreign Currencies

(i) Foreign Currency Transactions

Transactions in foreign currencies are initially recorded in functional currency rate ruling at the date of transaction, or where settlements have not taken place by the year end, the outstanding monetary balances are retranslated at the functional currency rate of exchange ruling at the balance sheet date or at the contracted rate, where applicable.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of Significant Accounting Policies (Contd.)

(k) Foreign Currencies (Contd.)

(i) Foreign Currency Transactions (Contd.)

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

For consolidation purposes, the financial statements of overseas subsidiary companies are translated into the presentation currency of the Group at the functional currency rates of exchange ruling at the balance sheet date except for share capital, which is recorded at historical rate and the income statement which is translated at the average rates for the period. The exchange differences arising on the translation are taken directly to a Exchange Adjustment Reserve.

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

Exchange differences arising from the translation of long term receivable from or payable to a foreign subsidiary company that forms part of the reporting entity's net investment, which are recognised as profit or loss in the separate financial statements of the reporting entity or the individual financial statements of the foreign subsidiary company. At Group level, the differences are taken directly to a Exchange Adjustment Reserve in the consolidated financial statements.

On disposal of a foreign subsidiary company, the deferred cumulative amount recognised in equity is recognised in the income statement.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of Significant Accounting Policies (Contd.)

(k) Foreign Currencies (Contd.)

(ii) Foreign Entities (Contd.)

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

	2007 RM	2006 RM
1 Chinese Renminbi	0.450	0.464
1 Euro	4.690	4.711
1 United States Dollar	3.487	3.707
1,000 Vietnamese Dong	0.212	0.232
1,000 Indonesian Rupiah	0.415	0.416
1 South African Rand	0.498	0.526
1 Singapore Dollar	2.276	2.336
100 Bangladesh Taka	5.200	5.600
1 Moroccan Dirham	0.419	0.416
100 Japanese Yen	2.831	3.233
1 Great Britain Pound Sterling	6.985	6.785
1 Brazilian Real	1.787	1.660
1 Canadian Dollar	3.292	3.343

(l) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of Significant Accounting Policies (Contd.)

(l) Income Tax (Contd.)

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.

(m) 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.

(n) Research and Development

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

(o) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of Significant Accounting Policies (Contd.)

(o) Revenue Recognition (Contd.)

(ii) Sale of Properties

Revenue from sales of properties is accounted for by the stage of completion method as described in Note 2.2(g)(ii) and is recognised net of discount.

(iii) Construction Contracts

Revenue from construction contracts is accounted for by the stage of completion method as described in Note 2.2(h).

(iv) Rental Income

Rental income from investment properties is recognised on a straight-line basis over the term of the lease. The aggregate cost of incentives provided to lessees is recognised as a reduction of rental income over the lease term on a straight-line basis.

(v) 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.

(vi) Dividend Income

Dividend income is recognised when the Group's right to receive payment is established.

(p) 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.)

2.2 Summary of Significant Accounting Policies (Contd.)

(p) 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 2.2(m).

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.)

2.2 Summary of Significant Accounting Policies (Contd.)

(p) 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.

(vii) Crude Palm Oil Futures

Crude palm oil futures which are derivative financial instruments, are not recognised in the financial statements.

(q) 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 absences. 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.

(iii) Defined Benefit Plans

The Group operates a funded, defined benefit Retirement Benefits Scheme (the Scheme) for its eligible employees of Unimills, B.V. in the Netherlands. The Group's obligation under the Scheme is determined based on actuarial computations by independent actuaries, through which the amount of benefit that employees have earned in return for their service in the current and prior years is estimated. That benefit is discounted in order to determine its present value.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of Significant Accounting Policies (Contd.)

(q) Employee Benefits (Contd.)

(iii) Defined Benefit Plans (Contd.)

Actuarial gains and losses are recognised as income or expense over the expected average remaining working lives of the participating employees when the cumulative unrecognised actuarial gains and losses for the Scheme exceed 10% of the higher of the present value of the defined benefit obligation and the fair value of plan assets. Past service costs are recognised immediately to the extent that the benefits are already vested, and otherwise are amortised on a straight-line basis over the average period until the amended benefits become vested.

The amount recognised in the balance sheet represents the present value of the defined benefit obligations adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and reduced by the fair value of the plan assets. Any asset resulting from this calculation is limited to the net total of any unrecognised actuarial losses and past service costs, and the present value of any economic benefits in the form of refunds or reductions in future contributions to the plan.

(iv) Share-based Compensation

Employees (including senior executives) of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions).

The cost of equity-settled transactions with employees is measured by reference to the fair value of the options at the date at which they are granted. The cost of equity-settled transactions is recognised in the income statement, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting date).

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

3. CHANGES IN ACCOUNTING POLICIES

3.1 Effects Arising from Adoption of New and Revised FRSs

On 1 July 2006, the Group and the Company adopted the following FRSs mandatory for financial periods beginning on or after 1 January 2006:

FRS 2	Share-based Payment
FRS 3	Business Combinations
FRS 5	Non-current Assets Held for Sale and Discontinued Operations
FRS 101	Presentation of Financial Statements
FRS 102	Inventories
FRS 108	Accounting Policies, Changes in Estimates and Errors
FRS 110	Events after the Balance Sheet Date
FRS 116	Property, Plant and Equipment
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 127	Consolidated and Separate Financial Statements
FRS 128	Investments in Associates
FRS 131	Interests in Joint Ventures
FRS 132	Financial Instruments: Disclosure and Presentation
FRS 133	Earnings Per Share
FRS 136	Impairment of Assets
FRS 138	Intangible Assets
FRS 140	Investment Property

The adoption of new and revised FRSs 5, 102, 108, 110, 121, 127, 128, 131, 132, 133, 136 and 138 does not result in significant changes in accounting policies of the Group. The principal changes in accounting policies and their effects resulting from the adoption of the other new and revised FRSs are discussed below:

(a) FRS 2: Share-based Payments

This FRS requires an entity to recognise share-based payment transactions in its financial statements, including transactions with employees or other parties to be settled in cash, other assets, or equity instruments of the entity.

The Company operates an equity-settled, share-based compensation plan for the eligible employees of the Group, the Golden Hope Plantations Berhad Employees' Share Option Scheme (ESOS). Prior to 1 July 2006, no compensation expense was recognised in the income statement for share options granted. With the adoption of FRS 2, the compensation expense relating to share options is recognised in the income statements over the vesting periods of the grants with a corresponding increase in equity. The total amount to be recognised as compensation expense is determined by reference to the fair value of the share options at the date of the grant and the number of share options to be vested by the vesting date.

3. CHANGES IN ACCOUNTING POLICIES (CONTD.)

3.1 Effects Arising from Adoption of New and Revised FRSs (Contd.)

(a) FRS 2: Share-based Payments (Contd.)

The fair value of the share option is computed using the Black-Scholes model. At every balance sheet date, the Group revises its estimate of the number of share options that are expected to vest by the vesting date. Any revision of this estimate is included in the income statements and a corresponding adjustment to equity over the remaining vesting period.

As the share options were granted subsequent to 1 July 2006, no restatement of comparative figures for the corresponding period were required in the income statements. The effects on the balance sheets as at 30 June 2007 and income statements for the year ended 30 June 2007 are set out in Note 3.1(f)(i) and Note 3.1(f)(ii) respectively.

(b) FRS 3: Business Combinations, FRS 136: Impairment of Assets and FRS 138: Intangible Assets

The adoption of FRS 3 has resulted in consequential application of two other accounting standards, they are FRS 136 and FRS 138.

The adoption of these new FRSs has resulted in the Group ceasing the annual amortisation of Goodwill. Goodwill is carried at cost less accumulated impairment losses and is now tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired. Any impairment loss is recognised in the income statements and subsequent reversal is not permitted.

Prior to 1 July 2006, Goodwill was amortised on a straight-line basis over its estimated useful life of 20 years. The change in accounting policy has been accounted prospectively for business combination where the agreement date is on or after 1 July 2006. The transition provisions of FRS 3, however, have required the Group to eliminate as at 1 July 2006 the accumulated amortisation of RM20 million against the carrying amount of Goodwill. The carrying amount as at 1 July 2006 of RM183.6 million will cease to be amortised. This change has the effect of reducing the amortisation charge in the current financial year by RM10 million.

3. CHANGES IN ACCOUNTING POLICIES (CONTD.)

3.1 Effects Arising from Adoption of New and Revised FRSs (Contd.)

(b) FRS 3: Business Combinations, FRS 136: Impairment of Assets and FRS 138: Intangible Assets (Contd.)

Under FRS 3, any excess of the Group's interest in the net fair value of acquirees' identifiable assets, liabilities and contingent liabilities over cost of acquisitions (previously referred to as negative goodwill), after reassessment, is now recognised immediately in the income statements. Prior to 1 July 2006, negative goodwill was not amortised, except to the extent it related to identified expected future losses as at the date of acquisition. In such cases, these expected losses were recognised in income statement. In accordance with the transitional provisions of FRS 3, the negative goodwill as at 1 July 2006 of RM68,452,000 was derecognised with a corresponding increase in retained earnings.

The effects on the consolidated balance sheets and income statements as at 30 June 2007 are set out in Note 3.1(f)(i) and Note 3.1(f)(ii).

(c) FRS 101: Presentation of Financial Statements

The adoption of the revised FRS 101 has affected the presentation of minority interest, share of net after-tax results of associate companies and other disclosures. In the consolidated balance sheet, minority interests are now presented within total equity. In the consolidated income statements, minority interests are presented as an allocation of the total profit or loss for the period. A similar requirement is also applicable to the statement of changes in equity. FRS 101 also requires disclosure, on the face of the statement of changes in equity, showing separately the amounts attributable to equity holders of the parent and to minority interest.

Biological assets previously classified under property, plant and equipment is now disclosed separately in the balance sheet as biological assets. The Group maintains its existing accounting policy on biological assets and shall comply with the provisions of FRS 141: Agriculture, once it becomes effective for application in Malaysia.

The current period's presentation of the Group's financial statements is based on the revised requirements of FRS 101, with the comparatives restated to conform with the current period's presentation.

These changes in presentation have been applied retrospectively and as disclosed in Note 3.1(g).

3. CHANGES IN ACCOUNTING POLICIES (CONTD.)

3.1 Effects Arising from Adoption of New and Revised FRSs (Contd.)

(d) FRS 116: Property, Plant and Equipment

Prior to 1 July 2006, biological assets were included as part of property, plant and equipment. Upon the adoption of the revised FRS 116, biological assets are now presented in the consolidated balance sheet separately from property, plant and equipment.

These changes in presentation have been applied retrospectively and as disclosed in Note 3.1(g). There were no effects on the income statements of the Group and of the Company for the year ended 30 June 2007.

