KUMPULAN GUTHRIE BERHAD

(COMPANY NO: 4001-P)

(Incorporated in Malaysia)

Directors' Report and Audited Financial Statements

31 December 2004

Company No: 4001-P

KUMPULAN GUTHRIE BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2004.

PRINCIPAL ACTIVITIES

The Company is an investment holding company and it also provides research, agricultural and advisory services.

The principal activities of its subsidiary and associated companies are respectively described in Notes 5 and 20 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year other than as disclosed in Notes 14 and 49(b) to the financial statements.

RESULTS

	GROUP RM'000	COMPANY RM'000
Net profit attributable to shareholders	160,442	64,421

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 the effects arising from:

(a) the adoption of MASB 32: Property Development Activities resulting in an increase in the Group's net profit for the year by RM2,213,000 as disclosed in Note 4(a) to the financial statements;

(b) the disposal of subsidiary companies resulting in a gain of RM9,546,000 to the Group and RM7,267,000 to the Company as shown in the income statements; and

(c) the write off of restructuring costs in relation to the proposed rationalisation of the Group, of RM4,463,000 and RM2,858,000 for the Group and for the Company respectively as disclosed in Note 8 to the financial statements.

DIVIDENDS

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

(a) A final dividend of 5 sen per share, less 28% tax, amounting to RM36,070,000, in respect of the previous financial year as proposed in the Directors' Report of that year; and

(b) An interim dividend of 5 sen per share, less 28% tax, amounting to RM36,072,000, in respect of the current financial year.

The directors now propose a final dividend of 5 sen per share, less 28% tax, amounting to RM36,195,000 which, subject to shareholders' approval at the forthcoming Annual General Meeting of the Company, will be paid on 29 July 2005. This proposed dividend has been separately classified within equity and will be accounted for as a distribution upon approval by the shareholders.

ISSUE OF SHARES

During the financial year, the issued and paid-up share capital of the Company was increased from 1,001,207,400 ordinary shares of RM1 each to 1,005,419,300 ordinary shares of RM1 each following the issue of 4,211,900 ordinary shares of RM1 each pursuant to the Second Employees' Share Option Scheme ("Second ESOS") of the Company. These new ordinary shares were issued and credited as fully paid and rank pari passu in all respects with the existing ordinary shares of the Company. The share premium arising from this issue amounted to RM4,784,528.

As at 31 December 2004, there were 9,573,000 unexercised share options granted pursuant to the Second ESOS of the Company.

SECOND EMPLOYEES' SHARE OPTION SCHEME

The Second ESOS of the Company was approved by the shareholders at the Extraordinary General Meeting of the Company held on 18 June 2003. The Scheme came into effect on 30 July 2003 and will be in force for a period of five (5) years and can be extended for another maximum period of five (5) years, subject to the approvals by the relevant authorities.

The salient features of the Scheme and the information in respect of the movement in the number of options granted, exercised and outstanding are disclosed in Note 39 to the financial statements.

The Company has been granted an exemption by the Companies Commission of Malaysia from having to disclose the names of employees who have been granted share options pursuant to the Scheme to subscribe for less than 50,000 share options each, during the financial year. Details of employees granted options to subscribe for 50,000 or more share options during the financial year are set out in Note 39 to the financial statements.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events are disclosed in Note 49 to the financial statements.

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' Musa Hitam	(Chairman)
Raja Tan Sri Muhammad Alias Raja Muhammad Ali	
Tan Sri Dato' Dr. Wan Mohd. Zahid Mohd. Noordin	
Tan Sri Dato' Abdul Khalid Ibrahim	(retired on 17 June 2004)
Dato' Abd Wahab Maskan	(appointed on 30 June 2004)
Datuk Nik Mohamed Affandi Nik Yusoff	
Datuk Mohamed Adnan Ali	
Datuk Khoo Eng Choo	
Datuk Alladin Mohd. Hashim	
Dato' Muhammad Nawawi Haji Mohd. Arshad	
Sreesanthan s/o Eliathamby	

In accordance with Article 102 of the Company's Articles of Association, YBhg. Datuk Khoo Eng Choo and Mr. Sreesanthan s/o Eliathamby retire from the Board of Directors by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

In compliance with Article 108 of the Company's Articles of Association, YBhg. Dato' Abd Wahab Maskan, who was appointed during the financial year and after the last Annual General Meeting, retires from the Board of Directors at the forthcoming Annual General Meeting and, being eligible, offers himself for election.

In compliance with Section 129(2) of the Companies Act, 1965, YBhg. Tan Sri Dato' Musa Hitam and YM. Raja Tan Sri Muhammad Alias Raja Muhammad Ali, being over the age of seventy, retire from the Board of Directors. The Board recommends that they be reappointed as directors pursuant to Section 129(6) of the Companies Act, 1965.

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.

DIRECTORS' BENEFITS (CONTD.)

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown in Note 8(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 required to be disclosed by Section 169(8) of the Companies Act, 1965.

DIRECTORS' INTERESTS

The following directors who held office at the end of the financial year had, according to the register of directors' shareholdings required to be kept under Section 134 of the Companies Act, 1965, interests in shares of the Company and its subsidiary company, as stated below:

	Name of company	Number of Ordinary Shares			
Name of director of this Company	in which interest is held	As at 1.1.2004	Bought During the year	Sold During the year	As at 31.12.2004
Direct Interest:					
Datuk Khoo Eng Choo	Kumpulan Guthrie Berhad	2,000	-	-	2,000
Datuk Alladin Mohd. Hashim	Highlands & Lowlands Berhad	2,000	-	-	2,000
Datuk Nik Mohamed Affandi Nik Yusoff	Malaysia Land Development Company Berhad	-	1,000	-	1,000*
Dato' Muhammad Nawawi Haji Mohd. Arshad	Malaysia Land Development Company Berhad	-	1,000	-	1,000*
Sreesanthan s/o Eliathamby	Malaysia Land Development Company Berhad	-	1,000	-	1,000*

** Held in trust for the Company*

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.

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 had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision 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 provision for doubtful debts in the financial statements of the Group and of the Company 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) 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 of the Group or of the Company which has arisen since the end of the financial year.

(f) In the opinion of the directors:

  (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and

  (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

AUDITORS

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

Signed on behalf of the Board in accordance with a resolution of the directors,

TAN SRI DATO' MUSA HITAM
Chairman

DATO' ABD WAHAB MASKAN
Director

Kuala Lumpur, Malaysia
19 April 2005

Company No: 4001-P

KUMPULAN GUTHRIE BERHAD
(Incorporated in Malaysia)

INCOME STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2004

		GROUP		COMPANY	
	Note	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Revenue	7	2,515,607	3,046,927	46,990	44,271
Cost of sales	7	(1,663,372)	(2,187,969)	-	-
Gross profit		852,235	858,958	46,990	44,271
Other operating income		43,852	58,756	1,336	1,045
Gain on disposal of discontinuing operations		9,546	-	7,267	-
Distribution costs		(50,669)	(88,021)	-	-
Net (loss)/gain on foreign exchange		(81,979)	46,275	1,229	1,989
Administration expenses		(120,875)	(107,682)	(46,382)	(38,037)
Other operating expenses		(213,335)	(203,730)	(56,344)	(279,963)
Operating profit/(loss)	8	438,775	564,556	(45,904)	(270,695)
Finance expense	9	(121,627)	(123,206)	(109,398)	(108,464)
Finance income	10	30,312	25,477	29,387	39,428
Investment income	11	1,350	1,042	220,830	252,774
Share of results of associated companies		2,900	833	-	-
Exceptional item	12	-	-	-	109,605
Profit before taxation		351,710	468,702	94,915	22,648
Taxation	13	(61,983)	(166,574)	(30,494)	(48,864)
Profit/(Loss) after taxation		289,727	302,128	64,421	(26,216)
Continuing operations		310,614	452,863	64,421	(26,216)
Discontinuing operations	14	(20,887)	(150,735)	-	-
Minority interests		(129,285)	(163,294)	-	-
Net profit/(loss) attributable to shareholders		160,442	138,834	64,421	(26,216)
Earnings per share (sen):					
Basic	15	16.01	13.87		
Diluted	15	15.90	13.83		

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

Company No: 4001-P

KUMPULAN GUTHRIE BERHAD
(Incorporated in Malaysia)

BALANCE SHEETS AS AT 31 DECEMBER 2004

		GROUP		COMPANY	
		2004	2003	2004	2003
	Note	RM'000	RM'000	RM'000	RM'000
NON-CURRENT ASSETS					
Property, plant and equipment	17	5,583,147	5,874,598	40,251	38,757
Land held for property development	18	343,790	321,859	-	-
Investments in subsidiary companies	19	-	-	2,987,639	2,997,639
Investments in associated companies	20	14,141	11,261	-	-
Concession asset	21	657,193	451,276	-	-
Loans to subsidiary companies	22	-	-	314,184	324,259
Other investments	23	2,550	2,550	959	959
Long-term trade receivables	24	61,968	123,936	-	-
Advances for plasma plantation projects	25	18,552	23,679	-	-
Advances for KKPA projects	26	16,659	14,045	-	-
Deferred tax assets	27	219,616	180,882	-	-
Goodwill on consolidation	28	276,696	296,149	-	-
		7,194,312	7,300,235	3,343,033	3,361,614
CURRENT ASSETS					
Property development costs	29	336,825	298,948	-	-
Inventories	30	204,550	196,226	69	469
Amounts due from customers on contracts	31	3,878	11,296	-	-
Trade receivables	24	367,042	636,952	-	-
Other receivables	32	116,441	143,148	22,900	28,634
Income tax recoverable		124,369	113,603	107,525	88,648
Amounts due from subsidiary companies	33	-	-	1,033,530	1,120,986
Short-term investments	34	35,690	20,115	-	-
Deposits, bank balances and cash	35	851,289	391,025	122,151	34,068
		2,040,084	1,811,313	1,286,175	1,272,805

KUMPULAN GUTHRIE BERHAD
(Incorporated in Malaysia)

BALANCE SHEETS AS AT 31 DECEMBER 2004 (CONTD.)

		GROUP		COMPANY	
		2004	2003	2004	2003
	Note	RM'000	RM'000	RM'000	RM'000
CURRENT LIABILITIES					
Trade payables		424,246	349,823	6,049	4,517
Other payables	36	194,306	250,009	26,806	36,273
Deferred income	37	5,687	7,229	-	-
Amounts due to subsidiary companies	33	-	-	777,182	836,122
Bank borrowings	38	804,257	689,565	671,795	437,559
Taxation		40,852	46,231	-	-
		1,469,348	1,342,857	1,481,832	1,314,471
NET CURRENT ASSETS/ (LIABILITIES)		570,736	468,456	(195,657)	(41,666)
		7,765,048	7,768,691	3,147,376	3,319,948
FINANCED BY:					
Share capital	39	1,005,419	1,001,207	1,005,419	1,001,207
Reserves	40	1,944,130	2,071,010	271,231	274,167
Shareholders' equity		2,949,549	3,072,217	1,276,650	1,275,374
Minority interests		1,541,987	1,610,683	-	-
LONG-TERM AND DEFERRED LIABILITIES					
Long-term borrowings	41	2,502,855	2,061,729	1,776,722	1,685,509
Loans from subsidiary companies	22	-	-	87,000	351,348
Long-term payable	42	-	287,392	-	-
Deferred income	37	9,922	15,748	-	-
Deferred tax liabilities	27	750,797	711,189	6,951	7,665
Retirement benefits	43	9,938	9,733	53	52
		7,765,048	7,768,691	3,147,376	3,319,948

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

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KUMPULAN GUTHRIE BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2004

GROUP

	Share Capital RM'000	Share Premium RM'000	Revaluation Reserve RM'000	Capital Reserve RM'000	Exchange Reserve RM'000	Revenue Reserve RM'000	Dividend Proposed RM'000	Total RM'000
At 1 January 2003:								
As previously stated	1,001,125	1,591	626,898	54,305	211,401	877,511	36,041	2,808,872
Prior year adjustments (Note 4)	-	-	-	-	-	(2,303)	-	(2,303)
As restated	1,001,125	1,591	626,898	54,305	211,401	875,208	36,041	2,806,569
Foreign exchange differences	-	-	-	-	81,040	-	-	81,040
Revaluation during the year	-	-	113,279	-	-	-	-	113,279
Intragroup sale of land	-	-	-	-	-	(1,609)	-	(1,609)
Transfers (from)/to reserves	-	-	(6,112)	-	-	6,112	-	-
Net gains not recognised in income statement	-	-	107,167	-	81,040	4,503	-	192,710
	1,001,125	1,591	734,065	54,305	292,441	879,711	36,041	2,999,279
Issue of shares pursuant to the Second ESOS	82	96	-	-	-	-	-	178
Net profit attributable to shareholders	-	-	-	-	-	138,834	-	138,834
Dividends paid (Note 16)	-	-	-	-	-	(30,033)	(36,041)	(66,074)
Dividend proposed (Note 16)	-	-	-	-	-	(36,043)	36,043	-
At 31 December 2003	1,001,207	1,687	734,065	54,305	292,441	952,469	36,043	3,072,217
At 1 January 2004:								
As previously stated	1,001,207	1,687	734,065	54,305	292,441	954,215	36,043	3,073,963
Prior year adjustments (Note 4)	-	-	-	-	-	(1,746)	-	(1,746)
As restated	1,001,207	1,687	734,065	54,305	292,441	952,469	36,043	3,072,217
Foreign exchange differences	-	-	-	-	(219,965)	-	-	(219,965)
Transfers (from)/to reserves	-	-	(18,510)	-	-	18,510	-	-
Net gains and losses not recognised in income statement	-	-	(18,510)	-	(219,965)	18,510	-	(219,965)
	1,001,207	1,687	715,555	54,305	72,476	970,979	36,043	2,852,252
Issue of shares pursuant to the Second ESOS	4,212	4,785	-	-	-	-	-	8,997
Net profit attributable to shareholders	-	-	-	-	-	160,442	-	160,442
Dividends paid (Note 16)	-	-	-	-	-	(36,099)	(36,043)	(72,142)
Dividend proposed (Note 16)	-	-	-	-	-	(36,195)	36,195	-
At 31 December 2004	1,005,419	6,472	715,555	54,305	72,476	1,059,127	36,195	2,949,549

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

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KUMPULAN GUTHRIE BERHAD
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STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2004 (CONTD.)