(e) FRS 140: Investment Property

The adoption of this new FRS has resulted in a change in accounting policy for investment properties. The properties consist of land and buildings held for rental purposes or for capital appreciation or for both. Previously, investment properties were classified under property, plant and equipment and are now disclosed as a separate line on the face of the balance sheet as non-current assets. Investment properties are measured initially at cost, including transaction costs and are carried at cost less any accumulated depreciation and impairment losses.

Depreciation for buildings is provided for on a straight-line basis over the period of its estimated useful life of 50 years.

These changes in presentation have been applied retrospectively and as disclosed in Note 3.1(g). There were no effects on the income statements of the Group and of the Company for the year ended 30 June 2007.

3. CHANGES IN ACCOUNTING POLICIES (CONTD.)

3.1 Effects Arising from Adoption of New and Revised FRSs (Contd.)

(f) Summary of effects and changes arising from adoption of new and revised FRSs on the current year's financial statements

The following tables provide estimates of the extent to which each of the line items in the balance sheet and income statements for the year ended 30 June 2007 is higher and lower than it would have been had the previous policies been applied in the current year.

(i) Effects on balance sheet as at 30 June 2007

Description of change	Increase/(decrease)	
	FRS 2 Note 3.1(a) RM'000	FRS 3 Note 3.1(b) RM'000
Group		
Share option reserve	3,692	-
Share premium	57,203	-
Reserve on consolidation	-	(68,452)
Retained profits	(60,895)	68,452
Company		
Share option reserve	3,692	-
Share premium	57,203	-
Amount due from subsidiary companies	33,025	-
Retained profits	(27,870)	-

(ii) Effects on income statements for the year ended 30 June 2007

Description of change	Increase	
	FRS 2 Note 3.1(a) RM'000	FRS 3 Note 3.1(b) RM'000
Group		
Administration expenses	60,895	-
Company		
Administration expenses	27,870	-

3. CHANGES IN ACCOUNTING POLICIES (CONTD.)

3.1 Effects Arising from Adoption of New and Revised FRSs (Contd.)

(g) Restatement of comparatives

The following comparative amounts for the year ended 30 June 2006 have been restated arising from the effects of adopting the new and revised FRSs:

Description of change	Previously stated	← Increase/(decrease) →			Restated Before Reclassification Note 38
		FRS 101 Note 3.1(c) RM'000	FRS 101 Note 3.1(d) RM'000	FRS 140 Note 3.1(e) RM'000	
Group					
Property, plant and equipment	3,958,845	-	(1,162,815)	(6,837)	2,789,193
Biological assets	-	-	1,162,815	-	1,162,815
Investment properties	-	-	-	6,837	6,837
Company					
Property, plant and equipment	553,263	-	(52,726)	-	500,537
Biological assets	-	-	52,726	-	52,726
Group					
Share of results in associated companies	17,265	(12,099)	-	-	5,166
Profit before taxation	406,156	(12,099)	-	-	394,057
Taxation	(137,078)	12,099	-	-	(124,979)

3.2 Standards and Interpretations Issued but Not Yet Effective

At the date of authorisation of these financial statements, the following FRS, amendments to FRS and Issues Committee Interpretations (IC Interpretation) were issued but not yet effective and have not been applied by the Group and the Company:

FRS, Amendments to FRSs and IC Interpretations	Effective for financial periods beginning on or after
FRS 117: Leases	1 October 2006

3. CHANGES IN ACCOUNTING POLICIES (CONTD.)

3.2 Standards and Interpretations Issued but Not Yet Effective (Contd.)

FRS, Amendments to FRSs and IC Interpretations	Effective for financial periods beginning on or after
FRS 124: Related Party Disclosures	1 October 2006
FRS 139: Financial Instruments: Recognition and Measurement	Deferred
FRS 6: Exploration for and Evaluation of Mineral Resources	1 January 2007
Amendment to FRS 119 ₂₀₀₄ : Employee Benefits - Actuarial Gains and Losses, Group Plans and Disclosures	1 January 2007
Amendment to FRS 121: The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation	1 July 2007
IC Interpretation 1: Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 July 2007
IC Interpretation 2: Members' Shares in Co-operative Entities and Similar Instruments	1 July 2007
IC Interpretation 5: Rights to Interest arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1 July 2007
IC Interpretation 6: Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment	1 July 2007
IC Interpretation 7: Applying the Restatement Approach under FRS129 ₂₀₀₄ - Financial Reporting in Hyperinflationary Economies	1 July 2007
IC Interpretation 8: Scope of FRS 2	1 July 2007

3. CHANGES IN ACCOUNTING POLICIES (CONTD.)

3.2 Standards and Interpretations Issued but Not Yet Effective (Contd.)

The above FRS, amendments to FRS and IC Interpretations are expected to have no significant impact on the financial statements of the Group and the Company upon their initial application except for the following:

(a) FRS 117: Leases

This standard requires the classification of leasehold land as prepaid lease payments. The Group will apply this FRS for the financial year beginning 1 July 2007.

(b) FRS 124: Related Party Disclosures

This standard will affect the identification of related parties and some other related party disclosures. The Group will apply this FRS for the financial year beginning 1 July 2007.

(c) Amendment to FRS 119₂₀₀₄: Employee Benefits - Actuarial Gains and Losses, Group Plans and Disclosures

This amendment introduces the option of an alternative recognition approach for actuarial gains and losses arising from post-employment defined benefit plans. It may impose additional recognition requirements for multi-employer plans where insufficient information is available to apply defined benefit accounting. It also adds new disclosure requirements. As the Group does not intend to change the accounting policy adopted for recognition of actuarial gains and losses and does not participate in any multi-employer plans, adoption of this amendment will only affect the format and extent of disclosures presented in the financial statements.

(d) Amendment to FRS 121: The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation

This amendment requires that where an entity has a monetary item that forms part of its net investment in a foreign operation, the exchange differences arising from such monetary items should always be recognised in equity in the consolidated financial statements and should not be dependent on the currency of the monetary item. The Group will apply this amendment from financial periods beginning 1 July 2007.

4. ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated by the Directors and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 Significant Accounting Estimates and Judgements

The Group and the Company make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. To enhance the information content of the estimates, certain key variables that are anticipated to have material impact to the Group's and the Company's results and financial position are tested for sensitivity to changes in the underlying parameters. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below:

(a) Estimate Impairment of Property, Plant and Equipment and Biological Assets

The Group and the Company carried out the impairment test based on a variety of estimation including value-in-use of the CGU to which the biological assets and property, plant and equipment are allocated. Estimating the value-in-use requires the Group and the Company to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

(b) Impairment of Goodwill

The Group carries out impairment tests on goodwill annually. This requires an estimation of the value-in-use of the CGU to which goodwill is allocated. Estimating the value-in-use amount requires management to make an estimate of the expected future cash flows from the CGU and also to select a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill of the Group as at 30 June 2007 were RM183,630,000 (2006: RM183,630,000).

4. ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTD.)

4.1 Significant Accounting Estimates and Judgements (Contd.)

(c) Property Development

The Group recognises property development revenue and expenses in the income statement by using the stage of completion method. The stage of completion is determined by the survey of work performed.

Significant judgement is required in determining the stage of completion, the extent of the property development costs incurred, the estimated total property development revenue and costs, as well as the recoverability of the development projects. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists.

(d) Construction Contracts

The Group recognises contract revenue based on percentage of completion method. The stage of completion is measured by reference to the contract costs incurred to date to the estimated total costs for the contract. Significant judgement is required in determining the stage of completion, the extent of the contract costs incurred, the estimated total contract revenue (for contracts other than fixed price contracts) and contract costs, as well as the recoverability of the contracts. Total contract revenue also includes an estimation of the recoverable variation works that are recoverable from the customers. In making the judgement, the Group relied on past experience and work of specialists.

(e) Revenue Recognition

The Group uses the percentage-of-completion method in accounting for its fixed-price contracts. Use of the percentage-of-completion method requires the Group to estimate the construction work performed to date as a proportion of the total construction works to be performed.

5. SEGMENT INFORMATION

(a) Revenue

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

Analysis of revenue by activity:

	Group		Company	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Sale of goods				
Palm products:				
Refined palm oil	263,988	155,617	66,882	58,609
Crude palm oil	1,075,709	924,471	54,573	37,474
Others	209,951	188,527	28,224	26,175
	<u>1,549,648</u>	<u>1,268,615</u>	<u>149,679</u>	<u>122,258</u>
Rubber	89,913	75,682	-	-
Others	14,434	10,651	218,027	93,590
	<u>1,653,995</u>	<u>1,354,948</u>	<u>367,706</u>	<u>215,848</u>
Rendering of services				
Fees and commissions	65,204	53,211	63,001	53,211
Plantation operations	<u>1,719,199</u>	<u>1,408,159</u>	<u>430,707</u>	<u>269,059</u>
Sale of goods				
Property development and management	155,692	178,870	-	-
Oils & fats	3,681,430	2,914,462	-	-
Others	173,917	173,983	-	-
	<u>5,730,238</u>	<u>4,675,474</u>	<u>430,707</u>	<u>269,059</u>
Inter-segment sales:				
- Plantation operations	(737,451)	(698,635)	-	-
- Oils & fats	(271,300)	(121,689)	-	-
- Others	(37,824)	(30,473)	-	-
	<u>(1,046,575)</u>	<u>(850,797)</u>	<u>-</u>	<u>-</u>
	<u>4,683,663</u>	<u>3,824,677</u>	<u>430,707</u>	<u>269,059</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.
---	--

5. SEGMENT INFORMATION (CONTD.)

(b) Business Segments (Contd.)

Property development and management	Development and construction of residential, commercial and industrial property and the sale of developed land.
Oils & Fats	Production and sales of oils and fats 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
30 June 2007						
REVENUE						
External sales	981,748	155,692	3,410,130	136,093	-	4,683,663
Inter-segment sales	737,451	-	271,300	37,824	(1,046,575)	-
Total revenue	1,719,199	155,692	3,681,430	173,917	(1,046,575)	4,683,663
RESULTS						
Operating profit/(loss)	524,025	21,752	24,483	(5,775)	-	564,485
Investment income						2,390
Deposit interest						7,364
Other income						25,014
Associated companies	-	4,897	29,775	2,849	-	37,521
Provision for impairment loss						(24,000)
Profit before taxation						612,774

5. 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
30 June 2006						
REVENUE						
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>
RESULTS						
Operating profit/(loss)	344,180	343	526	(6,374)	-	338,675
Investment income						943
Deposit interest						7,287
Other income						41,986
Associated companies	-	4,602	(3,265)	3,829	-	<u>5,166</u>
Profit before taxation						<u>394,057</u>

5. 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
30 June 2007					
OTHER INFORMATION					
Segment assets	4,415,405	599,924	1,139,277	110,005	6,264,611
Associated companies	3,911	163,877	431,710	31,797	631,295
Other investments	42,021	610	-	55	42,686
Total assets	<u>4,461,337</u>	<u>764,411</u>	<u>1,570,987</u>	<u>141,857</u>	<u>6,938,592</u>
Segment liabilities	<u>795,781</u>	<u>176,122</u>	<u>491,263</u>	<u>23,902</u>	<u>1,487,068</u>
Capital expenditure					
- Property, plant and equipment	66,327	10,874	108,040	1,310	186,551
- Biological assets	14,147	-	-	-	14,147
- Investment properties	-	3	-	-	3
Depreciation					
- Property, plant and equipment	69,103	3,406	25,637	5,145	103,291
- Investment properties	-	223	-	-	224
Property, plant and equipment written off	(481)	(196)	(102)	(146)	(925)
Biological assets written off	(1,298)	-	-	-	(1,298)
Gain/(loss) on exchange	300	-	(500)	(103)	(303)
30 June 2006					
OTHER INFORMATION					
Segment assets	4,451,740	601,915	788,855	112,474	5,954,984
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>740,598</u>	<u>1,219,779</u>	<u>141,477</u>	<u>6,597,526</u>
Segment liabilities	<u>800,963</u>	<u>256,464</u>	<u>405,856</u>	<u>29,486</u>	<u>1,492,769</u>

5. 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
30 June 2006 (Contd.)					

OTHER INFORMATION (CONTD.)

Capital expenditure					
- Property, plant and equipment	171,411	4,045	40,623	6,211	222,290
- Biological assets	10,984	-	-	-	10,984
- Investment properties	-	1,262	-	-	1,262
Depreciation					
- Property, plant and equipment	71,607	1,461	29,347	6,569	108,984
- Investment properties	-	242	-	-	242
Property, plant and equipment written off	(876)	(1,031)	(283)	-	(2,190)
Biological assets written off	(3,196)	-	-	-	(3,196)
Gain/(loss) on exchange	373	-	1,846	(85)	2,134

(c) Assets by geographical locations:

	Revenue RM'000	Operating Profit RM'000	Total Assets RM'000	Capital Expenditure RM'000
30 June 2007				
Malaysia	2,840,300	549,807	5,933,873	166,176
Europe	1,190,273	4,913	563,523	14,280
South Africa	463,214	8,214	157,942	5,525
Asia	189,876	1,551	283,254	14,720
	<u>4,683,663</u>	<u>564,485</u>	<u>6,938,592</u>	<u>200,701</u>

5. SEGMENT INFORMATION (CONTD.)

(c) Assets by geographical locations (Contd.):

	Revenue RM'000	Operating Profit/(Loss) RM'000	Total Assets RM'000	Capital Expenditure RM'000
30 June 2006				
Malaysia	2,064,916	342,260	5,736,533	199,918
Europe	1,178,111	(6,766)	468,525	15,226
South Africa	428,412	7,518	114,724	2,798
Asia	153,238	(4,337)	277,744	16,594
	<u>3,824,677</u>	<u>338,675</u>	<u>6,597,526</u>	<u>234,536</u>

(d) Geographical Segments

Analysis of revenue by geographical market:

	Total Revenue from External Customers	
	2007 RM'000	2006 RM'000
Malaysia	2,301,132	1,677,180
Europe/Ukraine	1,340,547	1,275,586
Japan/Vietnam/Korea/China	322,757	256,882
United States of America	49,768	46,603
Australia/New Zealand	6,339	3,872
India/Pakistan/Bangladesh	3,232	1,353
West Asia/Middle East	130,284	118,370
Africa	481,641	442,518
Others	47,963	2,313
	<u>4,683,663</u>	<u>3,824,677</u>

5. SEGMENT INFORMATION (CONTD.)

(e) Profit Before Taxation

Analysis of profit by activity:

	Group		Company			
	2007 RM'000	%	2006 RM'000	%	2007 RM'000	2006 RM'000
Palm Products	518,647	92	338,187	90	28,924	27,308
Rubber	43,734	8	36,768	10	-	-
Operating surplus	562,381	<u>100</u>	374,955	<u>100</u>	28,924	27,308
Less: Replanting expenditure and planted area cut-out	<u>(35,136)</u>		<u>(28,470)</u>		<u>(4,916)</u>	<u>(4,074)</u>
	527,245		346,485		24,008	23,234
Fees and commissions	765		633		(34,191)	(8,710)
Others	<u>(3,985)</u>		<u>(2,938)</u>		<u>1,910</u>	<u>1,145</u>
Plantation and other related businesses	524,025		344,180		(8,273)	15,669
Property development and management	24,483		343		-	-
Oils & fats	21,752		526		-	-
Others	(5,775)		(6,374)		-	-
Investment and other income	<u>34,768</u>		<u>50,216</u>		<u>309,195</u>	<u>220,741</u>
OPERATING PROFIT AFTER FINANCE COSTS	599,253		388,891		300,922	236,410
Associated companies	37,521		5,166		-	-
Provision for impairment loss	-		-		-	-
	<u>(24,000)</u>		<u>-</u>		<u>-</u>	<u>-</u>
PROFIT BEFORE TAXATION	<u>612,774</u>		<u>394,057</u>		<u>300,922</u>	<u>236,410</u>

6. INVESTMENT AND OTHER INCOME

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Dividends (gross):				
Quoted shares in Malaysia:				
Subsidiary companies	-	-	5,922	1,965
Others	122	122	122	122
Unquoted shares:				
Subsidiary companies	-	-	289,399	211,261
Associated companies	-	-	10,000	300
Others	2,268	821	1,699	814
Other income:				
Deposit interest	7,364	7,287	815	2,717
Interest income	391	3,212	364	3,167
Surplus on voluntary liquidation of a subsidiary company	2,708	-	-	-
Surplus on disposal of partial investment in a subsidiary company	-	7,475	-	-
Gain on disposal of property, plant and equipment and investment properties *	6,490	5,515	71	189
Others	15,425	25,784	803	206
	<u>34,768</u>	<u>50,216</u>	<u>309,195</u>	<u>220,741</u>

* Included in gain on disposal of property, plant and equipment and investment properties is gain of RM5,663,000 (2006: RM3,286,000) arising from compulsory acquisition of land.

7. OPERATING PROFIT BEFORE FINANCE COSTS

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

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Staff costs (Note 7(c))	432,605	371,748	80,763	44,825
Depreciation:				
- Property, plant and equipment (Note 12)	103,291	108,984	7,468	7,072
- Investment properties (Note 14)	224	242	-	-
Research and development	38,353	30,473	3,127	1,367
Amortisation of goodwill	-	10,000	-	-
Auditors' remuneration				
- statutory audit	1,173	1,177	30	30
- other services	1,135	1,011	648	397
Rental of office premises	3,362	4,217	2,690	3,564
Replanting expenditure	33,838	25,274	4,896	4,058
Biological assets written off	1,298	3,196	20	16
Net realised foreign exchange (gains)/losses	(303)	2,134	-	-
Property, plant and equipment written off	925	2,190	-	54
Provision for impairment loss of an associated company	24,000	-	-	-
Directors' remuneration				
- fees (current year)	673	560	460	345
- fees (underprovision in prior year)	120	-	115	-
- emoluments	1,016	775	1,016	775
- benefits in kind	51	51	51	51

(b) Directors' Remuneration

	Executive Directors		Non-Executive Directors	
	2007 No.	2006 No.	2007 No.	2006 No.
Remuneration paid and payable to Directors of the Company analysed into bands of RM50,000:				
RM50,000 and below	-	-	-	2
RM50,001 - RM100,000	-	-	4	4
RM100,001 - RM150,000	-	-	2	1
RM150,001 - RM200,000	-	-	1	-
RM800,001 - RM850,000	-	1	-	-
RM1,050,001 - RM1,100,000	1	-	-	-

7. OPERATING PROFIT BEFORE FINANCE COSTS (CONTD.)

(b) Directors' Remuneration (Contd.)

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Non-Executive:				
Fees				
Tan Sri Dato' Seri (Dr.)				
Ahmad Sarji bin				
Abdul Hamid	156	127	100	69
Mohammad bin Abdullah	109	96	60	46
Dr. Ng Chong Kin	60	46	60	46
Datuk Maznah binti				
Abdul Hamid	60	46	60	46
Dato' Dr. Abdul Halim				
bin Haji Ismail	86	67	60	46
Dato' Henry Sackville				
Barlow	106	94	60	46
Tan Sri Dato' Haji Lamin				
bin Haji Mohd Yunus	96	84	60	46
	<u>673</u>	<u>560</u>	<u>460</u>	<u>345</u>
Executive:				
Emoluments				
Dato' Sabri bin Ahmad	<u>1,016</u>	<u>775</u>	<u>1,016</u>	<u>775</u>
Benefits in kind				
Dato' Sabri bin Ahmad	<u>51</u>	<u>51</u>	<u>51</u>	<u>51</u>
(c) Staff Costs				
Wages and salaries	330,290	330,488	46,579	40,250
Employees provident fund	29,649	31,993	5,601	4,169
Social security costs	8,163	6,592	183	180
Share options granted under				
ESOS	60,895	-	27,870	-
Other related costs	3,608	2,675	530	226
	<u>432,605</u>	<u>371,748</u>	<u>80,763</u>	<u>44,825</u>

8. FINANCE COSTS

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Finance costs comprise:				
Interest expense				
- bank overdrafts	1,291	943	-	-
- term loans	2,819	3,224	-	-
- revolving credits and export credit refinancing	16,770	6,139	11,025	2,674
	<u>20,880</u>	<u>10,306</u>	<u>11,025</u>	<u>2,674</u>

9. TAXATION

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Tax expense for the year:				
Malaysian income tax	142,260	98,838	81,489	67,102
Foreign tax	5,614	2,333	-	-
	<u>147,874</u>	<u>101,171</u>	<u>81,489</u>	<u>67,102</u>
(Over)/under provision in prior years:				
Malaysian income tax	(51,432)	4,523	(614)	(2,692)
Foreign tax	1,226	1,340	-	-
	<u>97,668</u>	<u>107,034</u>	<u>80,875</u>	<u>64,410</u>
Deferred tax: (Note 19)				
Relating to origination and reversal of temporary differences				
	19,090	8,245	1,014	331
Relating to changes in tax rates	(1,285)	-	(10)	-
(Over)/under provision of deferred taxation				
	46,454	9,700	(3,786)	(1,655)
	<u>64,259</u>	<u>17,945</u>	<u>(2,782)</u>	<u>(1,324)</u>
	<u>161,927</u>	<u>124,979</u>	<u>78,093</u>	<u>63,086</u>

Domestic current income tax is calculated at the statutory tax rate of 27% of the estimated assessable profit for the year. The domestic statutory tax rate will be reduced to 26% from the current year's rate of 27%, effective year of assessment 2008. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

9. TAXATION (CONTD.)

The corporate tax rate for subsidiaries with paid-up capital of RM2,500,000 and below are as follows:

Chargeable income	Rate
First RM500,000	20%
Amount exceeding RM500,000	27%

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:

	2007 RM'000	2006 RM'000
Group		
Profit before taxation	<u>612,774</u>	<u>394,057</u>
Taxation at Malaysian statutory rate of 27% (2006: 28%)	165,449	110,336
Effect of different tax rates in other countries	(262)	(62)
Effect of changes in tax rates on opening balance of deferred tax	1,108	-
Deferred tax recognised at different tax rates	(2,393)	-
Losses without Group relief	8,402	11,273
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	(4,027)	(6,932)
Expenses double deducted for tax purposes	(10,212)	(8,010)
Utilisation of tax incentives	(12,742)	(2,800)
Expenses not deductible for tax purposes	30,487	7,057
(Over)/under provision of income tax in prior years	(50,206)	5,863
(Over)/under provision of deferred tax in prior years	46,454	9,700
Effects of shares of results of associated companies	(10,131)	(1,446)
Tax expense for the year	<u>161,927</u>	<u>124,979</u>
Company		
Profit before taxation	<u>300,922</u>	<u>236,410</u>
Taxation at Malaysian statutory rate of 27% (2006: 28%)	80,618	66,195
Effect on opening deferred tax reduction in Malaysia tax rate	(10)	-
Income not subject to tax	(12,763)	-
Utilisation of current year's tax incentives	(2,710)	(2,800)
Expenses not deductible for tax purposes	17,358	4,038
Overprovision of income tax	(614)	(2,692)
Overprovision of deferred tax	(3,786)	(1,655)
Tax expense for the year	<u>78,093</u>	<u>63,086</u>

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

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company for the year by the weighted average number of ordinary shares in issue during the financial year.