COMPANY

	Share Capital RM'000	Share Premium RM'000	Revaluation Reserve RM'000	Revenue Reserve RM'000	Dividend Proposed RM'000	Total RM'000
At 1 January 2003	1,001,125	1,591	161,793	163,046	36,041	1,363,596
Transfer (from)/to reserves	-	-	(19)	19	-	-
Revaluation surplus	-	-	3,890	-	-	3,890
Net gains not recognised in income statement	-	-	3,871	19	-	3,890
	1,001,125	1,591	165,664	163,065	36,041	1,367,486
Issue of shares pursuant to the Second ESOS	82	96	-	-	-	178
Net loss attributable to shareholders	-	-	-	(26,216)	-	(26,216)
Dividends paid (Note 16)	-	-	-	(30,033)	(36,041)	(66,074)
Dividend proposed (Note 16)	-	-	-	(36,043)	36,043	-
At 31 December 2003	1,001,207	1,687	165,664	70,773	36,043	1,275,374
At 1 January 2004	1,001,207	1,687	165,664	70,773	36,043	1,275,374
Transfer (from)/to reserves	-	-	(19)	19	-	-
Net gains and losses not recognised in income statement	-	-	(19)	19	-	-
	1,001,207	1,687	165,645	70,792	36,043	1,275,374
Issue of shares pursuant to the Second ESOS	4,212	4,785	-	-	-	8,997
Net profit attributable to shareholders	-	-	-	64,421	-	64,421
Dividends paid (Note 16)	-	-	-	(36,099)	(36,043)	(72,142)
Dividend proposed (Note 16)	-	-	-	(36,195)	36,195	-
At 31 December 2004	1,005,419	6,472	165,645	62,919	36,195	1,276,650

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

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KUMPULAN GUTHRIE BERHAD
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CASH FLOW STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2004

GROUP

	2004 RM'000	2003 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	2,474,001	3,042,770
Cash paid to suppliers and employees	(1,588,469)	(2,644,587)
Proceeds from disposal of land held for property development	172,400	285,193
Cash from operations	1,057,932	683,376
Tax paid	(131,976)	(174,045)
Interest paid	(82,570)	(84,261)
Proceeds from compulsory land acquisitions	5,455	33,864
West Malaysian Tax Credit received	-	2,526
Net cash from operating activities	848,841	461,460
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(241,262)	(203,014)
Property development activities	(5,868)	(6,986)
Construction of concession asset	(460,020)	(124,445)
Purchase of other investments	(25,252)	(7,404)
Purchase of shares from minority shareholders	-	(3,545)
Proceeds from disposal of property, plant and equipment	4,170	7,144
Proceeds from disposal of subsidiary companies (Note 14)	688	-
Proceeds from disposal of associated companies	-	171,000
Proceeds from disposal of other investments	10,099	8,087
Net dividends received from investments	1,059	783
Interest received	34,554	14,972
Interest paid	(43,691)	(48,585)
Net cash used in investing activities	(725,523)	(191,993)

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KUMPULAN GUTHRIE BERHAD
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CASH FLOW STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2004 (CONTD.)

GROUP (CONTD.)

	2004 RM'000	2003 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of borrowings	1,126,621	1,410,791
Repayment of borrowings	(286,851)	(1,418,695)
Repayment of Islamic Lease SUKUK	(190,000)	-
Net repayment of hire purchase and lease financing	(1,890)	(2,715)
Fixed deposits pledged	(800)	(32,453)
Dividends paid to shareholders of the Company	(72,142)	(66,074)
Dividends paid to minority shareholders of subsidiary companies	(151,636)	(75,071)
Proceeds from issuance of ordinary shares of the Company pursuant to the Second ESOS (Note 39)	8,997	178
Net cash from/(used in) financing activities	432,299	(184,039)
NET INCREASE IN CASH AND CASH EQUIVALENTS	555,617	85,428
CASH AND CASH EQUIVALENTS AT 1 JANUARY	252,921	163,797
EFFECTS OF CHANGES IN EXCHANGE RATES	(13,112)	3,696
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	795,426	252,921
CASH AND CASH EQUIVALENTS AT 31 DECEMBER		
Deposits, bank balances and cash (Note 35)	851,289	391,025
Less:		
Fixed deposits with licensed banks pledged for banking facilities (Note 35)	(33,296)	(32,496)
Bank overdrafts (Note 38)	(22,567)	(105,608)
Cash and cash equivalents at 31 December	795,426	252,921

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

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KUMPULAN GUTHRIE BERHAD
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CASH FLOW STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2004 (CONTD.)

COMPANY

	2004 RM'000	2003 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	46,990	44,271
Cash paid to suppliers and employees	(57,734)	(45,780)
Cash used in operations	(10,744)	(1,509)
Interest paid	(57,668)	(46,608)
Net cash used in operating activities	(68,412)	(48,117)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(3,438)	(2,080)
Subscription of new shares issued by subsidiary companies	-	(372,000)
Proceeds from disposal of property, plant and equipment	347	77
Proceeds from disposal of subsidiary company (Note 14)	7,362	-
Net dividends received from subsidiary companies	170,416	186,211
Net dividends received from other investments	329	305
Interest received	29,387	39,428
Interest paid	(43,691)	(48,585)
Loans to subsidiary companies	-	(33,093)
Loans from subsidiary companies	-	3,462
Repayment of loans to subsidiary companies	10,075	387,166
Repayment of loans from subsidiary companies	(264,348)	(45,600)
Net change in amounts due from subsidiary companies	51,360	(162,464)
Net change in amounts due to subsidiary companies	(58,940)	55,499
Net cash (used in)/from investing activities	(101,141)	8,326

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KUMPULAN GUTHRIE BERHAD
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CASH FLOW STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2004 (CONTD.)

COMPANY (CONTD.)

	2004 RM'000	2003 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of borrowings	568,000	1,902,133
Repayment of borrowings	(56,645)	(1,940,600)
Repayment of Islamic Lease SUKUK	(190,000)	-
Dividends paid to shareholders of the Company	(72,142)	(66,074)
Proceeds from issuance of ordinary shares of the Company pursuant to the Second ESOS (Note 39)	8,997	178
Net cash from/(used in) financing activities	258,210	(104,363)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	88,657	(144,154)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	33,494	177,648
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	122,151	33,494
CASH AND CASH EQUIVALENTS AT 31 DECEMBER		
Deposits, bank balances and cash (Note 35)	122,151	34,068
Less: Bank overdrafts (Note 38)	-	(574)
	122,151	33,494

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

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2004

1. CORPORATE INFORMATION

The principal activities of the Company are investment holding and the provision of research, agricultural and advisory services.

The principal activities of the subsidiary and associated companies, which are also described in Notes 5 and 20 to the financial statements, are as follows:

- cultivation and processing of palm oil and palm kernel;
- property development;
- manufacture of medium-density fibreboard, rubber gloves and blocks and bricks;
- trading in healthcare products; and
- hotel and resort management.

There have been no significant changes in the nature of these activities during the financial year other than the cessation in manufacturing of rubberwood components, production of agriculture equipment, construction of palm oil mills, trading in furniture and merchanting of edible oil and the disposal of the rubber merchanting operations as disclosed in Note 14 to the financial statements.

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 and principal place of business of the Company are located at Wisma Guthrie, 21 Jalan Gelenggang, Damansara Heights, 50490 Kuala Lumpur.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 19 April 2005.

2. BASIS OF PREPARATION

The financial statements of the Group and of the Company comply with the applicable MASB Approved Accounting Standards in Malaysia and the provisions of the Companies Act, 1965, and have been prepared under the historical cost convention except for the following, which are stated at valuation:

(a) Investments in subsidiary companies, as disclosed in Note 3(b);

(b) Landed properties comprising freehold and leasehold lands, deferred land rights, plantation development expenditure and buildings, as disclosed in Note 3(d); and

(c) Land held for property development, as disclosed in Note 3(g).

3. SIGNIFICANT ACCOUNTING POLICIES

The following significant accounting policies are adopted by the Group and the Company and are consistent with those adopted in previous years except for the adoption of MASB 32: Property Development Activities.

The effects on the financial statements arising from the adoption of this MASB Standard are disclosed in Notes 4 and 50 to the financial statements.

(a) Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and all its subsidiary companies, after the elimination of all material intercompany transactions.

Subsidiary companies are consolidated using the acquisition method of accounting. The assets and liabilities of the subsidiary companies are measured at their fair values at the date of acquisition and these values are reflected in the consolidated balance sheet. The difference between the cost of acquisition of subsidiary companies and the fair value ascribed to the net assets of these acquired subsidiary companies at dates of acquisition is capitalised as goodwill and amortised according to the goodwill policy described in Note 3(j).

The financial statements of subsidiary companies are prepared for the same reporting period as the Company. In the preparation of the consolidated financial statements, the financial statements of subsidiary companies are adjusted for the effects of any material dissimilar accounting policies.

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

Minority interests in the consolidated balance sheet consist of the minorities' share of the carrying amounts of the identifiable assets and liabilities of the subsidiary companies.

(b) Subsidiary Companies

Subsidiary companies are those enterprises in which the Group has a long-term equity interest and which are controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of subsidiary companies are included in the consolidated financial statements from the date that control effectively commences until the date that control effectively ceases.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(b) Subsidiary Companies (contd.)

Investments in subsidiary companies in the financial statements of the Company are stated at cost less impairment losses, except for those subsidiary companies involved in the 1977 Scheme of Reconstruction of Guthrie PLC, which are stated at valuation by the directors based on the net assets values of the companies then. It is not intended to revalue the investments in these subsidiary companies on a periodic basis.

The policy for the recognition and measurement of impairment losses is in accordance with Note 3(k).

(c) Associated Companies

An associated company is a company, not being a subsidiary company, in which the Group has a long-term equity interest of not less than 20% of the equity and in which the Group exercises significant influence over the financial and operating policies.

The Group equity accounts for its share of post-acquisition results and reserves of associated companies based on the latest audited or management financial statements. The Group's share of results and reserves of the associated companies are included in the consolidated financial statements from the date of acquisition or up to the date of disposal.

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

Investments in associated companies are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3(k).

(d) Property, Plant and Equipment

The Group has adopted the policy to state its landed properties comprising freehold and leasehold land, plantation development expenditure and buildings, at valuation less accumulated amortisation and impairment losses. These assets are revalued by independent professional valuers once every five years based on open market value basis. The treatment of surplus or deficit from revaluation is as described in Note 3(n).

All other property, plant and equipment are included at cost less accumulated depreciation and any impairment in value. The policy for the recognition and measurement of impairment losses is in accordance with Note 3(k).

3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(d) Property, Plant and Equipment (contd.)

Freehold land and capital work-in-progress are not depreciated. Leasehold land and golf course development expenditure are amortised over the periods of the leases. Plantation development expenditure, consisting of land clearing and upkeep of trees to maturity, is capitalised and amortised over the economic useful lives of the crops.

Deferred land rights in respect of the subsidiary companies in Indonesia, represent the costs associated with the legal transfer or renewal of land titles, including legal fees, area survey and land remeasurement fees, notarial fees, taxes and other expenses. These costs are deferred and amortised using the straight-line method over the legal terms of the related land rights.

All other property, plant and equipment are depreciated by equal annual instalments over their estimated economic lives based upon the original cost or subsequent valuation.

The principal annual rates of depreciation and amortisation used are:

Short-term leasehold land	1 - 49 years
Long-term leasehold land	50 - 99 years
Golf course development expenditure	58 years
Deferred land rights	21 - 35 years
Plantation development expenditure	20 - 24 years
Buildings	2 1/2 - 5 %
Machinery, equipment and vehicles	10 - 33 1/3%

Upon the disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the income statement and the attributable portion of the revaluation surplus is taken directly to revenue reserve.

(e) Leases

(i) Finance Leases

Finance leases, which effectively transfer to the Group substantially all the risks and benefits incidental to ownership of the leased asset, are capitalised at the present value of the minimum lease payments at the inception of the lease term and disclosed as leased property, plant and equipment less accumulated depreciation and impairment losses. The corresponding liability is included in the balance sheet as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise the Group's incremental borrowing rate is used.

Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant proportion of the balance of capital repayment outstanding. Finance charges are charged to the income statement.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(e) Leases (contd.)

(i) Finance Leases (contd.)

Capitalised leased assets are depreciated consistently with the depreciation policies adopted for the Group's owned assets as described in Note 3(d) or their lease term, whichever is shorter.

(ii) Operating Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets, are classified as operating leases. Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

(f) Land Acquisition

Gains arising from the acquisition of land by the Government are recognised in the income statement upon the physical handing over of land, receipt of compensation or notice in Form K under the Land Acquisition Act, 1960, whichever is the earlier.

Interest receivable in respect of any compensation awarded, of 8% per annum as provided under Section 32(l) of the Land Acquisition Act, 1960, is recognised in the income statement when receipt is measurable and probable.