	Group		Company	
	2007	2006	2007	2006
Profit attributable to ordinary equity holders of the Company (RM'000)	<u>432,828</u>	<u>259,766</u>	<u>222,829</u>	<u>173,324</u>
Weighted average number of ordinary shares in issue ('000)	<u>1,449,914</u>	<u>1,423,489</u>	<u>1,449,914</u>	<u>1,423,489</u>
Basic earnings per share (sen)	<u>29.9</u>	<u>18.2</u>	<u>15.4</u>	<u>12.1</u>

(b) Diluted

Profit attributable to ordinary equity holders of the Company (RM'000)	<u>432,828</u>	<u>222,829</u>
Weighted average number of ordinary shares in issue ('000)	<u>1,449,914</u>	<u>1,449,914</u>
Effects of dilution - share options ('000)	<u>1,355</u>	<u>1,355</u>
Weighted average number of ordinary shares for diluted earnings per share ('000)	<u>1,451,269</u>	<u>1,451,269</u>
Diluted earnings per share (sen)	<u>29.8</u>	<u>15.4</u>

As the ESOS were granted subsequent to 1 July 2006, there were no comparative figures for 2006.

11. DIVIDENDS - COMPANY

	2007		2006	
	Sen per share (gross)	RM'000 (net)	Sen per share (gross)	RM'000 (net)
Dividends paid:				
Final dividend for 2006 less 28% taxation, paid on 20 November 2006 (Final dividend for 2005: paid on 19 November 2005)	18 -	185,458 -	- 18	- 184,484
First interim dividend for 2007 less 27% taxation, paid on 12 January 2007 (2006: paid on 5 April 2006)	8 -	84,032 -	- 7	- 71,744
Second interim dividend for 2007 less 27% taxation, paid on 10 April 2007	8	86,147	-	-
	<u>34</u>	<u>355,637</u>	<u>25</u>	<u>256,228</u>
Dividends declared:				
Third interim dividend for 2007 less 27% taxation, paid on 2 July 2007	9	98,665	-	-
	<u>43</u>	<u>454,302</u>	<u>25</u>	<u>256,228</u>

The Directors do not recommend the payment of a final dividend for the financial year ended 30 June 2007.

12. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold	Long	Short	Buildings	Plant	Furniture	Vehicles	Total
	Land	Leasehold	Leasehold		and	and		
	RM'000	RM'000	RM'000	RM'000	Machinery	Fittings	RM'000	RM'000
At 30 June 2007								
Cost								
At 1 July 2006	953,396	821,701	85,641	809,199	920,937	92,268	113,951	3,797,093
Exchange adjustments	(17)	-	-	(1,146)	2,810	(2,910)	(87)	(1,350)
Additions	-	3,500	136	58,857	102,395	14,634	7,029	186,551
Reclassification:								
- from property development costs	-	2,005	-	-	-	-	-	2,005
- to biological assets	(343)	-	-	-	-	-	-	(343)
Reclassification	-	-	-	(5,787)	5,787	-	-	-
Voluntary liquidation of a subsidiary company	-	-	(4,075)	(4,292)	(8,727)	(202)	(132)	(17,428)
Disposals	(268)	(80)	-	(3,900)	(4,999)	(841)	(5,626)	(15,714)
Write off	-	-	-	(3,447)	(10,860)	(992)	(2,883)	(18,182)
At 30 June 2007	<u>952,768</u>	<u>827,126</u>	<u>81,702</u>	<u>849,484</u>	<u>1,007,343</u>	<u>101,957</u>	<u>112,252</u>	<u>3,932,632</u>
Accumulated Depreciation								
At 1 July 2006	-	-	22,202	298,958	463,922	60,781	102,110	947,973
Exchange adjustments	-	-	-	1,070	1,701	209	294	3,274
Charge for the year	-	10	1,247	30,779	54,711	9,411	7,133	103,291
Voluntary liquidation of a subsidiary company	-	-	(2,338)	(1,587)	(2,403)	(176)	(119)	(6,623)
Disposals	-	-	-	(3,543)	(2,960)	(737)	(5,617)	(12,857)
Write off	-	-	-	(2,883)	(10,713)	(791)	(2,870)	(17,257)
At 30 June 2007	<u>-</u>	<u>10</u>	<u>21,111</u>	<u>322,794</u>	<u>504,258</u>	<u>68,697</u>	<u>100,931</u>	<u>1,017,801</u>
Net Carrying Amount								
At 30 June 2007	<u>952,768</u>	<u>827,116</u>	<u>60,591</u>	<u>526,690</u>	<u>503,085</u>	<u>33,260</u>	<u>11,321</u>	<u>2,914,831</u>

12. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

Group	Freehold Land RM'000	Long Leasehold Land RM'000	Short Leasehold Land RM'000	Buildings RM'000	Plant and Machinery RM'000	Furniture and Fittings RM'000	Vehicles RM'000	Total RM'000
At 30 June 2006								
Cost								
At 1 July 2005	920,385	761,003	85,757	831,534	788,408	85,780	116,097	3,588,964
Exchange adjustments	74	-	(36)	(11,121)	4,102	260	(742)	(7,463)
Additions	32,943	-	-	52,512	121,640	10,733	4,462	222,290
Reclassification from biological assets	-	15,811	-	-	-	-	-	15,811
Reclassification	-	44,887	(80)	(55,737)	11,707	(672)	(105)	-
Disposals	(6)	-	-	(857)	(1,038)	(1,254)	(2,216)	(5,371)
Write off	-	-	-	(7,132)	(3,882)	(2,579)	(3,545)	(17,138)
At 30 June 2006	953,396	821,701	85,641	809,199	920,937	92,268	113,951	3,797,093
Accumulated Depreciation								
At 1 July 2005	-	-	20,571	274,159	406,050	57,954	100,706	859,440
Exchange adjustments	-	-	116	140	(146)	9	(437)	(318)
Charge for the year	-	-	1,515	32,585	62,134	5,423	7,327	108,984
Reclassification	-	-	-	(46)	126	2	(82)	-
Disposals	-	-	-	(1,377)	(783)	(1,165)	(1,862)	(5,187)
Write off	-	-	-	(6,503)	(3,459)	(1,442)	(3,542)	(14,946)
At 30 June 2006	-	-	22,202	298,958	463,922	60,781	102,110	947,973
Net Carrying Amount								
At 30 June 2006	953,396	821,701	63,439	510,241	457,015	31,487	11,841	2,849,120

12. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

Company	Freehold	Long Leasehold		Plant and	Furniture and		Total
	Land	Land	Buildings	Machinery	Fittings	Vehicles	RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 30 June 2007							
Cost							
At 1 July 2006	441,736	2,009	67,415	47,902	30,098	12,702	601,862
Additions			15,368	2,798	3,095	877	22,138
Additions - related party	-	-	-	-	-	188	188
Disposals	-	-	-	-	(54)	(1,243)	(1,297)
Disposals - related party	-	-	-	-	-	(195)	(195)
At 30 June 2007	441,736	2,009	82,783	50,700	33,139	12,329	622,696
Accumulated Depreciation							
At 1 July 2006	-	-	28,667	40,150	20,683	11,825	101,325
Charge for the year	-	-	2,078	1,735	2,628	1,027	7,468
Additions - related party	-	-	-	-	-	188	188
Disposals	-	-	-	-	(20)	(1,201)	(1,221)
Disposals - related party	-	-	-	-	-	(195)	(195)
At 30 June 2007	-	-	30,745	41,885	23,291	11,644	107,565
Net Carrying Amount							
At 30 June 2007	441,736	2,009	52,038	8,815	9,848	685	515,131

12. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

Company	Freehold Land RM'000	Long Leasehold Land RM'000	Buildings RM'000	Plant and Machinery RM'000	Furniture and Fittings RM'000	Vehicles RM'000	Total RM'000
At 30 June 2006							
Cost							
At 1 July 2005	441,736	2,009	51,363	45,369	27,905	14,154	582,536
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	-	-	(18)	(591)	(130)	(658)	(1,397)
At 30 June 2006	441,736	2,009	67,415	47,902	30,098	12,702	601,862
Accumulated Depreciation							
At 1 July 2005	-	-	27,117	38,501	17,969	12,623	96,210
Charge for the year	-	-	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	-	-	28,667	40,150	20,683	11,825	101,325
Net Carrying Amount							
At 30 June 2006	441,736	2,009	38,748	7,752	9,415	877	500,537

13. BIOLOGICAL ASSETS

	Group		Company	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Cost				
At 1 July				
Cost	1,162,815	1,195,508	52,726	52,742
Additions	14,147	10,984	-	-
Reclassification to property development costs	(521)	-	-	-
Reclassification from/(to) leasehold land	343	(15,811)	-	-
Disposal	(798)	(1,021)	-	-
Write off	(1,298)	(3,196)	(20)	(16)
Exchange differences	(160)	(23,649)	-	-
At 30 June	<u>1,174,528</u>	<u>1,162,815</u>	<u>52,706</u>	<u>52,726</u>

14. INVESTMENT PROPERTIES

	Group	
	2007	2006
	RM'000	RM'000
Cost		
At 1 July	9,444	9,654
Additions	3	1,262
Disposal	(526)	(1,472)
At 30 June	<u>8,921</u>	<u>9,444</u>
Accumulated Depreciation		
At 1 July	2,607	2,417
Charge for the year (Note 7(a))	224	242
Disposal	(22)	(52)
At 30 June	<u>2,809</u>	<u>2,607</u>
Net Carrying Amount		
At 30 June	<u>6,112</u>	<u>6,837</u>
Fair value		
At 30 June	<u>6,810</u>	<u>8,110</u>