(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 undertaken 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 to the Group less any accumulated impairment losses, with the exception of the freehold land held for property development which were revalued by the directors in 1989. As that revaluation was an isolated instance prior to the coming into effect of relevant approved accounting standards, these lands continue to be carried at the revalued amounts then established. As allowed by the MASB Standards, the assets have continued to be stated on the basis of their previous revalued amounts without the need for further current revaluation.

The policy for the recognition and measurement of impairment losses is in accordance with Note 3(k).

3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

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

(i) Land Held for Property Development (contd.)

Costs include cost of land, professional fees and other direct development expenditure and related overheads. Land held for property development is reclassified as property development costs at the point when development works have been undertaken and where it can be demonstrated that the development activities are expected to be completed within the normal operating cycle.

(ii) Property Development Costs

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities. Costs include cost of land, development expenditure and allocation of overhead expense, including interest expense incurred during the period of active development.

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

When 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) Concession Asset

Concession asset represents development costs incurred to design, construct, manage and maintain the Guthrie Corridor Expressway ("Expressway"), a 25km expressway which links Shah Alam and Kuang, Selangor Darul Ehsan. This is in connection with the Concession Agreement signed on 18 July 2000 with the Government of Malaysia.

Development expenditure comprises development and upgrading expenditure incurred in connection with the concession asset.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(h) Concession Asset (contd.)

The cumulative actual development expenditure incurred is to be amortised to the income statement over the concession period ("Concession Period") of 33 years upon completion of construction works of the Expressway and the commencement of toll collection, based on the following formula:

$$\frac{\text{Cumulative Toll Revenue to date}}{\text{Projected Total Toll Revenue for the Concession Period}} \times \text{Cumulative Actual Expressway Development Expenditure}$$

The projected total toll revenue for the Concession Period is based on the best estimate traffic volumes projected by an independent professional firm of traffic consultants in the projection study commissioned by Guthrie Corridor Expressway Sdn. Bhd., taking into account the agreed toll rate stipulated in the Concession Agreement.

(i) Advances for Plasma Plantation Projects and KKPA Projects

Advances for Plasma Plantation Projects, in respect of the subsidiary companies in Indonesia, represent the accumulated costs (including borrowing costs and indirect overhead costs) to develop plasma plantations. When a plasma plantation project is substantially completed and ready to be transferred or turned-over to the plasma farmers, the corresponding investment credit from the bank is also transferred to the Plasma Farmers. Any gain or loss resulting from the difference between the carrying value of the plasma plantation projects and the corresponding investment credit transferred to the plasma farmers is reflected in the income statement.

An estimate is made at each balance sheet date for losses on recovery of plasma plantation projects based on a review of recoverable development costs, and anticipated losses are provided in full.

Advances for "Kredit Koperasi Primer untuk Anggotanya (KKPA)" projects represent the accumulated costs to develop plasma plantations which are currently being financed by creditor banks and self-financed by a subsidiary company in Indonesia totalling 12,000 hectares of land. Upon the cooperative obtaining KKPA financing from the creditor bank, the said advances will be recovered from the cooperative.

An estimate is made at each balance sheet date for losses on recovery of KKPA plantation projects based on a review of the recoverable development costs, and anticipated losses are provided for in full.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(j) Goodwill on Consolidation

Goodwill arising on consolidation represents the excess of fair value of the purchase consideration for the subsidiary companies acquired over the Group's share of the fair values of their net identifiable assets at the date of acquisition. Goodwill is stated at cost less accumulated amortisation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3(k). Goodwill is amortised over its estimated useful life, limited to a maximum period of 20 years.

(k) Impairment of Assets

Inventories, assets arising from construction contracts, deferred tax assets and assets arising from employee benefits are reviewed in accordance with the relevant accounting policies stated. In addition, the carrying amounts of the assets of the Group and the Company are reviewed at each balance sheet date 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 charged to the income statement immediately, unless the asset is carried at revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of any unutilised previously recognised revaluation surplus for the same asset.

Reversal of an impairment loss recognised in prior years is recorded when there is an indication that the impairment loss recognised for the asset no longer exists or has decreased. The reversal is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the income statement immediately, unless the asset is carried at revalued amount. A reversal of an impairment loss on a revalued asset is credited directly to the revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the income statement, a reversal of that impairment loss is recognised in the income statement.

Any impairment loss in respect of goodwill is not reversed unless the loss was caused by a specific external event of an exceptional nature that is not expected to recur, and subsequent external events have occurred that reverse the effect of the specific event. In respect of other assets, an impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount.

(l) Inventories

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(l) Inventories (contd.)

Costs incurred in bringing each product to its present location are accounted for as follows:

Produce stocks	-	weighted average ex-estate cost and includes manufacturing and transport charges, where applicable.
Raw materials	-	purchase cost on a first-in, first-out basis.
Work-in-progress	-	cost of direct materials and labour and overheads, where appropriate, determined on a specific identification basis.
Completed houses	-	relevant costs of land, development expenditure and related interest costs allocated based on specific identification basis.
Finished goods	-	cost of direct materials and labour and manufacturing overheads, where appropriate, determined on a first-in first-out basis.
Stores	-	weighted average cost.

(m) Construction Contracts

Where the outcome of a construction contract can be reliably estimated, contract revenue and contract costs are recognised as revenue and expenses respectively by using the stage of completion of the contract activity at the balance sheet date. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs.

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

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

When the total costs incurred on construction contracts plus recognised profits (less recognised losses), exceeds progress billings, the balance is classified as amount due from customers on contracts. When progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is classified as amount due to customers on contracts.

(n) Revaluation Reserve

A surplus arising from revaluation is credited to revaluation reserve while a deficit is recognised as an expense in the income statement. However, a deficit relating to previous revaluations is charged directly against revaluation reserve to the extent that the decrease does not exceed the amount held in the revaluation reserve for the same asset.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(n) Revaluation Reserve (contd.)

Each year an amount equal to the depreciation/amortisation charge for the year on the surplus on revaluation of relevant assets is transferred from revaluation reserve to revenue reserve. Upon the disposal of a revalued asset, the attributable revaluation surplus (net of depreciation/ amortisation, where applicable) is transferred from revaluation reserve to revenue reserve.

(o) Islamic Lease SUKUK

Islamic Lease SUKUK issued by the Company are stated at net proceeds received on issue. SUKUK issuance expenses which represent the difference between the net proceeds and the total amount of the payment of the SUKUK are allocated to periods over the terms of the SUKUK at a constant rate on the carrying amounts, and charged to the income statement.

(p) Provision for Liabilities

Provisions for liabilities are recognised when the Group has a present obligation, legal or constructive, as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

Provisions for restructuring costs are recognised when the Group has a detailed formal plan for the restructuring which has been notified to affected parties.

(q) 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 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(q) Income Tax (contd.)

Deferred tax is measured at 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 recognised 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.

Where there is a change in the carrying amount of asset arising from revaluation, the tax effects of the asset revaluation are credited or charged to equity. Where an amount equals to depreciation or amortisation of the revalued asset is transferred from revaluation surplus to revenue reserve, the related deferred tax is also transferred. Upon the disposal of the related asset, the attributable portion of the tax effect arising from revaluation is credited or charged to the income statement.

(r) 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 employees of the Group. Short-term accumulating compensated absences such as paid annual leave are recognised when services are 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 Benefit Plans

Malaysia

The Group's plantation subsidiary companies in Malaysia operate an unfunded, defined retirement benefit scheme ("the Scheme") for its eligible employees. The Group's obligations under the Scheme are determined based on triennial actuarial valuation where the amount of benefits that employees have earned in return for their service in the current and prior years is estimated. The amount of those benefits is discounted using the Projected Unit Credit Method in order to determine its present value. 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 cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the amended benefits become vested.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(r) Employee Benefits (contd.)

(ii) Defined Benefit Plans (contd.)

Malaysia (contd.)

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 cost, and reduced by the fair value of plan assets. Any asset resulting from the calculation is limited to the net total of any unrecognised actuarial losses and past service cost, and the present value of any economic benefits in the form of refunds or reductions in future contributions to the plan.

Indonesia

Effective 1 January 2003, the Group’s subsidiary companies in Indonesia provide for employee benefit liabilities in accordance with the Labour Law No. 13 Year 2003 ("Law No. 13/2003") which was enacted on 25 March 2003. The arising transitional liability, if higher than the liability that was recognised under the subsidiary companies' previous policy (Ministry of Manpower No. Kep.150/Men/2000 on - The Settlement of Work Dismissal and Determination of Termination, Appreciation and Compensation Payments in Companies) is being recognised as an expense on a straight-line basis over five years starting 2003.

(iii) Defined Contribution Plans

As required by law, companies in Malaysia make contributions to the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the income statement as incurred.

The Group’s subsidiary companies in Indonesia have established defined contribution retirement plans covering substantially all of the qualified permanent employees. The pension plans’ assets are managed by approved pension funds. The retirement plans were approved by the Ministry of Finance of Indonesia in February 1999. Past service costs, which are also being contributed by the subsidiary companies, were computed based on a formula as stated in the Employment Policy already existing before the establishment of the retirement plans. Past service costs are amortised on a systematic basis over the remaining service years of the related employees.

(iv) Equity Compensation Benefits

The Second ESOS of the Company which came into effect on 30 July 2003, allows the Group's employees to acquire ordinary shares of the Company. No compensation cost or obligation is recognised. When the options are exercised, equity is increased by the amount of the proceeds received.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(r) Employee Benefits (contd.)

(v) Termination Benefits

The Group pays termination benefits in cases of termination of employment within the framework of a restructuring. Termination benefits are recognised as a liability and an expense when the Group has a detailed formal plan for the termination and is without realistic possibility of withdrawal.

(s) Deferred Income

Deferred income comprises the following:

(i) the surplus of sales proceeds over the present value of future receivables arising from the sale of land held for property development, which is deferred and amortised to the income statement over the period of instalment payments at a rate representing a constant return on the balance of capital repayment outstanding; and

(ii) net time share income, which is deferred and amortised to the income statement on a straight-line basis over the term of the time share agreement.

(t) Foreign Currencies

(i) Foreign Currency Transactions

Monetary assets and liabilities denominated in currencies other than Ringgit Malaysia are translated into Ringgit Malaysia equivalents using year-end closing rates or contracted rates as applicable. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. Exchange differences arising on foreign currency transactions are included in the income statement.

(ii) Foreign Entities

Assets and liabilities of foreign consolidated subsidiary companies are translated into Ringgit Malaysia equivalents using year-end closing rates. Revenues and expenses are translated at the monthly average exchange rates. The effects of translating these operations are included in the foreign exchange reserve in shareholders' equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets or liabilities of the foreign entity and are translated at the closing rate in the year of acquisition.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(t) Foreign Currencies (contd.)

The principal exchange rates used by the Group for every unit of Ringgit Malaysia as at 31 December are as follows:

	2004 **RM**	**2003** **RM**
United States Dollar	0.26	0.26
Sterling Pound	0.14	0.15
Indonesian Rupiah	2,440	2,222
Thai Baht	10.24	10.42
Euro	0.19	0.21

(u) Revenue Recognition

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the Group/Company 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 transferred to the buyer. Revenue for services rendered is recognised upon performance of services.

(ii) Sale of Properties

Revenue from sale of properties is recognised based on the "stage of completion" method as described in Note 3(g).

(iii) Construction Contracts

Revenue from work done on construction contracts is recognised based on the "stage of completion" method as described in Note 3(m).

(iv) Interest Income

Revenue is recognised as interest accrues (taking into account the effective yield on the asset) unless collectibility is in doubt.

(v) Investment Income

Investment income is accounted for when the right to receive is established and no significant uncertainty exists as regards receipt.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(v) Research and Development Costs

Research and development costs on new or improved materials, products or processes are expensed to the income statement as incurred. However, development costs incurred to the extent that it is expected that such results will generate future economic benefits, are recognised as asset.

Capitalised development costs are amortised from the date of commercial production of the product or from the date the process is put into use. Such costs are amortised to the income statement on a straight-line basis over their estimated useful lives.

(w) 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. Interest, dividends, 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 recognised directly in 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.

(i) Other Non-Current Investments

Non-current investments, other than investments in subsidiary and associated companies, are stated at cost less impairment losses. On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in the income statement.

(ii) Short-Term Investments

Short-term investments comprise investments in quoted and unquoted shares.

Short-term investments held as current assets are stated at the lower of cost and market value. Cost is the purchase price of the securities while market value is determined based on quoted market values. Any reduction to market value or any reversal of such reduction is included in the income statement. Gains and losses arising from the disposal of these investments are dealt with through the income statement.

(iii) Trade and Other Receivables

Trade and other receivables are recognised and stated at original invoiced amounts and 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(w) Financial Instruments (contd.)

(iv) Trade and Other Payables

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

(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 and construction 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 time as the assets are substantially ready for their intended use or sale. All other borrowing costs are charged to the income statement as an expense in the period in which they are incurred.

(vi) Equity Instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised as a component of shareholders' equity when proposed and will be accounted for as a liability only when the obligation to pay is established.

The transaction costs of an equity transaction, other than in the context of a business combination, 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. Costs of issuing equity securities in connection with a business combination are included in the cost of acquisition.

When the issued share capital of the Company is repurchased, the consideration paid, including any attributable transaction costs are classified as treasury shares and presented as a deduction from equity. No gain or loss is recognised in the income statement on the sale, re-issuance or cancellation of treasury shares. Consideration received is presented in the financial statements as a change in equity.

(vii) Derivative Financial Instruments

The Group uses derivative financial instruments in the form of forward foreign exchange contracts to hedge its exposure to foreign exchange arising from operating, financing and investing activities. In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes.

Derivative financial instruments are not recognised in the financial statements on inception.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(w) Financial Instruments (contd.)

(vii) Derivative Financial Instruments (contd.)

Forward Foreign Exchange Contracts

The underlying foreign currency assets or liabilities are translated at their respective hedged exchange rates and all exchange gains or losses are recognised as income or expense in the income statement in the same period as the exchange differences on the underlying hedged items. Exchange gains and losses arising on contracts entered into as hedges of anticipated future transactions are deferred until the date of such transaction, at which time they are included in the measurement of such transactions.

Interest Rate Swap Contracts

Net differentials in interest receipts and payments arising from interest rate swap contracts are recognised as interest income or expense over the period of the contract.

(x) Cash and Cash Equivalents

Cash on hand and at banks and short-term deposits which are held to maturity are carried at cost.

For the purposes of the cash flow statements, cash and cash equivalents are defined as cash on hand and at bank, demand deposits and deposits with financial institutions which are readily convertible to known amounts of cash and subject to insignificant risk of changes in value, net of bank overdrafts.

4. CHANGE IN ACCOUNTING POLICY AND PRIOR YEAR ADJUSTMENTS

(a) Change in Accounting Policy

During the financial year, the Group adopted MASB 32: Property Development Activities, which became effective from 1 January 2004 and accordingly modified certain accounting policies.

Prior to the adoption of MASB 32, all sales incentives or promotional costs incurred by the property development operations that are associated with the sale of development units were capitalised to property development costs. In compliance with MASB 32, sales incentives or promotional costs are recognised directly in the income statement when incurred.

The change in accounting policy has been accounted for retrospectively and the effects of this change are as follows:

	GROUP	
	2004	**2003**
	RM'000	**RM'000**
Effects on net profit attributable to shareholders:		
Net profit before change in accounting policy	158,229	138,277
Effects of adopting MASB 32	2,213	557
Net profit attributable to shareholders	160,442	138,834
Effects on revenue reserve:		
At 1 January, as previously stated	954,215	877,511
Effects of adopting MASB 32	(1,746)	(2,303)
As restated	952,469	875,208

Comparatives have been restated, as disclosed in Note 50 to conform with changes in presentation required by MASB 32 that have been applied retrospectively.

The adoption of MASB 32 does not have any effect on the financial statements of the Company.

4. CHANGE IN ACCOUNTING POLICY AND PRIOR YEAR ADJUSTMENTS (CONTD.)

(b) Other Prior Year Adjustments

The following adjustments relating to the prior year financial statements of the Group were identified during the current financial year and were effected by way of prior year adjustments:

(i) Realisation of fair value elements previously allocated to minority interests

Upon the acquisition of certain subsidiary companies in the financial year ended 31 December 2001, the assets and liabilities of the acquired companies were adjusted to their fair values upon consolidation, with appropriate elements allocated to minority interests in proportion to their equity interests. Subsequently, the Group increased its interest in certain of these subsidiary companies through acquisitions from the minority shareholders during the financial years ended 31 December 2002 and 2003. The fair value elements previously attributed to the minority interests was not recognised in goodwill upon these subsequent acquisitions, and this prior year adjustment has been effected to recognise these amounts.

(ii) Deferred taxation not previously attributed to minority interests

In prior years, deferred taxation in respect of assets and liabilities acquired through the acquisitions of subsidiary companies in the financial year ended 31 December 2001 had been accounted for only to the extent of the Group's equity interests in the relevant subsidiary companies. This prior year adjustment now recognises deferred taxation on the full extent of such assets and liabilities, i.e. including the elements attributable to minority interests.

The above adjustments did not have a material impact on the Group’s revenue reserve or income statements in the prior years. The impact of these adjustments on other comparative amounts is disclosed in Note 50.

5. GROUP STRUCTURE

The Company's substantial shareholders are Permodalan Nasional Berhad, Amanah Raya Nominees (Tempatan) Sdn. Berhad - Sekim Amanah Saham Bumiputera and Employees Provident Fund Board.

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

The subsidiary companies are as follows:

Name of company	Country of incorporation	Group's effective interest 2004 %	Group's effective interest 2003 %	Issued and paid-up capital at 31.12.2004	Principal activities
PLANTATION					
Kumpulan Jerai Sdn. Bhd.	Malaysia	100	100	RM51,200,000	Production and/or processing of palm oil and palm kernel
Kumpulan Kamuning Sdn. Bhd.	Malaysia	100	100	RM30,383,002	Production and/or processing of palm oil and palm kernel
Kumpulan Linggi Sdn. Bhd.	Malaysia	100	100	RM35,443,002	Production and/or processing of palm oil and palm kernel
Guthrie Ropel Berhad	Malaysia	58	58	RM127,036,071	Production and/or processing of palm oil and palm kernel
Kumpulan Temiang Sdn. Bhd.	Malaysia	58	58	RM29,652,002	Production and/or processing of palm oil and palm kernel
Hock Guan Seng Plantations Sdn. Bhd.	Malaysia	58	58	RM1,150,000	Production and/or processing of palm oil and palm kernel
Ladang Cenas Sdn. Bhd.	Malaysia	58	58	RM7,512,000	Production and/or processing of palm oil and palm kernel

5. GROUP STRUCTURE (CONTD.)

	Name of company	Country of incorporation	Group's effective interest 2004 %	Group's effective interest 2003 %	Issued and paid-up capital at 31.12.2004	Principal activities
	PLANTATION (CONTD.)					
*	Highlands & Lowlands Berhad	Malaysia	55	55	RM302,167,829	Production and/or processing of palm oil and palm kernel
*	Sepang Nilai Estate Sdn. Bhd.	Malaysia	55	55	RM10,000,000	Production and/or processing of palm oil and palm kernel
*	Syarikat Yew Lian Plantations Sendirian Berhad	Malaysia	55	55	RM620,008	Production and/or processing of palm oil and palm kernel
*	K & K Plantations Sdn. Bhd.	Malaysia	55	55	RM440,000	Production and/or processing of palm oil and palm kernel
*	Hatawa Plantation Sdn. Bhd.	Malaysia	55	55	RM8,875,646	Production and/or processing of palm oil and palm kernel
*	Kumpulan Sua Betong Sdn. Bhd.	Malaysia	55	55	RM36,831,002	Production and/or processing of palm oil and palm kernel
*	Kumpulan Tebong Sdn. Bhd.	Malaysia	55	55	RM32,678,002	Production and/or processing of palm oil and palm kernel
*	Pekan Plantations Sdn. Bhd.	Malaysia	55	55	RM9,400,000	Production and/or processing of palm oil and palm kernel
*	Syarikat Jeleta Bumi Sdn. Bhd.	Malaysia	55	55	RM9,000,000	Production and processing of palm oil and palm kernel and property development
**	PT Guthrie Pecconina Indonesia	Indonesia	96	96	USD14,600,000	Production and/or processing of palm oil and palm kernel

5. GROUP STRUCTURE (CONTD.)

	Name of company	Country of incorporation	Group's effective interest 2004 %	Group's effective interest 2003 %	Issued and paid-up capital at 31.12.2004	Principal activities
	PLANTATION (CONTD.)					
**	PT Ladangrumpun Suburabadi	Indonesia	100	100	Rp29,435,000,000	
**	PT Perkasa Subur Sakti	Indonesia	100	100	Rp14,965,000,000	
**	PT Teguh Sempurna	Indonesia	100	100	Rp28,401,000,000	Production and/or processing of palm oil and palm kernel
**	PT Kridatama Lancar	Indonesia	100	100	Rp28,192,000,000	
**	PT Sajang Heulang	Indonesia	100	100	Rp28,153,000,000	
**	PT Aneka Intipersada	Indonesia	100	100	Rp26,000,000,000	
**	PT Langgeng Muaramakmur	Indonesia	100	100	Rp35,901,000,000	
**	PT Lahan Tani Sakti	Indonesia	100	100	Rp32,981,000,000	Oil palm and rubber cultivation
**	PT Bhumireksa Nusasejati	Indonesia	100	100	Rp41,366,000,000	
**	PT Swadaya Andika	Indonesia	100	100	Rp28,026,000,000	Production and/or processing of palm oil and palm kernel
**	PT Bahari Gembira Ria	Indonesia	99	99	Rp15,000,000,000	
**	PT Bina Sains Cemerlang	Indonesia	95	95	Rp55,263,000,000	

5. GROUP STRUCTURE (CONTD.)

	Name of company	Country of incorporation	Group's effective interest 2004 %	Group's effective interest 2003 %	Issued and paid-up capital at 31.12.2004	Principal activities
	PLANTATION (CONTD.)					
**	PT Paripurna Swakarsa	Indonesia	93	93	Rp68,897,000,000	Production and/or processing of palm oil and palm kernel
**	PT Bersama Sejahtera Sakti	Indonesia	91	91	Rp74,453,000,000	Production and/or processing of palm oil and palm kernel
**	PT Tamaco Graha Krida	Indonesia	90	90	Rp17,400,000,000	Production and/or processing of palm oil and palm kernel
**	PT Laguna Mandiri	Indonesia	89	89	Rp47,727,000,000	Production and/or processing of palm oil and palm kernel
**	PT Perusahaan Perkebunan Industri dan Niaga Sri Kuala	Indonesia	76	76	Rp500,000,000	Production and/or processing of palm oil and palm kernel
**	PT Padang Palma Permai	Indonesia	75	75	Rp16,307,000,000	Production and/or processing of palm oil and palm kernel
**	PT Tunggal Mitra Plantations	Indonesia	60	60	Rp23,750,000,000	Production and/or processing of palm oil and palm kernel
**	PT Indotruba Tengah	Indonesia	50	50	Rp12,400,000,000	Production and/or processing of palm oil and palm kernel
	Guthrie Export Sdn. Bhd.	Malaysia	100	100	RM200	Palm oil and latex storage installations
*	Guthrie Plantation & Agricultural Services Sdn. Bhd.	Malaysia	100	100	RM2,000,000	Provision of plantation consultancy services and production and sale of oil palm seeds and seedlings and agrichemicals

5. GROUP STRUCTURE (CONTD.)

	Name of company	Country of incorporation	Group's effective interest 2004 %	Group's effective interest 2003 %	Issued and paid-up capital at 31.12.2004	Principal activities
	PLANTATION (CONTD.)					
	Chemara Laboratories Sdn. Bhd.	Malaysia	100	100	RM2	Provision of laboratory and technical services
*	Guthrie Biotech Laboratory Sdn. Bhd.	Malaysia	100	100	RM200,000	Research and cloning of oil palm for sale
*	HRU Sdn. Bhd.	Malaysia	55	55	RM205,000	Production and sale of oil palm seeds, seedlings and rat baits
	PROPERTY					
	Guthrie Harta (Damansara) Sdn. Bhd.	Malaysia	100	100	RM2,000,000	Property investment
	Harvard Jerai Development Sdn. Bhd.	Malaysia	100	100	RM5,000,000	Property development
*	Guthrie Chemara Sdn. Bhd.	Malaysia	100	100	RM2	Property development
	Guthrie Property Development Holding Berhad	Malaysia	79	79	RM243,334,888	Property development, general construction and investment holding

5. GROUP STRUCTURE (CONTD.)

Name of company	Country of incorporation	Group's effective interest 2004 %	Group's effective interest 2003 %	Issued and paid-up capital at 31.12.2004	Principal activities
PROPERTY (CONTD.)					
* Syarikat Perumahan Guthrie Sdn. Bhd.	Malaysia	79	79	RM37,423,985	Property development, general construction and investment holding
* Syarikat Pembangunan Hartanah Guthrie Sdn. Bhd.	Malaysia	79	79	RM448,560,002	Property investment and development and investment holding
Guthrie Lukut Development Sdn. Bhd.	Malaysia	79	79	RM9,450,002	Property development
Accord Shipping & Forwarding Sdn. Bhd.	Malaysia	79	79	RM27,725,000	Property development
* Augsburg (M) Sdn. Bhd.	Malaysia	79	79	RM210,360,002	Property development
* Paralimni Sdn. Bhd.	Malaysia	79	79	RM2	Property development

5. GROUP STRUCTURE (CONTD.)

	Name of company	Country of incorporation	Group's effective interest 2004 %	Group's effective interest 2003 %	Issued and paid-up capital at 31.12.2004	Principal activities
	PROPERTY (CONTD.)					
	Guthrie Property Management Sdn. Bhd.	Malaysia	79	79	RM22,836,589	Real estate and property management
	Guthrie Ropel Development Sdn. Bhd.	Malaysia	58	58	RM2	Property development
*	Vicworld (M) Sdn. Bhd.	Malaysia	55	55	RM2	Property development and cultivation of oil palm
*	Malaysia Land Development Company Berhad	Malaysia	51	51	RM9,993,470	Property investment
*	Genting View Resort Development Sdn. Bhd.	Malaysia	31	31	RM1,000,000	Property development
	MANUFACTURING					
	Guthrie Medicare Products (NS) Sdn. Bhd.	Malaysia	100	100	RM24,000,000	Manufacture of rubber gloves
	Guthrie MDF Sdn. Bhd.	Malaysia	100	100	RM53,000,000	Manufacture of medium-density fibreboard