15. INVESTMENTS IN SUBSIDIARY COMPANIES

	Company	
	2007	2006
	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	4,817,431	4,696,475
Capital repayment	-	(14,766)
Addition	-	139,222
Increase in shares of subsidiary companies	26,030	-
Disposal	<u>(38,732)</u>	<u>(3,500)</u>
At end of year	<u>4,804,729</u>	<u>4,817,431</u>
Less: Impairment of investments in subsidiary companies	<u>(11,000)</u>	<u>(11,000)</u>
Total	<u>4,937,035</u>	<u>4,949,737</u>
Market value of quoted shares	<u>161,901</u>	<u>167,985</u>

15. 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
		2007 %	2006 %		
Plantation					
Golden Hope Plantations (Peninsular) Sdn. Bhd.	Malaysia	100.0	100.0	RM1,018,659,265))
Golden Hope Plantations (Sabah) Sdn. Bhd.	Malaysia	100.0	100.0	RM308,675,763))
Golden Hope Plantations (Sarawak) Sdn. Bhd.	Malaysia	100.0	100.0	RM25,000,000))
Austral Enterprises Berhad	Malaysia	100.0	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))
Sahua Enterprise Sdn. Bhd.	Malaysia	100.0	100.0	RM20,000 )	) Production and 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	100.0	RP52,204,000,000))
* P.T. Budidaya Agro Lestari	Indonesia	100.0	100.0	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 operations
Mostyn Palm Processing Sdn. Bhd.	Malaysia	100.0	100.0	RM1,000,000))
Golden Hope Latex Sdn. Bhd.	Malaysia	100.0	100.0	RM5,803,358 )	) Manufacture of latex concentrate
Golden Hope Food & Beverages Sdn. Bhd.	Malaysia	100.0	100.0	RM21,000,000 )	) Fruit cultivation and processing
Golden Hope Fruit Industries Sdn. Bhd.	Malaysia	100.0	100.0	RM6,000,000 )	) Ceased operations

15. 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
		2007 %	2006 %		
Property					
Negara Properties (M) Berhad	Malaysia	62.6	62.6	RM70,599,161)	Property development and related businesses and investment holding
Melawati Development Sdn. Bhd.	Malaysia	62.6	62.6	RM10,000,002)	
Negara Properties Services Sdn. Bhd.	Malaysia	62.6	62.6	RM10,000)	
Sungai Kantan Development Sdn. Bhd.	Malaysia	62.6	62.6	RM20,000,000)	
Negara Properties Realty Sdn. Bhd.	Malaysia	62.6	62.6	RM500,000)	
Negara Properties Leisure Management Sdn. Bhd.	Malaysia	62.6	62.6	RM2)	
Negara Properties Landscaping Sdn. Bhd.	Malaysia	62.6	62.6	RM500,000)	
Negara Properties Builders Sdn. Bhd.	Malaysia	62.6	62.6	RM5,000,000)	
Negara Properties Harta Sdn. Bhd.	Malaysia	62.6	62.6	RM2)	
Melawati Resort Berhad	Malaysia	62.6	62.6	RM2)	
Negara Properties Smarthome Sdn. Bhd.	Malaysia	62.6	62.6	RM250,000)	
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)	

15. 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
		2007 %	2006 %		
Property (Contd.)					
Golden Hope Heritage Sdn. Bhd.	Malaysia	100.0	100.0	RM2	) Property development and related businesses and investment holding
Oils & Fats					
Golden Jomalina Food Industries Sdn. Bhd.	Malaysia	100.0	100.0	RM10,000,000	Palm oil refining
* Golden Hope-Nhabe Edible Oils Co. Ltd.	Vietnam	30.6	30.6	VND69,267,776 (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
Clean Energy B.V.	Netherlands	100.0	-	EUR18,000	Production and sales of bio-diesel
Golden Hope Biodiesel Sdn Bhd (formerly known as Rubiatec Sdn. Bhd.)	Malaysia	100.0	100.0	RM25,000,000	Production and sales of bio-diesel
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
Aspen Timur Sdn. Bhd.	Malaysia	60.0	60.0	RM2	Has not commenced operation

15. 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
		2007 %	2006 %		
Other Industries					
Golden Hope Agrotech Consultancy Sdn. Bhd.	Malaysia	100.0	100.0	RM1,000,000	Provision of agricultural consultancy services
Perkhidmatan Komputer Perlindungan 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	100.0	RM200,000	Establish and manage private higher educational institutions
Entree Sdn. Bhd.	Malaysia	100.0	60.0	RM2,000,000	Ceased operations

15. 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
		2007 %	2006 %		
Investment Holding					
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	60.0	RM3,500,000)	
Golden Hope Netherland B.V.	Netherland	100.0	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	100.0	USD27,522,098)	
Golden Hope Investments (Asia Pacific)	Cayman Islands	60.0	60.0	USD958,905)	
Golden Hope Overseas Capital	Mauritius	100.0	100.0	USD4,783,564)	
Golden Hope Investments (Europe) S.a.r.l	Luxembourg	100.0	100.0	EUR815,250) (32,610 shares of EUR25 each)	
Golden Hope Investments	Cayman Islands	100.0	100.0	USD273,974)	
Others					
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)	

15. 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
		2007 %	2006 %		
Others (Contd.)					
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))
Trolak Estates Limited	Scotland	100.0	100.0	£64,909))
Binuang Palm Oil Refinery Sdn. Bhd.	Malaysia	100.0	100.0	RM2 )	) Dormant
Glengowrie Properties Sdn. Bhd.	Malaysia	89.7	89.7	RM2))
Prolific Image Sdn. Bhd.	Malaysia	100.0	-	RM100,000))
# 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))
# 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))

15. 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 three (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.

16. INVESTMENTS IN ASSOCIATED COMPANIES

	Group		Company	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Unquoted shares:				
Cost	453,339	431,450	700,872	698,872
Less: Provision for impairment	(24,000)	-	-	-
	<u>429,339</u>	<u>431,450</u>	<u>700,872</u>	<u>698,872</u>
Share of post-acquisition reserves	201,956	168,406	-	-
Total	<u>631,295</u>	<u>599,856</u>	<u>700,872</u>	<u>698,872</u>
Analysed by:				
Share of net assets	<u>631,295</u>	<u>599,856</u>		

16. INVESTMENTS IN ASSOCIATED COMPANIES (CONTD.)

The summarised financial information of the associated companies are as follows:

	2007 RM'000	2006 RM'000
Assets and liabilities		
Current assets	1,802,872	1,717,532
Non-current assets	1,874,351	1,726,527
Total assets	<u>3,677,223</u>	<u>3,444,059</u>
Current liabilities	737,467	583,472
Non-current liabilities	737,234	603,011
Total liabilities	<u>1,474,701</u>	<u>1,186,483</u>
Results		
Revenue	3,741,909	2,975,840
Profit for the year	<u>142,397</u>	<u>25,800</u>

Details of the associated companies are as follows:

Company	Country of Incorporation	Effective Interest Held		Issued Share Capital	Principal Activities
		2007 %	2006 %		
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

16. 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
		2007 %	2006 %		
Cognis Oleochemicals U.K. Ltd.	United Kingdom	50.0	50.0	£1,000	Investment holding and trading in oleochemicals
Cognis Oleochemicals GmbH	Germany	50.0	50.0	EUR1,280,000	Production and trading in oleochemicals
Cognis Oleochemicals LLC	United States of America	50.0	50.0	USD1,000	Production and trading in oleochemicals
Cognis Oleochemicals Canada Ltd.	Canada	50.0	50.0	CND3,200,010	Production and trading in oleochemicals
Cognis Oleochemicals Japan Ltd.	Japan	50.0	50.0	JPY100,000,000	Trading in oleochemicals
Cognis Importacao e Comércio Oleoquimica Ltda	Brazil	50.0	50.0	REAIS2,470,279	Trading in oleochemicals
Cognis Oleochamicals HK Limited	Hong Kong	50.0	-	HKD2,000	Investment holding and trading in oleochmicals
Cognis Oleochemicals Trading (Shanghai) Co. Limited	China	50.0	-	USD140,000	Trading in oleochemicals

16. 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
		2007 %	2006 %		
Guangzhou Keylink Chemical Co. Ltd.	China	36.0	-	RMB64,790,000	Production and sales of methylester sulphonate
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 Oleochemical Marketing (M) Sdn. Bhd. (formerly known as 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	25.0	40.0	DHS222,650,000 (222,650 shares of DHS100 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
Donghwa GH International Sdn. Bhd.	Malaysia	30.0	30.0	RM8,305,000	Investment holding

16. 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
		2007 %	2006 %		
Donghwa Fibreboard Sdn. Bhd.	Malaysia	30.0	30.0	RM80,000,000	Production and sales of medium density fibreboard
Donghwa MDF Sdn. Bhd. (formerly known as Guthrie MDF Sdn. Bhd.)	Malaysia	30.0	-	RM53,000,000	Production and sales of medium density fibreboard
Donghwa Chemical (M) Sdn. Bhd. (formerly known as Donghwa Furniture International Sdn. Bhd.)	Malaysia	30.0	30.0	RM35,000,000	Production and sales of resin products
Donghwa Parquet Sdn. Bhd.	Malaysia	30.0	30.0	RM50,000,000	Production and sale of factory finished 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.	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
Nescaya Maluri Sdn. Bhd.	Malaysia	40.0	40.0	RM10,000	Investment holding and licensing
Mostyn Development Malaysia Sdn. Bhd.	Malaysia	30.0	-	RM10	Property development

17. OTHER INVESTMENTS

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 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	-	-
	41,296	41,296	39,550	39,550
Other investments, at cost	69,226	69,226	67,480	67,480
Less: Provision for diminution in value				
- quoted	(22,040)	(22,040)	(22,040)	(22,040)
- unquoted	(4,500)	(4,500)	(3,000)	(3,000)
	(26,540)	(26,540)	(25,040)	(25,040)
	42,686	42,686	42,440	42,440
Market value of quoted investment	8,575	3,920	8,575	3,920

18. LAND HELD FOR PROPERTY DEVELOPMENT

Group	Freehold Land RM'000
At 30 June 2007	
Cost	
At 1 July 2006	114,671
Recognised in income statement	<u>(19,815)</u>
At 30 June 2007	<u>94,856</u>
At 30 June 2006	
Cost	
At 1 July 2005 (as previously stated)	90,309
Reclassification (Note 38)	60,942
Prior year adjustments (i) (Note 36)	<u>(36,430)</u>
At 1 July 2005 (as restated)	114,821
Reversal of development costs	<u>(150)</u>
At 30 June 2006	<u>114,671</u>

19. DEFERRED TAX

	Group		Company	
	2007	2006 Restated	2007	2006
	RM'000	RM'000	RM'000	RM'000
Net deferred tax assets/(liabilities)				
At 1 July (as previously stated)	31,033	48,978	(4,053)	(5,377)
Prior year adjustment (ii) (Note 36)	<u>12,428</u>	<u>12,428</u>	<u>-</u>	<u>-</u>
At 1 July (as restated)	43,461	61,406	(4,053)	(5,377)
Recognised in the income statement (Note 9)	<u>(64,259)</u>	<u>(17,945)</u>	<u>2,782</u>	<u>1,324</u>
At 30 June	<u>(20,798)</u>	<u>43,461</u>	<u>(1,271)</u>	<u>(4,053)</u>
Presented after appropriate offsetting as follows:				
Deferred tax assets	224,707	238,501	-	-
Deferred tax liabilities	<u>(245,505)</u>	<u>(195,040)</u>	<u>(1,271)</u>	<u>(4,053)</u>
	<u>(20,798)</u>	<u>43,461</u>	<u>(1,271)</u>	<u>(4,053)</u>

19. 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:

	Biological Assets RM'000	Property, Plant and Equipment RM'000	Total RM'000
At 1 July 2006	-	195,040	195,040
Recognised in the income statement	47,270	3,195	50,465
At 30 June 2007	<u>47,270</u>	<u>198,235</u>	<u>245,505</u>
At 1 July 2005	-	186,791	186,791
Recognised in the income statement	-	8,249	8,249
At 30 June 2006	<u>-</u>	<u>195,040</u>	<u>195,040</u>

Deferred Tax Assets of the Group:

	Pension Provision RM'000	Unrealised Gain from Disposal of Land RM'000	Tax Losses and Unabsorbed Capital Allowances RM'000	Total RM'000
At 1 July 2006	-	192,444	33,629	226,073
Prior year adjustment (ii) (Note 36)	12,428	-	-	12,428
At 1 July 2006 (as restated)	<u>12,428</u>	<u>192,444</u>	<u>33,629</u>	<u>238,501</u>
Recognised in the income statement	-	(5,991)	(7,803)	(13,794)
At 30 June 2007	<u>12,428</u>	<u>186,453</u>	<u>25,826</u>	<u>224,707</u>
At 1 July 2005	-	194,222	41,547	235,769
Prior year adjustment (ii) (Note 36)	12,428	-	-	12,428
At 1 July 2005 (as restated)	<u>12,428</u>	<u>194,222</u>	<u>41,547</u>	<u>248,197</u>
Recognised in the income statement	-	(1,778)	(7,918)	(9,696)
At 30 June 2006	<u>12,428</u>	<u>192,444</u>	<u>33,629</u>	<u>238,501</u>

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

	Accelerated Capital Allowances RM'000
At 1 July 2006	4,053
Recognised in the income statement	<u>(2,782)</u>
At 30 June 2007	<u>1,271</u>
At 1 July 2005	5,377
Recognised in the income statement	<u>(1,324)</u>
At 30 June 2006	<u>4,053</u>

20. GOODWILL ON CONSOLIDATION

	Group	
	2007	2006
	RM'000	RM'000
At 1 July	183,630	187,590
Changes in Group composition	<u>-</u>	<u>6,040</u>
	183,630	193,630
Less: Accumulated amortisation in income statement	<u>-</u>	<u>(10,000)</u>
At 30 June	<u>183,630</u>	<u>183,630</u>

21. PROPERTY DEVELOPMENT COSTS

	Group	
	2007	2006
	RM'000	Restated RM'000
Property development cost		
At 1 July		
Freehold land	72,834	83,114
Development costs	302,450	405,093
Total property development costs	<u>375,284</u>	<u>488,207</u>
Costs incurred during the year:		
Freehold land	1,284	4,204
Development costs	43,489	65,312
	<u>44,773</u>	<u>69,516</u>
Costs recognised in income statement:		
At 1 July	(344,139)	(312,830)
Recognised during the year	(8,961)	(71,916)
Reversal of completed projects	-	40,607
At 30 June	<u>(353,100)</u>	<u>(344,139)</u>
Reversal of development costs during the year:		
Freehold land	(270)	(14,483)
Development costs	(2,563)	(6,278)
	<u>(2,833)</u>	<u>(20,761)</u>
Transfers:		
Reclassification (Note 38)	-	(120,869)
To inventories	(7,012)	(40,809)
To property, plant and equipment	(2,005)	-
From biological assets	521	-
	<u>(8,496)</u>	<u>(161,678)</u>
Property development costs at 30 June	<u>55,628</u>	<u>31,145</u>
Included in property development costs incurred during the financial year		
Interest expense	<u>1,017</u>	<u>1,740</u>

22. AMOUNTS DUE FROM/(TO) CUSTOMERS

	Group	
	2007	2006
	RM'000	RM'000
Cost of construction in progress	714,803	670,346
Estimated attributable profit	11,918	2,847
	<u>726,721</u>	<u>673,193</u>
Progress billings received and receivable	(718,558)	(666,529)
	<u>8,163</u>	<u>6,664</u>
Represented by:		
Amounts due from customers	33,578	35,223
Amounts due to customers	(25,415)	(28,559)
	<u>8,163</u>	<u>6,664</u>
Contract Revenue		
- Total	720,673	665,679
- Recognised during the year	121,216	102,885
	<u>121,216</u>	<u>102,885</u>
Contract Cost		
- Total	715,805	670,346
- Recognised during the year	110,485	93,547
	<u>110,485</u>	<u>93,547</u>

Included in progress billings received and receivable are retention sums receivable of RM7,261,006 (2006: RM8,364,000).

23. INVENTORIES

	Group		Company	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
At cost:				
Produce stocks	53,342	54,018	581	1,032
Refined palm oil	55,854	43,891	428	1,030
Raw materials and stores	107,768	88,087	357	349
Work-in-progress	9,411	22,682	-	-
Finished goods	125,948	125,069	6,221	2,782
Completed properties	42,193	48,733	-	-
	<u>394,516</u>	<u>382,480</u>	<u>7,587</u>	<u>5,193</u>

24. RECEIVABLES

	Group		Company	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Trade receivables	541,992	462,975	23,111	28,415
Accrued billings in respect of property development cost	6,967	-	-	-
Due from subsidiary companies	-	-	2,116,071	1,897,209
Due from associated company	19,259	54,797	19,259	54,797
Prepayments	8,710	8,489	466	460
Deposits:				
Raw material	90,018	-	-	-
Others	3,576	6,261	506	516
Staff loan	8,459	11,804	7,440	9,767
Sundry receivables	182,034	180,946	50,538	49,812
	<u>861,015</u>	<u>725,272</u>	<u>2,217,391</u>	<u>2,040,976</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.

25. SHORT TERM INVESTMENT

	Group		Company	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Investment in institutional trust at cost	<u>22,730</u>	<u>5,000</u>	<u>-</u>	<u>-</u>

26. CASH AND BANK BALANCES

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Cash on hand and at banks *	123,409	72,557	5,868	2,762
Deposits with:				
banks	145,486	59,413	63,900	-
finance companies	-	617	-	-
other financial corporations	7,278	71,244	-	59,200
	<u>276,173</u>	<u>203,831</u>	<u>69,768</u>	<u>61,962</u>

* Included in cash on hand and at banks of the Group are balances held under housing development accounts of RM7,577,749 (2006: RM2,582,075) pursuant to Section 7A of the Housing Developers Act, 1966, which represents monies received from purchasers of the Group's residential units less payment and withdrawal in accordance with the Act.

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

	Average Interest Rates %		Average Maturities Days	
	2007	2006	2007	2006
Group				
Banks	3.65	3	31	31
Finance companies	-	4	-	31
Other financial corporations	3.35	3	14	20
Company				
Banks	3.31	-	4	-
Other financial corporations	-	3	-	7

27. SHARE CAPITAL

	Number of Ordinary Shares of RM1 Each		Amount	
	2007 '000	2006 '000	2007 RM'000	2006 RM'000
Authorised:				
At 1 July/30 June	<u>5,000,000</u>	<u>5,000,000</u>	<u>5,000,000</u>	<u>5,000,000</u>
Issued and fully paid:				
At 1 July	1,423,489	1,423,489	1,423,489	1,423,489
Issued and paid-up during the year	84,122	-	84,122	-
At 30 June	<u>1,507,611</u>	<u>1,423,489</u>	<u>1,507,611</u>	<u>1,423,489</u>

Employees' Share Option Scheme

The details and 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.
- (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.

27. SHARE CAPITAL (CONTD.)**Employees' Share Option Scheme (Contd.)**

Set out below are details of options over the ordinary shares of the Company granted under the ESOS:

Date offered	Price RM	No. of ordinary shares of RM1 each covered under options				
		At 1.7.2006	Granted	Exercised	Lapsed	At 30.6.2007
26 June 2006	3.57	-	89,564,000	(84,122,000)	(3,090,000)	2,352,000

All options granted were vested at the end of the financial year and all were exercisable.

All options granted during the option period will expire on 7 December 2010. However, as provided under the provision of the By-Law of the ESOS, in view of the merger as described in Note 35(h) and impending staff employment with Synergy Drive Berhad, grantees shall be entitled during the option period to exercise in full or in part any option of the Company as yet unexercised under the option. Consequently, all outstanding options became exercisable.

The weighted average fair value of options granted during the financial year determined using the Black-Scholes valuation model was RM0.68 per option. As the ESOS were granted subsequent to 1 July 2006, there were no comparative figures for 2006. The significant inputs into the model were as follows:

	2007
Valuation assumptions:	
- expected volatility	18%
- expected dividend yield	4.5%
- expected option life	4.45 years
Weighted average share price at date of grant	4.04
Risk-free interest rate (per annum)	<u>4.5</u>

The volatility measured at the standard deviation of continuously compounded share returns is based on statistical analysis of month end share prices over the last 4.45 years.

28. RESERVES

	Group		Company	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Total reserves at 30 June are analysed as follows:				
Non-distributable:				
Share premium	740,659	467,262	740,659	467,262
Share option reserve	3,692	-	3,692	-
Reserve on consolidation	-	68,452	-	-
Exchange adjustment	5,112	6,849	-	-
	<u>749,463</u>	<u>542,563</u>	<u>744,351</u>	<u>467,262</u>
Distributable:				
Retained profits	3,001,396	2,954,418	191,207	422,680
	<u>3,750,859</u>	<u>3,496,981</u>	<u>935,558</u>	<u>889,942</u>

Reserve on consolidation arose from acquisition of subsidiary companies.

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

As at 30 June 2007, subject to Inland Revenue Board, the Company has an exempt income balance of approximately RM181,640,000 (2006: RM134,600,000), available for the distribution of its retained profits as tax exempt dividends.

The Company has sufficient tax credit under Section 108 of the Income Tax Act, 1967 and the balance in the tax-exempt income account to frank the payment of dividends out of its entire retained profits as at 30 June 2007.