5. GROUP STRUCTURE (CONTD.)

	Name of company	Country of incorporation	Group's effective interest 2004 %	Group's effective interest 2003 %	Issued and paid-up capital at 31.12.2004	Principal activities
	MANUFACTURING (CONTD.)					
	Integrated Brickworks Sdn. Bhd.	Malaysia	100	100	RM14,450,000	Manufacture and trading of concrete blocks and bricks and ready-mix concrete
**	PT Guthrie Abdinusa Industri	Indonesia	70	70	USD500,000	Construction of palm oil mills
	TRADING					
*	Healthline Products Limited	U.K.	100	100	GBP3,000,000	Trading in healthcare products
*	Guthrie Medizinische Produlete GmbH	Germany	100	100	Euro 25,000	Marketing of healthcare products
*	Guthrie SARL	France	100	100	Euro 7,626	
*	Guthrie Latex Inc.	U.S.A.	-	100	USD7,650,100	Rubber merchanting

5. GROUP STRUCTURE (CONTD.)

	Name of company	Country of incorporation	Group's effective interest 2004 %	Group's effective interest 2003 %	Issued and paid-up capital at 31.12.2004	Principal activities
	OTHER ACTIVITIES					
	The Eden Bungalow Association Sdn. Bhd.	Malaysia	100	100	RM273,470	Operation of holiday bungalows
	The Whittington Hill Bungalow Association	Malaysia	100	100	RM133,050	Operation of holiday bungalows
	Guthrie Landscaping Sdn. Bhd.	Malaysia	100	100	RM2,000,000	Horticultural supplies, landscape and design consultants and civil works
	Guthrie Corridor Expressway Sdn. Bhd.	Malaysia	100	100	RM5,000,000	Road concession operation
	Harvard Hotel (Jerai) Sdn. Bhd.	Malaysia	100	100	RM7,500,000	Hotel operation
*	Guthrie Solutions Sdn. Bhd.	Malaysia	100	100	RM100,000	Provision of computer services
*	Guthrie Technologies Sdn. Bhd.	Malaysia	100	100	RM7,466,667	Provision of computer services
	Harvard Golf Resort (Jerai) Bhd.	Malaysia	99	99	RM5,210,100	Operation of golf club
	Guthrie Assets Management Sdn. Bhd.	Malaysia	86	86	RM4,600,000	Assets management
*	Highlands Assets Management Sdn. Bhd.	Malaysia	55	55	RM3,400,002	Assets management
*	Sanguine (Malaysia) Sdn. Bhd.	Malaysia	55	55	RM2	Investment dealing
*	Genting View Resort Management Sdn. Bhd.	Malaysia	51	51	RM1,000,000	Resort management

5. GROUP STRUCTURE (CONTD.)

	Name of company	Country of incorporation	Group's effective interest 2004 %	Group's effective interest 2003 %	Issued and paid-up capital at 31.12.2004
	INVESTMENT HOLDING				
	Kumpulan Jelei Sdn. Bhd.	Malaysia	100	100	RM31,036,072
	Right Class Sdn. Bhd.	Malaysia	100	100	RM12,000,000
	Guthrie International Investments (L) Limited	Malaysia	100	100	USD1
*	Guthrie Siam Sdn. Bhd.	Malaysia	100	100	RM2
*	Guthrie Tapis Sdn. Bhd.	Malaysia	100	100	RM2
*	Guthrie Wood Industry Sdn. Bhd.	Malaysia	100	100	RM18,000,000
*	Highlands Estates Sdn. Bhd.	Malaysia	55	55	RM7
*	Laverton Holdings Limited	Mauritius	100	100	USD36,522
*	Guthrie Overseas Limited	U.K.	100	100	GBP13,200,000
*	Guthrie Symington Overseas Investments Inc.	U.S.A.	100	100	USD2,000,000
*	Guthrie Symington Investments (USA) Inc.	U.S.A.	100	100	USD6,000,000
**	PT Minamas Gemilang	Indonesia	100	100	Rp391,088,000,000
**	PT Anugerah Sumbermakmur	Indonesia	100	100	Rp337,774,000,000
**	PT Muda Perkasa Sakti	Indonesia	100	100	Rp100,000,000
**	PT Asricipta Indah	Indonesia	90	90	Rp120,000,000
**	PT Kartika Inti Perkasa	Indonesia	60	60	Rp23,750,000,000
**	PT Sritijaya Abaditama	Indonesia	60	60	Rp120,000,000
*	Mulligan International BV	Netherlands	100	-	Euro18,000

5. GROUP STRUCTURE (CONTD.)

	Name of company	Country of incorporation	Group's effective interest 2004 %	Group's effective interest 2003 %	Issued and paid-up capital at 31.12.2004
	INACTIVE COMPANIES				
	Layang Layang Golf & Country Club Sdn. Bhd.	Malaysia	100	100	RM2
	Guthrie Land Sdn. Bhd.	Malaysia	100	100	RM2,200,000
	Harvard Country Resorts Sdn. Bhd.	Malaysia	100	100	RM2
	Guthrie Livestock Corporation Sdn. Bhd.	Malaysia	100	100	RM1,000,000
	Ampar Tenang Development Sdn. Bhd.	Malaysia	100	100	RM2
	Haron Estate Development Sdn. Bhd.	Malaysia	100	100	RM680,000
	Guthrie Medicare Products (Holdings) Sdn. Bhd.	Malaysia	100	100	RM5,500,000
*	Guthrie Dimensional Stones Sdn. Bhd.	Malaysia	100	100	RM25,000,000
*	Guthrie Industries (Indonesia) Sdn. Bhd.	Malaysia	100	100	RM2
*	Guthrie Pharmaceuticals Sdn. Bhd.	Malaysia	100	100	RM2
*	Guthrie Nominees Sdn. Bhd.	Malaysia	100	100	RM2
*	Guthrie Bina Sdn. Bhd.	Malaysia	100	100	RM2
*	Guthrie KD Sdn. Bhd.	Malaysia	100	100	RM3,000,000
*	Kamuning Marble Sdn. Bhd.	Malaysia	100	100	RM2
*	Guthrie Training Centre Sdn. Bhd.	Malaysia	100	100	RM2
*	Guthrie Taylor Woodrow Sdn. Bhd.	Malaysia	100	100	RM2

5. GROUP STRUCTURE (CONTD.)

	Name of company	Country of incorporation	Group's effective interest 2004 %	Group's effective interest 2003 %	Issued and paid-up capital at 31.12.2004
	INACTIVE COMPANIES (CONTD.)				
*	Guthrie Polymer Sdn. Bhd.	Malaysia	100	100	RM2
*	Guthrie Wood Products Sdn. Bhd.	Malaysia	100	100	RM30,000,000
	Guthrie Industries Malaysia Sdn. Bhd.	Malaysia	100	100	RM5,000,100
	Guthrie Furniture Sdn. Bhd.	Malaysia	100	100	RM2,000,000
	Guthrie Rubber Processing Sdn. Bhd.	Malaysia	86	86	RM5,747,170
	Guthrie Palm Products Sdn. Bhd.	Malaysia	86	86	RM9,996
	Guthrie Distributors Sdn. Bhd.	Malaysia	80	80	RM500,000
*	Medang Mekar Sdn. Bhd.	Malaysia	55	55	RM3
*	Beringin Permai Sdn. Bhd.	Malaysia	55	55	RM2
*	Damar Cahaya Sdn. Bhd.	Malaysia	55	55	RM2
*	Keruntum Murni Sdn. Bhd.	Malaysia	55	55	RM2
*	Lagong Indah Sdn. Bhd.	Malaysia	55	55	RM2
*	Serentang Segar Sdn. Bhd.	Malaysia	55	55	RM2
*	Serinai Teguh Sdn. Bhd.	Malaysia	55	55	RM2
*	Genting View Resort Recreation Sdn. Bhd.	Malaysia	51	51	RM2
*	Resort Exchange Sdn. Bhd.	Malaysia	51	51	RM2
*	GVR Construction Sdn. Bhd.	Malaysia	31	31	RM500,000
*	Guthrie (B) Sdn. Bhd.	Brunei	100	100	B$2

5. GROUP STRUCTURE (CONTD.)

	Name of company	**Country of incorporation**	**Group's effective interest 2004 %**	**Group's effective interest 2003 %**	**Issued and paid-up capital at 31.12.2004**
	INACTIVE COMPANIES (CONTD.)				
*	Guthrie Plantations Liberia Inc.	Liberia	100	100	L$4,649,048
*	Guthrie Symington Limited	U.K.	100	100	GBP8,350,000
*	Guthrie Furniture Products Limited	U.K.	100	100	GBP100,000
*	Guthrie Agricultural Development Services for Africa Limited	U.K.	100	100	GBP25,000
*	Guthrie Estates Limited	U.K.	100	100	GBP300,000
*	GADSA Limited	U.K.	100	100	GBP2
*	Guthrie Medicare Products Limited	U.K.	100	100	GBP2
*	Envirotech Enterprises Inc.	U.S.A.	-	100	USD500,000
*	2555 North Jackrabbit Inc.	U.S.A.	-	100	USD351,340
*	Guthrie Data Systems Inc.	U.S.A.	-	100	-

* Subsidiary companies audited by firms of auditors other than Ernst & Young.

** Subsidiary companies audited by affiliate of Ernst & Young.

6. SEGMENT INFORMATION - GROUP

The Group's operating businesses are organised and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

Revenue of plantation companies comprises the aggregate sales proceeds of palm products and rubber sold during the year. Revenue of property development companies represents revenue recognised based on the progress of the development properties and sale of land held for property development.

Revenue of the Company and other subsidiary companies comprises the invoiced value of goods sold and services rendered.

6. SEGMENT INFORMATION - GROUP (CONTD.)

The main business segments of the Group comprise the following:

Plantation and agricultural services	:	Cultivation, processing and sale of palm oil, palm kernel and fresh fruit bunches and the provision of plantation consultancy services, production and sale of oil palm seeds and seedlings and agrichemicals.
Property development	:	Development and construction of residential, commercial and industrial property and sale of plots of development land.
Manufacturing	:	Manufacturing and sale of medium-density fibreboard, rubber gloves and concrete blocks and bricks.
General trading	:	Trading in furniture and healthcare products.
Others	:	Investment holding and provision of computer services, hotel and resort management, golf club operation and general contracting.

Inter-segment pricing is determined based on terms mutually agreed between the respective companies.

6. SEGMENT INFORMATION - GROUP (CONTD.)

(a) Information on business segments

	Plantation & Agricultural Services		Property Development		Manufacturing		General Trading		Others		Eliminations		Consolidated	
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
REVENUE														
External sales	1,569,441	1,341,808	563,550	662,328	121,886	131,964	227,199	854,809	33,531	56,018	-	-	2,515,607	3,046,927
Inter-segment sales	18,519	32,158	-	-	92,164	140,906	348	1,408	77,789	82,218	(188,820)	(256,690)	-	-
	1,587,960	1,373,966	563,550	662,328	214,050	272,870	227,547	856,217	111,320	138,236	(188,820)	(256,690)	2,515,607	3,046,927
RESULTS														
Operating profit/(loss)	458,410	296,532	189,704	308,105	(8,992)	(22,259)	4,313	(33,480)	(330,325)	4,995	125,665	10,663	438,775	564,556
Finance expense	(50,509)	(56,919)	(27,855)	(19,954)	(1,776)	(2,830)	(3,851)	(10,426)	(125,433)	(133,993)	87,797	100,916	(121,627)	(123,206)
Finance income	49,318	41,600	6,196	6,942	50	6	275	346	67,889	83,700	(93,416)	(107,117)	30,312	25,477
Investment income	892	618	-	-	-	-	-	-	326,258	311,340	(325,800)	(310,916)	1,350	1,042
Exceptional item	-	-	-	-	-	-	-	-	-	109,605	-	(109,605)	-	-
Share of results of associated companies	44,493	46,974	-	-	-	-	-	-	-	-	(41,593)	(46,141)	2,900	833
Profit/(Loss) before taxation	502,604	328,805	168,045	295,093	(10,718)	(25,083)	737	(43,560)	(61,611)	375,647	(247,347)	(462,200)	351,710	468,702
Taxation													(61,983)	(166,574)
Profit after taxation													289,727	302,128
ASSETS														
Segment assets	7,049,891	7,274,522	1,789,180	1,306,927	212,868	282,778	71,486	203,392	4,479,199	2,128,930	(5,003,050)	(2,686,896)	8,599,574	8,509,653
Investments in associated companies	160,116	197,582	-	-	-	-	-	-	10,445	10,445	(156,420)	(196,766)	14,141	11,261
Unallocated corporate assets	-	-	-	-	-	-	-	-	-	-	-	-	620,681	590,634
Total assets	7,210,007	7,472,104	1,789,180	1,306,927	212,868	282,778	71,486	203,392	4,489,644	2,139,375	(5,159,470)	(2,883,662)	9,234,396	9,111,548
LIABILITIES														
Segment liabilities	1,350,299	1,079,449	1,082,675	771,892	209,612	168,620	162,042	306,277	5,719,978	3,517,795	(4,573,395)	(2,172,805)	3,951,211	3,671,228
Unallocated corporate liabilities	-	-	-	-	-	-	-	-	-	-	-	-	791,649	757,420
Total liabilities	1,350,299	1,079,449	1,082,675	771,892	209,612	168,620	162,042	306,277	5,719,978	3,517,795	(4,573,395)	(2,172,805)	4,742,860	4,428,648

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6. SEGMENT INFORMATION - GROUP (CONTD.)

(a) Information on business segments (contd.)