29. BANK BORROWINGS

	Group		Company	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Unsecured:				
Bank overdrafts	4,334	3,880	-	-
Export credit refinancing	59,809	45,158	-	-
Revolving credits	344,960	427,598	122,000	236,700
	<u>409,103</u>	<u>476,636</u>	<u>122,000</u>	<u>236,700</u>
Current portion of long term loans (Note 30)				
	64,156	33,066	-	-
	<u>473,259</u>	<u>509,702</u>	<u>122,000</u>	<u>236,700</u>

29. BANK BORROWINGS (CONTD.)

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

	Group		Company	
	2007	2006	2007	2006
	%	%	%	%
Bank overdrafts	5.38	4.99	-	-
Export credit refinancing	4.60	4.60	-	-
Revolving credits	4.35	4.31	4.25	4.00
Term loans	3.96	3.93	-	-

30. LONG TERM BORROWINGS

	Group	
	2007	2006
	RM'000	RM'000
Long term loans	118,265	151,575
Less: Current portion of loans included under current liabilities (Note 29)	(64,156)	(33,066)
	<u>54,109</u>	<u>118,509</u>
Maturity of Borrowings		
Within one year	64,156	33,066
More than 1 year and less than 2 years	25,822	92,598
More than 2 years and less than 5 years	28,287	25,911
	<u>118,265</u>	<u>151,575</u>

31. PAYABLES

	Group		Company	
	2007	2006	2007	2006
	RM'000	Restated RM'000	RM'000	RM'000
Trade payables	236,132	265,209	4,533	820
Amounts due to subsidiary companies	-	-	5,817,791	5,750,570
Provisions	43,902	127,029	4,716	9,333
Accruals	105,440	76,096	23,054	14,518
Sundry payables	180,456	148,137	12,649	5,558
	<u>565,930</u>	<u>616,471</u>	<u>5,862,743</u>	<u>5,780,799</u>

31. PAYABLES (CONTD.)

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.

32. CAPITAL COMMITMENTS

	Group		Company	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Authorised capital expenditure not provided for in the financial statements:				
Contracted for	149,780	47,057	3,490	3,795
Not contracted for	299,920	301,854	13,305	29,229
	<u>449,700</u>	<u>348,911</u>	<u>16,795</u>	<u>33,024</u>

33. SIGNIFICANT RELATED PARTY TRANSACTIONS

	2007	2006
	RM'000	RM'000
Group		
Recurrent related party transactions:		
Tolling fees receivable from an associated company		
- Cognis Oleochemicals (M) Sdn. Bhd.	<u>5,094</u>	<u>8,254</u>
Sales of palm kernel oil to an associated company		
- Cognis Oleochemicals (M) Sdn. Bhd.	<u>2,012</u>	<u>299</u>
Sales of crude palm oil to an associated company		
- Cognis Oleochemicals (M) Sdn. Bhd.	<u>2,860</u>	<u>2,031</u>

33. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTD.)

Company	2007 RM'000	2006 RM'000
Recurrent related party transactions:		
Sales of fresh fruit bunches to subsidiary company		
- Golden Hope Plantations (Peninsular) Sdn. Bhd.	8,287	6,325
Purchases of fresh fruit bunches from subsidiary company		
- Golden Hope Plantations (Peninsular) Sdn. Bhd.	24,889	19,260
Sales of crude palm oil to subsidiary company		
- Golden Jomalina Food Industries Sdn. Bhd.	50,846	33,659
Sales of refined palm oil to subsidiary company		
- Golden Hope-Nhabe Edible Oils Co. Ltd.	160,778	53,286
Purchase of refined palm oil from a subsidiary company		
- Austral Edible Oil Sdn. Bhd.	34,843	-
Management fees receivable from subsidiary companies		
- Golden Hope Plantations (Peninsular) Sdn. Bhd.	14,499	12,444
- Golden Hope Plantations (Sabah) Sdn. Bhd.	5,671	5,003
- Golden Hope Plantations (Sarawak) Sdn. Bhd.	3,885	3,295
- Golden Hope Latex Sdn. Bhd.	1,431	1,442
- Austral Enterprises Berhad	9,891	6,920
Selling commission receivable from subsidiary companies		
- Golden Hope Plantations (Peninsular) Sdn. Bhd.	14,741	13,374
- Golden Hope Plantations (Sabah) Sdn. Bhd.	6,094	5,593
- Golden Hope Plantations (Sarawak) Sdn. Bhd.	4,585	2,910
- Golden Hope Latex Sdn. Bhd.	1,118	1,117

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

34. CONTINGENT LIABILITIES

	Company	
	2007	2006
	RM'000	RM'000
Guarantee given to financial institutions for facilities granted to a subsidiary company (unsecured)	514,032	306,215

35. 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).

The rationalisation exercise was completed on 14 September 2005 except for :

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

In respect of the Change to the Express Conditions, the conversion of land use for Lot 379, Mukim of Pedah, District of Jerantut, Pahang has been approved whilst the conversion of land use for Lot 509, Mukim of Burau, District of Jerantut, Pahang approval in principle has been obtained from Pejabat Tanah Jerantut and the State EXCO, subject to payment of additional premium.

Extension of time for the change of express conditions for Lot 509, Mukim of Burau, District of Jerantut, Pahang was initially obtained from the Securities Commission (SC) to 31 May 2007. The Company has applied to the land office for a reduction in the additional premium payable and in view of this, a further extension of time of 6 months from 31 May 2007 to 30 November 2007 has been granted by the SC.

- (b) On 14 September 2005, Golden Hope signed a share sale agreement with AFIA International Company (AFIA), to acquire 377,000 shares of DHS100.00 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.

On 26 October 2006, following a call for the injection of additional capital of 1.28 million of shares of DHS100 each, for which Golden Hope's portion at 40% was 512,000 shares. However, Golden Hope subscribed for 179,000 shares of DHS100 each for a consideration of US\$2.04 million, hence the effective shareholding of Golden Hope has been reduced to 25%.

35. SIGNIFICANT EVENTS (CONTD.)

- (c) On 6 December 2005, 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 Extraordinary General Meeting (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.

The liquidation of Jiangyin-GH was completed on 8 December 2006 with the deregistration of the Company.

- (d) On 29 August 2006, Golden Hope signed a memorandum of understanding with Universitas Tanjungpura, Republic of Indonesia (UTP) on the proposed provision of financial assistance and research grant by Golden Hope to selected students to pursue a course of study or research at the UTP.

Golden Hope's Indonesian subsidiaries, P.T. Sandika Nata Palma, P.T. Budidaya Agro Lestari and P.T. Mitra Austral Sejahtera owns and operates oil palm plantation estates in Kacamatan Marau and Kabupaten Sanggau, both in Kalimantan Barat, with a combined land area of approximately 15,810 hectares.

- (e) On 4 September 2006, Golden Hope signed a memorandum of understanding with H-Plus Bio Ltd. of the Republic of Korea (HPB) to signify their mutual intent to enter a joint venture arrangement upon the terms to be agreed by the parties (Proposed JV).

Under the Proposed JV, the parties will set up a plant in Yeosu, the Republic of Korea with the capacity to produce at least 150,000 metric tons of biodiesel per annum (using palm-based products as the primary feedstock).

- (f) On 16 October 2006, Golden Hope Overseas Capital, a wholly-owned subsidiary of the Golden Hope group, signed a joint venture contract with Cognis Oleochemicals (HK) Limited, a wholly-owned subsidiary of Cognis Oleochemicals (M) Sdn. Bhd. (COM), an associated company of Golden Hope and Lonkey Industrial Co. Ltd, Guangzhou, China (Lonkey) for the proposed establishment of a joint venture company to be named Guangzhou Keylink Chemical Co. Ltd., to carry on the business of manufacturing, distribution and sales of Methyl Ester Sulphonates (MES) (Proposed Joint Venture).

This is in furtherance to the memorandum of understanding signed on 27 July 2006 whereby Golden Hope, COM and Lonkey agreed 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 MES and to facilitate valuation of the business with the view of forming a joint-venture in the manufacture, distribution and sales of MES.

35. SIGNIFICANT EVENTS (CONTD.)

- (g) On 19 October 2006, Golden Hope entered into a Joint Venture Agreement (JVA) with Permodalan Nasional Berhad (PNB), Sime Consulting Sdn. Bhd. (Sime Consulting), Kumpulan Guthrie Berhad (KGB) and PNB Enterprise Sdn. Bhd. (PNBE), to participate in the equity and conduct of the business affairs of PNBE.

PNBE was incorporated in Malaysia, under the Companies Act, as a private limited company on 24 June 2000. As at 19 October 2006, the authorised capital of PNBE is RM10,000,000 comprising 10,000,000 ordinary shares of RM1.00 each of which 2 ordinary shares of RM1.00 each have been issued and fully paid-up. The principal activity of PNBE is the business of animal husbandry including the rearing of sheep, goats, cattle and other livestock.

Under the terms of the JVA:

- (i) PNB, Golden Hope, KGB and Sime Consulting will participate in the equity of PNBE on the basis of 25% each.
- (ii) The initial share subscription by each party shall be 2 million new ordinary shares of RM1.00 each in PNBE at the subscription price of RM1.00 per share.

On 7 November 2006, Golden Hope subscribed for 2,000,000 shares of RM1.00 each in PNBE for RM2,000,000.

- (h) On 27 November 2006, Golden Hope announced that it had received an Offer from Synergy Drive Berhad (formerly known as Synergy Drive Sdn. Bhd.) (Synergy Drive) to acquire the entire business and undertaking of the Company as carried on by the Company as at the date of the Offer, including its assets and liabilities (Proposed Disposal).

On the same day, Synergy Drive made similar Offer to Mentakab Rubber Company (Malaya) Berhad (Mentakab Rubber), a listed subsidiary company of the Golden Hope Group and 6 other listed companies, namely, Sime Darby Berhad (Sime Darby), Sime Engineering Services Berhad, Sime UEP Properties Berhad, Kumpulan Guthrie Berhad (KGB), Highlands & Lowlands Berhad and Guthrie Ropel Berhad (Collectively the Participating Companies).

On 22 December 2006, Golden Hope and Mentakab Rubber, accepted the Offer from Synergy Drive, based on the terms of the Offer Letter dated 27 November 2006.

On 24 January 2007, Golden Hope and Mentakab Rubber, together with the Participating Companies entered into separate conditional Sale of Business Agreements (SBA) with Synergy Drive in relation to the Proposed Disposal.

35. SIGNIFICANT EVENTS (CONTD.)

(h) (Contd.)

(1) Details of the Proposed Disposal

The Proposed Disposal involves the disposal of the entire business and undertakings carried on by Golden Hope as at 27 November 2006, including its assets and liabilities, for a total disposal consideration equivalent to RM5.46 per ordinary share of RM1.00 each in the issued and paid-up capital of the Company (Golden Hope Share) multiplied by the total outstanding Golden Hope Shares (less treasury shares, if any) as at completion (Disposal Price). Based on the number of Golden Hope Shares in issue of 1,423.5 million as at 30 June 2006, the Disposal Price is RM7,772.3 million.