	Plantation & Agricultural Services		Property Development		Manufacturing		General Trading		Others		Eliminations		Consolidated	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
CAPITAL EXPENDITURE	237,022	200,400	598	574	1,068	3,403	459	830	4,390	3,079	-	-	243,537	208,286
OTHER NON-CASH EXPENSES														
Amortisation of goodwill	17,183	19,022	-	-	-	-	-	-	-	-	-	-	17,183	19,022
Amortisation of deferred financing expenses	-	-	-	-	-	-	-	-	4,668	5,297	-	-	4,668	5,297
Depreciation/Amortisation	204,691	171,551	954	873	17,156	17,346	1,009	2,086	6,380	6,087	-	-	230,190	197,943
Deficit on revaluation	-	1,046	-	-	-	-	-	-	-	2,935	-	-	-	3,981
Property, plant and equipment written off	4,038	4,700	-	75	714	-	126	1,310	82	344	-	-	4,960	6,429
Unrealised loss on foreign exchange	81,740	555	-	-	-	-	3	-	6,662	-	-	-	88,405	555
Inventories written down	227	-	-	-	6,000	6,072	159	3,135	493	100	-	-	6,879	9,307
Provisions for:														
- retirement benefits	11,651	8,888	-	-	-	-	-	-	-	-	-	-	11,651	8,888
- doubtful debts	2,384	657	2,918	99	753	1,831	1,034	5,099	459	204	-	-	7,548	7,890
- cessation of operations of overseas subsidiary companies	-	-	-	-	-	-	-	5,700	-	-	-	-	-	5,700
- loss on conversion of plasma projects	4,658	8,191	-	-	-	-	-	-	-	-	-	-	4,658	8,191
- impairment of property, plant and equipment	-	-	-	-	-	8,624	-	4,246	-	-	-	-	-	12,870
- impairment of other investments	-	-	-	-	-	-	-	-	-	2,000	-	-	-	2,000
Write down in value of short-term investments	533	337	-	-	-	-	-	-	-	-	-	-	533	337
OTHER NON-CASH INCOME														
Unrealised gain on foreign exchange	-	40,909	-	-	58	-	-	-	5,505	3,865	-	-	5,563	44,774
Write back of:														
- provision for retirement benefits	-	1,210	-	-	-	2	-	-	-	18	-	-	-	1,230
- provision for doubtful debts	72	-	1,680	128	411	20	631	203	548	280	-	-	3,342	631
- provision in value of short-term investments	338	1,245	-	-	-	-	-	-	-	-	-	-	338	1,245

6. SEGMENT INFORMATION - GROUP (CONTD.)

(b) Assets by geographical location:

	Additions to Property, Plant and Equipment, and Intangible Assets		Carrying Amount of Assets	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Malaysia	104,325	83,930	5,978,698	5,714,371
South East Asia	138,920	125,991	3,165,914	3,203,900
United Kingdom	292	649	38,680	125,858
North America	-	62	-	14,043
Others	-	-	51,104	53,376
	243,537	210,632	9,234,396	9,111,548

(c) Revenue and operating results by geographical market:

	Revenue		Operating Profit/(Loss)	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Malaysia	1,456,164	1,654,825	377,380	524,161
South East Asia	844,902	806,905	64,915	77,845
Asia	47,749	57,289	4,496	4,983
United Kingdom	57,661	114,797	1,207	(11,695)
North America	32,569	38,792	(1,054)	(3,077)
Africa	7,173	53,553	521	(3,201)
Europe	68,308	296,933	(8,377)	(25,829)
Others	1,081	23,833	(313)	1,369
	2,515,607	3,046,927	438,775	564,556

7. REVENUE AND COST OF SALES

	Revenue		Cost of Sales	
	2004	**2003**	**2004**	**2003**
	RM'000	**RM'000**	**RM'000**	**RM'000**
GROUP				
Plantation and Agricultural Services:				
Palm products	1,539,440	1,264,638	1,017,366	884,721
Rubber	7,858	59,474	3,872	52,604
Agricultural services	22,143	17,696	137	2,881
	1,569,441	1,341,808	1,021,375	940,206
Property Development:				
Sale of properties	563,550	393,200	355,251	289,883
Sale of land held for property development	-	269,128	-	47,389
	563,550	662,328	355,251	337,272
Goods and services	363,483	1,009,292	263,910	881,305
Construction contracts (Note 31)	19,133	33,499	22,836	29,186
	2,515,607	3,046,927	1,663,372	2,187,969
COMPANY				
Goods and services	46,990	44,271	-	-

Revenue and cost of sales in respect of land held for property development for the financial year 2003 relate to the disposal of 426 acres of Ladang Bukit Tinggi and 524.7 acres of Emerald Division which resulted in a gain before tax of RM103,686,000 and RM116,710,000 respectively to the Group, after deduction for related costs and charges.

8. OPERATING PROFIT/(LOSS)

Operating profit/(loss) has been arrived at after charging:

	GROUP		COMPANY	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Deficit on revaluation	-	3,981	-	2,935
Depreciation/Amortisation (Note 17)	230,190	197,943	1,741	-
Property, plant and equipment written off (Note 17)	4,960	6,429	81	7
Loss on disposal of property, plant and equipment	1,451	187	-	-
Amortisation of goodwill (Note 28)	17,183	19,022	-	-
Auditors' remuneration (Note (a))	2,201	2,710	178	189
Directors' remuneration (Note (b))	1,950	3,001	1,205	2,302
Staff costs (Note (c))	390,696	393,514	20,153	21,495
Rent of land and buildings	2,843	5,310	1,675	1,675
Research and development costs	10,016	8,996	9,924	7,701
Hire of plant and machinery	4,805	6,643	-	-
Inventories written down	6,879	9,307	-	-
Restructuring costs written off	4,463	-	2,858	-
Write down in value of short-term investments	533	337	-	-
Amount due from a subsidiary company written off	-	-	-	558
Provisions for:				
- loss on conversion of plasma projects	4,658	8,191	-	-
- impairment of property, plant and equipment (Note 14)	-	12,870	-	-
- impairment of investments in subsidiary companies (Note 19)	-	-	10,000	67,433
- impairment of other investments	-	2,000	-	2,000
- doubtful debts	7,548	7,890	-	-
- loans to subsidiary companies (Note 22)	-	-	-	73,000
- amounts due from subsidiary companies (Note 33)	-	-	36,000	124,400
- cessation of operations of overseas subsidiary companies (Note 14)	-	5,700	-	-
Loss on foreign exchange:				
- Realised	4,470	968	-	-
- Unrealised	88,405	555	1,836	-

8. OPERATING PROFIT/(LOSS) (CONTD.)

And crediting:

	GROUP		COMPANY	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Gain on:				
- compulsory land acquisitions	5,110	31,395	-	-
- disposal of short-term investments	703	312	-	-
- disposal of property, plant and equipment	777	3,456	193	77
Gain on foreign exchange:				
- Realised	5,333	3,024	1,066	1,989
- Unrealised	5,563	44,774	1,999	-
Write back of:				
- provision for doubtful debts	3,342	631	-	-
- provision in value of short-term investments	338	1,245	-	-

(a) Auditors' Remuneration

	GROUP 2004 RM'000	GROUP 2003 RM'000	COMPANY 2004 RM'000	COMPANY 2003 RM'000
Auditors of the Company				
- statutory audit	381	381	72	72
- other services	76	344	53	59
	457	725	125	131
Other Auditors in Malaysia				
- statutory audit	279	285	-	-
- other services	151	248	53	58
	430	533	53	58
Other Auditors in Overseas				
- statutory audit	1,052	1,147	-	-
- other services	262	305	-	-
	1,314	1,452	-	-
	2,201	2,710	178	189

8. OPERATING PROFIT/(LOSS) (CONTD.)

	GROUP		COMPANY	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
(b) Directors' Remuneration				
Directors of the Company				
Executive Directors:				
- salaries and other emoluments	406	1,208	406	1,208
- bonus	-	109	-	109
- benefits-in-kind	35	50	35	50
	441	1,367	441	1,367
Non-Executive Directors:				
- fees	1,054	1,050	605	757
- allowances	188	181	131	150
- benefits-in-kind	28	28	28	28
	1,270	1,259	764	935
Directors of subsidiary companies				
Non-Executive Directors:				
- fees	200	341	-	-
- allowances	39	34	-	-
	239	375	-	-
	1,950	3,001	1,205	2,302

	Executive Directors		Non-Executive Directors	
	2004 No.	2003 No.	2004 No.	2003 No.
Remuneration paid to directors of the Company analysed into bands of RM50,000:				
RM50,001 - RM100,000	-	-	10	9
RM400,001 - RM450,000	1	-	-	-
RM1,350,001 - RM1,400,000	-	1	-	-

8. OPERATING PROFIT/(LOSS) (CONTD.)

	GROUP		COMPANY	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
(c) Staff Costs				
Wages and salaries	359,583	366,209	17,903	19,557
Termination benefits	2,646	1,721	-	-
Social security costs	1,809	2,593	103	70
Pension costs:				
- defined contribution plans	15,007	15,333	2,138	1,886
- retirement benefits (Note 43)	11,651	7,658	9	(18)
	390,696	393,514	20,153	21,495

The numbers of employees of the Group and of the Company (including executive director) at year end were 58,164 (2003: 60,402) and 391 (2003: 372) respectively.

9. FINANCE EXPENSE

	GROUP		COMPANY	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Interest paid/payable on:				
- Intragroup borrowings	-	-	31,196	28,943
- Hire purchase and lease financing	19,912	49,281	19,529	48,585
- Bank overdrafts	3,406	9,796	3	7
- Short-term loans	6,712	14,090	4,196	5,938
- Bankers acceptances and export credit refinancing loans	6,430	5,252	5,899	4,362
- Long-term loans	82,691	43,440	43,907	15,332
- Long-term payable	9,924	9,191	-	-
- Others	151	1,796	-	-
	129,226	132,846	104,730	103,167
Less: Interest capitalised in qualifying assets:				
- Plantation development expenditure (Note 17)	(656)	(2,976)	-	-
- Capital work-in-progress (Note 17)	(1,619)	(2,296)	-	-
- Land held for property development (Note 18)	-	(24)	-	-
- Concession asset (Note 21)	(9,924)	(9,191)	-	-
- Property development costs (Note 29)	(68)	(450)	-	-
	116,959	117,909	104,730	103,167
Amortisation of:				
- deferred financing expenses (Note 41)	2,731	3,348	2,731	3,348
- SUKUK issuance expenses (Note 41)	1,937	1,949	1,937	1,949
	121,627	123,206	109,398	108,464

10. FINANCE INCOME

	GROUP		COMPANY	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Interest received/receivable on:				
- Intragroup borrowings	-	-	24,579	37,225
- Fixed deposits with licensed banks and financial institutions	17,971	12,620	4,213	1,746
- Others	5,112	2,352	595	457
	23,083	14,972	29,387	39,428
Accretion of deferred income (Note 37)	7,229	10,505	-	-
	30,312	25,477	29,387	39,428

11. INVESTMENT INCOME

	GROUP		COMPANY	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Gross dividends from:				
Subsidiary companies:				
- Unquoted	-	-	80,179	186,582
- Quoted in Malaysia	-	-	140,194	65,768
Other investments:				
- Unquoted	730	672	457	424
- Quoted in Malaysia	620	370	-	-
	1,350	1,042	220,830	252,774

12. EXCEPTIONAL ITEM

	GROUP		COMPANY	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Gain on repayment of capital by subsidiary companies	-	-	-	109,605

13. TAXATION

	GROUP 2004 RM'000	GROUP 2003 RM'000	COMPANY 2004 RM'000	COMPANY 2003 RM'000
Income tax:				
Malaysian income tax	69,618	70,485	31,208	48,771
Foreign income tax	31,795	38,020	-	-
	101,413	108,505	31,208	48,771
Under/(Over) provision in prior years:				
Malaysian income tax	7,164	(2,227)	-	-
Foreign income tax	335	9,267	-	-
	108,912	115,545	31,208	48,771
Deferred tax (Note 27):				
Relating to origination and reversal of temporary differences	(49,605)	50,691	(257)	93
Under/(Over) provision in prior years	2,683	259	(457)	-
	(46,922)	50,950	(714)	93
Share of taxation of associated companies	(7)	79	-	-
	61,983	166,574	30,494	48,864

Domestic income tax is calculated at the Malaysian statutory tax rate of 28% (2003: 28%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The effective tax rate of the Malaysian Group of companies is lower than the statutory tax rate applicable in Malaysia due to the recognition of deferred tax assets on unrealised gain on sale of land within Group companies.

The income tax expense of the Company is in respect of dividend income. The effective tax rate is higher than the statutory rate despite certain dividend income being tax-exempted, due to certain expenses being non-allowable for tax deduction.

13. TAXATION (CONTD.)

A 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 is as follows:

	GROUP		COMPANY	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Profit before taxation	351,710	468,702	94,915	22,648
Taxation at Malaysia statutory tax rate of 28% (2003: 28%)	98,479	131,237	26,576	6,341
Effects of:				
Income subject to tax rate of 20%	(215)	-	-	-
Different tax rates in other countries	(65)	1,452	-	-
Income not subject to tax	(67,742)	(9,544)	(14,121)	(41,286)
Expenses not deductible for tax purposes	18,432	29,748	18,496	83,809
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	(2,601)	(1,792)	-	-
Expenses subject to double deduction	(2,125)	(1,659)	-	-
Under/(Over) provision of deferred tax in prior years	2,683	259	(457)	-
Underprovision of income tax in prior years	7,499	7,040	-	-
Deferred tax assets not recognised in respect of current year's tax losses and unabsorbed capital allowances	7,638	9,833	-	-
Tax expense for the year	61,983	166,574	30,494	48,864

Tax savings during the financial year arose from:

	GROUP		COMPANY	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Utilisation of current year tax losses	841	250	841	-
Utilisation of previously unrecognised tax losses	87	-	-	-
Utilisation of previously unrecognised capital allowances	2,514	1,792	-	-

14. DISCONTINUING OPERATIONS - GROUP

As the Group's objective is to focus on its core businesses of plantation and property development, certain operations of the Group were discontinued during the year:

(i) The cessation of certain manufacturing and general trading operations by the following wholly-owned subsidiary companies:

- Guthrie Wood Products Sdn. Berhad involved in manufacturing of rubber wood components.
- Guthrie Industries Malaysia Sdn. Berhad involved in the construction of palm oil mill and production of agriculture equipment.
- Guthrie Furniture Sdn. Berhad involved in trading of furniture.