As at 30 June 2006, Golden Hope had 91.86 million outstanding options granted under Employees' Share Option Scheme (ESOS) which were not exercised. Assuming the full exercise of these ESOS options, the maximum possible Disposal Price is RM8,273.9 million.

The Disposal Price shall be satisfied in full on the date of completion through the issuance of an equivalent value of Series A redeemable convertible preference shares of Synergy Drive (RCPS A) at RM5.25 for each RCPS A.

The RCPS A received by the Company will be distributed to the shareholders of Golden Hope under the Proposed Capital Repayment following the completion of the Proposed Capital Reduction. The Proposed Disposal is not conditional upon the Proposed Capital Repayment.

Simultaneously with the Proposed Capital Repayment, the Company shall carry out the Proposed Share Issue of 2 new ordinary shares of RM1 each or such number of new Golden Hope shares at par value in order for Synergy Drive to maintain not less than 90% shareholding.

On 10 July 2007, Golden Hope announced that in respect of the Proposed Capital Repayment, it will undertake a bonus issue to capitalise all its reserves, including the reserves arising from the Proposed Disposal, into share capital. The bonus issue is a process undertaken to facilitate the implementation of the Proposed Capital Repayment and will take place after the completion of the Proposed Disposal.

Status of the Proposals:

- (a) The SC (on behalf of the Foreign Investment Committee) had via its letter dated 16 July 2007, given its approval for the Proposals, as well as those of the Participating Companies.
- (b) The Ministry of International Trade and Industry (MITI) had via its letter dated 15 August 2007, given its approval for the Proposals, as well as those of the Participating Companies.

35. SIGNIFICANT EVENTS (CONTD.)

(h) (Contd.)

(1) Details of the Proposed Disposal (Contd.)

(c) The shareholders at an Extraordinary General Meeting held on 17 August 2007, approved the Proposed Disposal, Capital Repayment and issuance of new Golden Hope shares to Synergy Drive.

The Proposed Disposal is conditional upon the following:

- (a) The issuance of Synergy Drive shares and the subsequent listing of Synergy Drive on Bursa Malaysia Securities Berhad (Bursa Securities);
- (b) The approval of Bank Negara Malaysia (BNM), if required;
- (c) The approval of the SC for the listing of Synergy Drive on Bursa Securities;
- (d) The approval of Bursa Securities for the listing of Synergy Drive;
- (e) The approval of lenders of Golden Hope (where applicable);
- (f) The decision of the High Court of Malaya in relation to the Proposed Capital Reduction and the Proposed Capital Repayment;
- (g) The decision of the High Court of Malaya in relation to the Proposed Capital Reduction and the Proposed Capital Repayment;
- (h) Permodalan Nasional Berhad (PNB) and the unit trust funds managed by companies related to PNB providing Synergy Drive with an undertaking in writing to convert any RCPS A received or receivable by each of them pursuant to the Proposed Capital Reduction and the Proposed Capital Repayment of any Participating Company (as defined in Section 2 below) or otherwise, into Synergy Drive shares prior to the listing of Synergy Drive on Bursa Securities; and
- (i) The approval of any other authorities or parties, if required.

The completion of the Proposed Disposal is conditional upon the proposed disposal of the entire business and undertaking of Sime Darby and KGB groups becoming unconditional.

Upon the SBA with Golden Hope becoming unconditional, Synergy Drive will also undertake a Mandatory General Offer for all the shares in Negara Properties (M) Berhad not held by Golden Hope pursuant to the provisions of the Malaysian Code on Takeovers and Mergers 1998.

36. PRIOR YEAR ADJUSTMENTS

- (i) In prior years, the Group adopted FRS 201: Property Development Activities which became effective from 1 January 2004. The adoption of FRS 201 requires that all related property development costs can only be capitalised during periods in which activities necessary to prepare the properties for its intended use are in progress and all sales incentives or promotional costs are recognised directly in the income statement when incurred.

This prior year adjustment relates to recognition of all sales incentives and promotional costs to the income statement. All property development costs which were previously capitalised in periods prior to active development were also recognised to the income statement.

- (ii) This prior year adjustment relates to the adoption of FRS 119₂₀₀₄: Employee Benefits - Actuarial Gains and Losses, Group Plans and Disclosure. FRS 119₂₀₀₄ requires the recognition of actuarial gains and losses of the defined benefit pension plan of the Group's wholly-owned subsidiary company, Unimills, B.V. The additional provision required to comply with FRS 119₂₀₀₄ is now provided for retrospectively in the financial statements of the Group. The corresponding deferred tax asset on the pension provision has also been recognised.

The amounts have been adjusted for retrospectively and the effect of these adjustments on the Group's retained profits and minority interests are disclosed as follows:

	2007 RM'000	2006 RM'000
Effects on retained profits:		
At 1 July, as previously stated	2,994,242	2,990,704
Effects of adopting FRS 3 (Note 3.1(b))	68,452	-
At 1 July, as previously stated before prior year adjustments	3,062,694	2,990,704
Effects of prior year adjustment (i)	(22,690)	(22,690)
Effects of prior year adjustment (ii)	(17,134)	(17,134)
At 1 July, as restated	<u>3,022,870</u>	<u>2,950,880</u>
Effects on minority interests:		
At 1 July, as previously stated	198,027	197,783
Effects of prior year adjustment (i)	(13,740)	(13,740)
At 1 July, as restated	<u>184,287</u>	<u>184,043</u>

36. PRIOR YEAR ADJUSTMENTS (CONTD.)

The comparative amounts for land held for property development, deferred tax assets and payables of the Group as at 30 June 2006 have been restated to conform with the effects of the prior year adjustments which have been applied retrospectively as follows:

Group	As previously stated RM'000	Prior Year Adjustments RM'000	Reclassification RM'000	As restated RM'000
Balance Sheet				
Prior year adjustment (i)				
Land held for property development	90,159	(36,430)	60,942	114,671
Prior year adjustment (ii)				
Deferred tax assets	226,073	12,428	-	238,501
Payables	(586,909)	(29,562)	-	(616,471)

37. FINANCIAL INSTRUMENTS**(a) Financial Risk Management Objectives and Policies**

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

(b) Interest Rate Risk

The Group's primary interest rate risk relates to interest-bearing debt and the Group had no substantial long-term interest-bearing assets as at 30 June 2007. 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.

37. FINANCIAL INSTRUMENTS (CONTD.)

(b) Interest Rate Risk (Contd.)

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.

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 2007 that are not denominated in their functional currencies is expected to be immaterial.

(c) Foreign Exchange Risk

As at 30 June 2007, the outstanding foreign exchange currency contracts entered into by the Group to hedge its trade receivables and payables are as follows:

	Contract Amounts '000	Carrying Amounts Euro '000	Carrying Amounts RM'000 Equivalent
Trade receivables			
United States Dollar	28,516	-	97,002
Great Britain Pound	201	294	1,380
United States Dollar	<u>3,311</u>	<u>2,490</u>	<u>11,691</u>
Future sales of goods			
United States Dollar	8,568	6,352	29,822
Great Britain Pound	<u>796</u>	<u>1,160</u>	<u>5,445</u>
Trade payables			
United States Dollar	<u>877</u>	<u>576</u>	<u>2,703</u>
Future purchases of raw materials			
United States Dollar	<u>47,113</u>	<u>35,407</u>	<u>164,548</u>

37. FINANCIAL INSTRUMENTS (CONTD.)

(c) Foreign Exchange Risk (Contd.)

The fair value of outstanding forward foreign exchange currency contracts of the Group at the balance sheet date was a net unfavourable position of RM1,721,000.

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

(d) Liquidity Risk

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

(e) Credit Risk

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

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

(f) Crude Palm Oil (CPO) Price Fluctuation Risk

The Group is exposed to price fluctuation risk of CPO. The CPO future contracts are entered into with the objective of managing and hedging the exposures to price volatility in the commodity markets.

37. FINANCIAL INSTRUMENTS (CONTD.)

(g) Fair Values

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

		Group		Company	
	Note	Carrying Amount RM'000	Fair Value RM'000	Carrying Amount RM'000	Fair Value RM'000
Financial Assets					
At 30 June 2007:					
Other investments					
Non-current					
unquoted shares	17	36,796	*	36,550	*
Amounts due from subsidiary companies	24	-	-	2,116,071	#
Amounts due from associated companies	24	-	-	19,259	#
At 30 June 2006:					
Other investments					
Non-current					
unquoted shares	17	36,796	*	36,550	*
Amounts due from subsidiary companies	24	-	-	1,897,209	#
Amounts due from associated companies	24	-	-	54,797	#
Financial Liabilities					
At 30 June 2007:					
Amounts due to subsidiary companies					
	31	-	-	5,817,791	#
Long term loans	30	54,109	@	-	-
Forward commodities contracts		-	(77,500)	-	-
At 30 June 2006:					
Amounts due to subsidiary companies					
	31	-	-	5,750,570	#
Long term loans	30	118,509	@	-	-

37. FINANCIAL INSTRUMENTS (CONTD.)

(g) 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 into 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.

(iii) **Forward commodities contracts**

The fair value of a forward commodities contract is the amount that would be payable or receivable on termination of the outstanding position arising and is determined by reference to the difference between the contracted rate and forward rate as at balance sheet date applied to a contract of similar quantum and maturity profile. The fair value is obtained from statement provided by the broker. The fair value is negative as at year end which represent unrealised loss as at that day if the contracts are to be settled.

38. COMPARATIVES

The presentation and classification of items in the current year financial statements have been consistent with the previous financial year except that certain comparative amounts as at 30 June 2006 have been reclassified to conform with current year's presentation.

Group	As previously stated RM'000	Effect of FRSs Note3.1(g) RM'000	Prior Year Adjustments Note 36 RM'000	Reclassification RM'000	As restated RM'000
Balance Sheet					
Property, plant and equipment	3,958,845	(1,169,652)	-	59,927	2,849,120
Biological assets	-	1,162,815	-	-	1,162,815
Investment properties	-	6,837	-	-	6,837
Land held for property development	90,159	-	(36,430)	60,942	114,671
Property development costs	152,014	-	-	(120,869)	31,145
Deferred tax assets	226,073	-	12,428	-	238,501
Inventories	379,698	-	-	2,782	382,480
Receivables	728,054	-	-	(2,782)	725,272
Payables	(586,909)	-	(29,562)	-	(616,471)
Retained profits	(2,994,242)	-	39,824	-	(2,954,418)
Minority interests	(198,027)	-	13,740	-	(184,287)
Income Statement					
Share of results in associated companies	17,265	(12,099)	-	-	5,166
Taxation	(137,078)	12,099	-	-	(124,979)
Company					
Balance Sheet					
Property, plant and equipment	553,263	(52,726)	-	-	500,537
Biological assets	-	52,726	-	-	52,726
Inventories	2,411	-	-	2,782	5,193
Receivables	2,043,758	-	-	(2,782)	2,040,976