(ii) The disposal of the Group's entire equity interests in Guthrie Latex Inc. involved in the merchanting of rubber as disclosed in Note 49(b)(i) to the financial statements.

(iii) The discontinuance of the rubber gloves manufacturing and healthcare products trading operations undertaken by Guthrie Medicare Products (NS) Sdn. Berhad and Healthline Products Ltd., respectively. This is following the conditional Share Sale Agreements entered with Matang Manufacturing Sdn. Berhad as disclosed in Note 49(b)(ii) to the financial statements. As at the date of this report, the disposals are pending the completion of certain conditions precedent as provided in the agreements.

In the financial year ended 31 December 2003, the Group discontinued the operations undertaken by the following subsidiary companies:

- Guthrie Rubber Processing Sdn. Berhad and Guthrie Polymer Sdn. Berhad, involved in rubber processing and rubber manufacturing operations respectively.
- Guthrie Symington Ltd. and Guthrie Latex Inc. involved in the merchanting of rubber and edible oil.

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14. DISCONTINUING OPERATIONS - GROUP (CONTD.)

The results and cash flows of the discontinuing operations, included in the financial statements of the Group, were as follows:

	Plantation & Agricultural Services RM'000	Manufacturing RM'000	General Trading RM'000	Total RM'000
2004				
Revenue	-	20,354	221,372	241,726
Cost of sales	-	(23,940)	(182,260)	(206,200)
Gross (loss)/profit	-	(3,586)	39,112	35,526
Operating expenses	(542)	(11,545)	(36,374)	(48,461)
Property, plant and equipment written off	-	(696)	(58)	(754)
Termination benefits	-	(1,209)	(1,358)	(2,567)
Operating (loss)/profit	(542)	(17,036)	1,322	(16,256)
Finance expense, net	-	(9)	(3,300)	(3,309)
Taxation	2	(182)	(1,142)	(1,322)
Loss after taxation	(540)	(17,227)	(3,120)	(20,887)
Cash flows from operating activities	(969)	(5,552)	96,954	90,433
Cash flows from investing activities	508	7,524	(372)	7,660
Cash flows from financing activities	453	(2,356)	(78,527)	(80,430)
Total cash flows	(8)	(384)	18,055	17,663
2003				
Revenue	52,603	38,433	896,694	987,730
Cost of sales	(50,142)	(41,943)	(820,608)	(912,693)
Gross profit/(loss)	2,461	(3,510)	76,086	75,037
Operating expenses	(4,048)	(20,777)	(167,218)	(192,043)
Impairment of property, plant and equipment (Note 8)	-	(8,624)	(4,246)	(12,870)
Provision for cessation of operations (Note 8)	-	-	(5,700)	(5,700)
Operating loss	(1,587)	(32,911)	(101,078)	(135,576)
Finance expense, net	-	(930)	(6,154)	(7,084)
Taxation	(589)	(2,901)	(4,585)	(8,075)
Loss after taxation	(2,176)	(36,742)	(111,817)	(150,735)
Cash flows from operating activities	7,192	8,292	79,013	94,497
Cash flows from investing activities	(7,175)	(26,215)	(3,974)	(37,364)
Cash flows from financing activities	(20)	17,656	(20,637)	(3,001)
Total cash flows	(3)	(267)	54,402	54,132

14. DISCONTINUING OPERATIONS - GROUP (CONTD.)

The assets and liabilities of the subsidiary companies disposed of, as at 31 May 2004 were as follows:

	As at 31.5.2004 RM'000	As at 31.12.2003 RM'000
Property, plant and equipment	804	810
Investment in affiliate	11,400	11,400
Inventories	6,826	16,300
Receivables	5,542	5,730
Deposit, bank balances and cash	7,672	2,127
Advances from affiliates	(27,640)	(35,700)
Payables	(5,790)	(6,681)
Net liabilities disposed	(1,186)	(6,014)
Gain on disposal of subsidiary companies	9,546	
Proceeds from disposal of subsidiary companies	8,360	
Cash and cash equivalents of subsidiary companies disposed	(7,672)	
Net cash inflow	688	

There was no tax charge or credit arising from the gain on disposal.

The disposal of a subsidiary company had the following effect on the financial results of the Company:

	2004 RM'000
Total disposal proceeds	7,600
Less: Incidental expenses incurred	(238)
Net proceeds from disposal of subsidiary company	7,362
Less: Cost of investment in subsidiary company (Note 19)	(9,598)
Amount due from subsidiary company written off	(95)
Add: Realisation of provision for impairment losses	9,598
Gain on disposal of subsidiary company to the Company	7,267

15. EARNINGS PER SHARE

(a) Basic

Basic earnings per share are derived by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue during the financial year.

	GROUP	
	2004	**2003**
Net profit attributable to shareholders (RM'000)	160,442	138,834
Weighted average number of ordinary shares in issue ('000)	1,002,056	1,001,137
Basic earnings per share (sen)	16.01	13.87

(b) Diluted

Diluted earnings per share are derived by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue during the financial year which have been adjusted for the dilutive effects of all share options granted to employees.

	GROUP	
	2004	**2003**
Net profit attributable to shareholders (RM'000)	160,442	138,834
Weighted average number of ordinary shares in issue ('000)	1,002,056	1,001,137
Effect of dilution of share options ('000)	6,832	2,543
Adjusted weighted average number of ordinary shares in issue and issueable ('000)	1,008,888	1,003,680
Diluted earnings per share (sen)	15.90	13.83

16. DIVIDENDS

	GROUP/COMPANY	
	2004	2003
	RM'000	RM'000
(a) Dividends Paid:		
Final dividend of 5 sen per share, less 28% tax for the financial year 2003 (2003: 5 sen per share, less 28% tax for the financial year 2002)	36,043	36,041
Adjustment for underprovision of prior year's final dividend due to increase in share capital arising from the Second ESOS	27	-
	36,070	36,041
Interim dividend of 5 sen per share, less 28% tax for the current financial year (2003: 3 sen per share, tax-exempt)	36,072	30,033
	72,142	66,074
(b) Dividend Proposed:		
Final dividend of 5 sen per share, less 28% tax for the current financial year (2003: 5 sen per share, less 28% tax)	36,195	36,043

The proposed final dividend of 5 sen per share, less 28% tax, in respect of the financial year ended 31 December 2004 is subject to shareholders' approval at the forthcoming Annual General Meeting of the Company to be held on 16 June 2005. This proposed dividend has been separately classified within equity and will be accounted for as a distribution upon approval by the shareholders.

17. PROPERTY, PLANT AND EQUIPMENT

GROUP

	Freehold land RM'000	Leasehold land RM'000	Deferred land rights RM'000	Plantation development expenditure RM'000	Buildings RM'000	Machinery, equipment and vehicles RM'000	Capital work-in-progress RM'000	Total RM'000
COST OR VALUATION								
At 1 January 2004	1,692,682	360,768	29,556	2,991,896	337,752	859,475	78,343	6,350,472
Reclassification	641	(3,962)	3,124	2,003	54,414	88,124	(143,178)	1,166
Additions	-	956	133	55,526	14,032	44,972	127,918	243,537
Disposals	(1,421)	-	-	-	(7,632)	(29,632)	-	(38,685)
Write off	-	-	-	(2,848)	(288)	(14,394)	-	(17,530)
Exchange differences	-	(1,994)	(3,009)	(240,689)	(10,599)	(23,738)	(6,000)	(286,029)
Transfer to land held for property development (Note 18)	(18,151)	-	-	-	-	-	-	(18,151)
Transfer to concession asset (Note 21)	(3,852)	-	-	-	-	-	-	(3,852)
At 31 December 2004	1,669,899	355,768	29,804	2,805,888	387,679	924,807	57,083	6,230,928
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES								
At 1 January 2004								
Accumulated depreciation	-	-	-	-	-	463,004	-	463,004
Accumulated impairment losses	-	-	-	-	2,937	9,933	-	12,870
	-	-	-	-	2,937	472,937	-	475,874
Depreciation for the year:	-	6,273	1,318	128,203	21,261	73,283	-	230,338
Charged to income statement (Note 8)	-	6,273	1,318	128,203	21,261	73,135	-	230,190
Capitalised in concession asset (Note 21)	-	-	-	-	-	148	-	148
Disposals	-	-	-	-	(6,567)	(25,852)	-	(32,419)
Write off	-	-	-	-	(36)	(12,534)	-	(12,570)
Exchange differences	-	-	(415)	(1,522)	(356)	(11,149)	-	(13,442)
At 31 December 2004	-	6,273	903	126,681	17,239	496,685	-	647,781
Analysed as:								
Accumulated depreciation	-	6,273	903	126,681	14,302	486,752	-	634,911
Accumulated impairment losses	-	-	-	-	2,937	9,933	-	12,870
	-	6,273	903	126,681	17,239	496,685	-	647,781
NET BOOK VALUE								
At 31 December 2004	1,669,899	349,495	28,901	2,679,207	370,440	428,122	57,083	5,583,147
At 31 December 2003	1,692,682	360,768	29,556	2,991,896	334,815	386,538	78,343	5,874,598

17. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

GROUP (CONTD.)

	Freehold land RM'000	Leasehold land RM'000	Deferred land rights RM'000	Plantation development expenditure RM'000	Buildings RM'000	Machinery, equipment and vehicles RM'000	Capital work-in-progress RM'000	Total RM'000
At 1 January 2003:								
Cost	2,084	21,615	30,432	2,497,600	215,905	789,434	57,328	3,614,398
Valuation - 1998	1,817,261	391,782	-	300,851	186,871	-	-	2,696,765
Accumulated depreciation	-	27,488	3,030	240,189	86,504	408,397	-	765,608
Depreciation for 2003:								
Charged to income statement (Note 8)	-	6,783	995	101,904	20,404	67,857	-	197,943
Capitalised in concession asset (Note 21)	-	-	-	-	-	162	-	162
	-	6,783	995	101,904	20,404	68,019	-	198,105
Property, plant and equipment are included at cost or valuation as follows:								
Cost	-	3,273	4,114	57,075	69,123	924,807	57,083	1,115,475
Valuation - 2003	1,669,899	352,495	25,690	2,748,813	318,556	-	-	5,115,453
	1,669,899	355,768	29,804	2,805,888	387,679	924,807	57,083	6,230,928
Had the revalued property, plant and equipment been carried at historical cost, the net book value would have been:								
At 31 December 2004	445,173	149,662	28,901	2,291,796	370,251	428,122	57,083	3,770,988
At 31 December 2003	457,027	157,026	29,556	2,498,976	334,652	386,538	78,343	3,942,118

	2004 RM'000	2003 RM'000
The net book value of leasehold land comprises:		
Long-term leasehold	295,334	299,451
Short-term leasehold	34,264	41,015
Golf course development expenditure	19,897	20,302
	349,495	360,768
The net book value of plantation development expenditure comprises:		
Oil palm	2,675,322	2,987,340
Rubber	3,885	4,556
	2,679,207	2,991,896
Net book value of machinery, equipment and vehicles held under hire purchase and finance lease arrangements	3,972	5,389

17. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

COMPANY

	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Machinery, equipment and vehicles RM'000	Total RM'000
COST OR VALUATION					
At 1 January 2004	27,411	705	6,408	21,628	56,152
Additions	-	-	-	3,438	3,438
Disposals	-	-	-	(1,873)	(1,873)
Write off	-	-	(17)	(2,920)	(2,937)
Transfer from subsidiary companies	-	-	-	365	365
Transfer to subsidiary companies	-	-	-	(87)	(87)
At 31 December 2004	27,411	705	6,391	20,551	55,058
ACCUMULATED DEPRECIATION					
At 1 January 2004	-	-	-	17,395	17,395
Charge for the year	-	30	326	1,385	1,741
Disposals	-	-	-	(1,719)	(1,719)
Write off	-	-	-	(2,856)	(2,856)
Transfer from subsidiary companies	-	-	-	333	333
Transfer to subsidiary companies	-	-	-	(87)	(87)
At 31 December 2004	-	30	326	14,451	14,807
NET BOOK VALUE					
At 31 December 2004	27,411	675	6,065	6,100	40,251
At 31 December 2003	27,411	705	6,408	4,233	38,757

17. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

COMPANY (CONTD.)

	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Machinery, equipment and vehicles RM'000	Total RM'000
At 1 January 2003:					
Cost	17,000	-	10,006	20,332	47,338
Valuation - 1998	6,316	860	1,539	-	8,715
Accumulated depreciation	-	124	1,720	17,182	19,026
Depreciation for 2003	-	31	482	990	1,503
Property, plant and equipment are included at cost or valuation as follows:					
Cost	-	-	-	20,551	20,551
Valuation - 2003	27,411	705	6,391	-	34,507
	27,411	705	6,391	20,551	55,058
Had the revalued property, plant and equipment been carried at historical cost, the net book value would have been:					
At 31 December 2004	17,600	185	6,065	6,100	29,950
At 31 December 2003	17,600	194	6,408	4,233	28,435

The landed properties of the Group and of the Company included within property, plant and equipment were revalued by the directors in 2003 based on open market values on existing use basis carried out by independent professional valuers.

Interest expense capitalised during the financial year under plantation development expenditure and capital work-in-progress of the Group amounted to RM656,000 (2003: RM2,976,000) and RM1,619,000 (2003: RM2,296,000) respectively, as disclosed in Note 9 to the financial statements.

17. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

The net book values of property, plant and equipment pledged to financial institutions for banking facilities as referred to in Notes 38 and 41 to the financial statements are as follows:

	GROUP		COMPANY	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Malaysia:				
Freehold land	452,874	432,429	9,997	-
Leasehold land	19,897	20,303	-	-
Plantation development expenditure	131,810	132,248	-	-
Buildings	43,311	44,106	2	-
	647,892	629,086	9,999	-
Overseas:				
Leasehold land	2,992	3,162	-	-
Deferred land rights	13,481	14,997	-	-
Plantation development expenditure	443,268	471,728	-	-
Buildings	101,209	50,205	-	-
Machinery, equipment and vehicles	115,922	98,539	-	-
	676,872	638,631	-	-
	1,324,764	1,267,717	9,999	-

18. LAND HELD FOR PROPERTY DEVELOPMENT

	Freehold Land RM'000	Development Costs RM'000	Total RM'000
GROUP			
At 1 January 2004	62,228	259,631	321,859
Transfer from property, plant and equipment (Note 17)	18,151	-	18,151
Additions	-	6,089	6,089
Disposals	(152)	(1,222)	(1,374)
Reclassification	478	(478)	-
Transfer from/(to) property development costs (Note 29)	5,949	(6,884)	(935)
At 31 December 2004	86,654	257,136	343,790

18. LAND HELD FOR PROPERTY DEVELOPMENT (CONTD.)

	Freehold Land RM'000	Development Costs RM'000	Total RM'000
GROUP (CONTD.)			
At 1 January 2003	67,382	314,966	382,348
Additions	-	10,820	10,820
Disposals	(7,336)	(40,053)	(47,389)
Transfer from/(to) property development costs (Note 29)	2,182	(26,102)	(23,920)
At 31 December 2003	62,228	259,631	321,859

Land held for property development comprises land banks which are being held for future development. The land banks are not expected to be developed within the next twelve months.

Certain land held for property development belonging to the subsidiary companies at an aggregate carrying amount of RM41,875,000 (2003: RM32,871,000) are pledged to financial institutions for credit facilities granted to the Company as disclosed in Note 41 to the financial statements.

Included in development costs incurred during the financial year 2003 was interest expense capitalised of RM24,000 as disclosed in Note 9 to the financial statements.

19. INVESTMENTS IN SUBSIDIARY COMPANIES

	COMPANY	
	2004 RM'000	2003 RM'000
Unquoted shares:		
At cost	2,444,166	2,453,764
At Directors' valuation - 1982	295,033	295,033
	2,739,199	2,748,797
Accumulated impairment losses	(188,144)	(187,742)
	2,551,055	2,561,055

19. INVESTMENTS IN SUBSIDIARY COMPANIES (CONTD.)

	COMPANY 2004 RM'000	COMPANY 2003 RM'000
Quoted shares in Malaysia:		
At cost	281,820	281,820
At Directors' valuation - 1982	154,764	154,764
	436,584	436,584
	2,987,639	2,997,639

	COMPANY 2004 RM'000	COMPANY 2003 RM'000
Movements in accumulated impairment losses during the financial year were as follows:		
At 1 January	187,742	120,309
Charged to income statement (Note 8)	10,000	67,433
Realised upon disposal of a subsidiary company (Note 14)	(9,598)	-
At 31 December	188,144	187,742
Market value of quoted shares in Malaysia	896,941	811,398

In determining the impairment losses, consideration has been given to the history of results and the carrying amounts of underlying assets of these investments and where such analysis has indicated the possibility of impairment, the future operating plans and cash flows have also been considered. The net carrying amounts reflect the extent to which the directors consider the investments are recoverable in light of current plans for future operations and anticipated cash flows.

In Indonesia, of a total of 216,000 hectares of the Group's plantation properties, approximately 7,581 hectares are situated in Acheh, Sumatera which are currently experiencing social disturbances. Such conditions have not significantly impacted the companies' operations as the plantations and mill facilities are far from the affected areas.

Certain shares held in quoted subsidiary companies at the book value of RM436,584,000 (2003: RM436,584,000) and at market value of RM896,941,000 (2003: RM811,398,000) have been pledged to financial institutions for credit facilities granted to the Company and certain overseas subsidiary companies as disclosed in Note 41 to the financial statements.

The unquoted shares of certain subsidiary companies in Indonesia are pledged to financial institutions for credit facilities granted to the subsidiary companies as disclosed in Note 41 to the financial statements.

20. INVESTMENTS IN ASSOCIATED COMPANIES

	GROUP		COMPANY	
	2004	**2003**	**2004**	**2003**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Unquoted shares at cost	12,465	12,465	-	-
Share of post-acquisition reserves	3,809	902	-	-
Exchange differences	(2,133)	(2,106)	-	-
	14,141	11,261	-	-

The Group's interest in the associated companies are analysed as follows:

	GROUP 2004 RM'000	GROUP 2003 RM'000
Share of net tangible assets	14,141	11,261

Details of the associated companies, held by subsidiary companies, are as follows:

Name of company	Country of incorporation	Effective interest 2004 %	Effective interest 2003 %	Principal activities
Muang Mai Guthrie Co. Ltd.	Thailand	49	49	Processing and distribution of rubber
Boustead Bulking Sdn. Bhd.	Malaysia	24	24	Bulking and marketing services

21. CONCESSION ASSET

Concession asset represents the development expenditure incurred to design, construct, manage and maintain the Guthrie Corridor Expressway ("Expressway"), a 25km expressway which links Shah Alam and Kuang, Selangor Darul Ehsan.

The concession asset is in connection with the Concession Agreement signed on 18 July 2000 with the Government of Malaysia. Pursuant to the Concession Agreement, the completion of the Expressway is defined as 42 months from the effective date of the Concession Agreement which is 1 August 2001.

On 22 January 2005, the Certificate of Practical Completion was jointly issued by the Design Supervisory Engineer, representing the Contractors and the Independent Check Consultant, representing the subsidiary company. At the date of this report, the Group is awaiting the issuance of the "Sijil Kesempurnaan Pembinaan Lebuhraya" by the Government.

21. CONCESSION ASSET (CONTD.)

The development expenditure incurred in respect of this Concession Agreement consists of the following:

	GROUP	
	2004	**2003**
	RM'000	**RM'000**
Land cost	118,644	108,728
Transfer from property, plant and equipment (Note 17)	3,852	-
Construction cost	483,123	306,436
Design, project management and overhead costs	25,563	21,273
Interest expense	26,011	14,839
	657,193	451,276

Included in the development expenditure are interest expense amounting to RM9,924,000 (2003: RM9,191,000) and depreciation on machinery and equipment amounting to RM148,000 (2003: RM162,000) which were capitalised during the financial year, as disclosed in Notes 9 and 17 to the financial statements respectively.

22. LOANS TO/FROM SUBSIDIARY COMPANIES

	COMPANY	
	2004	**2003**
	RM'000	**RM'000**
Loans to subsidiary companies	413,644	423,719
Provision for doubtful debts	(99,460)	(99,460)
	314,184	324,259
Loans from subsidiary companies	87,000	351,348
Movements in provision for doubtful debts during the financial year were as follows:		
At 1 January	99,460	26,460
Charged to income statement (Note 8)	-	73,000
At 31 December	99,460	99,460

The loans to subsidiary companies have been reviewed at balance sheet date for their recoverability. In assessing the extent of the provision required due consideration has been given to all pertinent information relating to the ability of the subsidiary companies to repay the loans, such as the history of results, recoverability amounts of the underlying assets, the current plans for the future operations and anticipated cash flows.

22. LOANS TO/FROM SUBSIDIARY COMPANIES (CONTD.)

The loans to subsidiary companies include an amount of RM190,344,000 (2003: RM197,419,000) which bore interest at rates ranging from 2.5% to 5.0% (2003: 2.5% to 8.0%) per annum. In 2003, included in loans from subsidiary companies was RM351,348,000 which bore interest at rates ranging from 1.0% to 2.6% per annum. All other loans are non-interest bearing.

All loans to/from subsidiary companies are unsecured and have no fixed terms of repayment.

23. OTHER INVESTMENTS

	GROUP		COMPANY	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
At cost:				
Unquoted shares in Malaysia	3,314	3,314	2,959	2,959
Less: Accumulated impairment losses	(2,000)	(2,000)	(2,000)	(2,000)
	1,314	1,314	959	959
Quoted shares in Malaysia	277	277	-	-
Malaysian Government Securities, net of accretion/premium	959	959	-	-
	2,550	2,550	959	959
Market value:				
Quoted shares in Malaysia	1,503	1,304	-	-
Malaysian Government Securities	1,106	1,093	-	-
	2,609	2,397	-	-

24. TRADE RECEIVABLES

	GROUP	
	2004	2003
	RM'000	RM'000
Trade receivables	448,409	783,004
Provision for doubtful debts	(19,399)	(22,116)
	429,010	760,888
Less: Current portion	(367,042)	(636,952)
Long-term trade receivables	61,968	123,936

24. TRADE RECEIVABLES (CONTD.)

Long-term trade receivables relate to proceeds arising from the sale of land held for property development by certain subsidiary companies involved in property development activities.

Included in the current portion of trade receivables is an amount of RM23,591,000 (2003: RM213,502,000) relating to overseas subsidiary companies which are pledged as security for banking facilities granted to the subsidiary companies as disclosed in Notes 38 and 41 to the financial statements.

25. ADVANCES FOR PLASMA PLANTATION PROJECTS

	GROUP	
	2004 RM'000	2003 RM'000
At 1 January	53,475	45,908
Exchange differences	(4,765)	2,746
Additions	6,475	4,821
Conversions	(8,239)	-
At 31 December	46,946	53,475
Accumulated allowance for losses on recovery	(28,394)	(29,796)
	18,552	23,679

In accordance with the Indonesian government policy, oil palm plantation owners/operators (herein referred to as the "Nucleus") are required to develop plantations for small holders (herein referred to as "Plasma Farmers"). This form of assistance to the Plasma Farmers is known as the "Perusahaan Inti Rakyat Transmigrasi (PIR-Trans)" program. Under the PIR-Trans program, the Nucleus is also required to train and develop the skills of the Plasma Farmers, and purchase the fresh fruit bunches harvested by Plasma Farmers at prices determined by the government.

The PIR-Trans program is funded by state-owned banks. The investment credit is rendered to the Nucleus, which receives the funds through several drawdowns during the plantation development period (land preparation up to the end of the immature stage). When the plasma plantation projects are completed and ready for conversion, the investment credit is transferred to the Plasma Farmers who then operate the plasma plantations under the supervision of the Nucleus.

Two of the Indonesian subsidiary companies have commitments to develop oil palm plantations for the Plasma Farmers under this program covering a total area of 12,000 hectares of which 7,745 hectares (2003: 5,963 hectares) have been converted.

The allowance for losses on recovery of plasma plantation projects was provided for to cover the possible non-recoverable plantation and non-plantation investments under PIR-Trans program.

26. ADVANCES FOR "KREDIT KOPERASI PRIMER UNTUK ANGGOTANYA (KKPA)" PLANTATION PROJECTS

	GROUP	
	2004	2003
	RM'000	RM'000
At 1 January	16,644	10,562
Exchange differences	(1,484)	632
Additions	23,165	5,450
Drawdowns	(19,299)	-
At 31 December	19,026	16,644
Accumulated allowances for losses on recovery	(2,367)	(2,599)
	16,659	14,045

Under an existing government policy in Indonesia, oil palm plantation owners/operators (herein referred to as the "Nucleus") are required to assist in the development of plantations for small holders (herein referred to as the "Plasma Farmers") through a program called "Kredit Koperasi Primer untuk Anggotanya" or "KKPA". Under the KKPA program, all participating Plasma Farmers are under the coordination of a cooperative, and any investment credit availed during the development of the plantations (field preparation up to end of immature stage) shall also be rendered to the cooperative. The Nucleus, on the other hand, serves as the contractor for developing the plantations.

Advances for present and proposed KKPA projects represent the accumulated costs to develop plasma plantations, totalling 12,000 hectares which are currently being financed by creditor banks and self-financed by a subsidiary company. Upon the cooperative obtaining KKPA financing from the creditor bank, the said advances will be recovered from the cooperative.

The subsidiary company provides allowance for losses on recovery of KKPA plantation projects based on a periodic review of the recoverability of the development costs.

27. DEFERRED TAX

	GROUP		COMPANY	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Presented after appropriate offsetting as follows:				
Deferred tax assets	(219,616)	(180,882)	-	-
Deferred tax liabilities	750,797	711,189	6,951	7,665
	531,181	530,307	6,951	7,665

27. DEFERRED TAX (CONTD.)

	GROUP		COMPANY	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
At 1 January:				
As previously stated	478,447	343,739	7,665	7,367
Prior year adjustment (Note 50)	51,860	51,860	-	-
As restated	530,307	395,599	7,665	7,367
Charged to income statement (Note 13)	(46,922)	50,950	(714)	93
Charged to equity	-	86,524	-	205
Exchange differences	47,796	(2,766)	-	-
At 31 December	531,181	530,307	6,951	7,665

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

GROUP

DEFERRED TAX LIABILITIES

	Accelerated Capital Allowances RM'000	Revaluation of Properties RM'000	Others RM'000	Total RM'000
At 1 January 2004:				
As previously stated	146,345	539,203	167	685,715
Prior year adjustment (Note 50)	-	51,860	-	51,860
As restated	146,345	591,063	167	737,575
Charged to income statement	15,933	(22,544)	(1)	(6,612)
Exchange differences	(938)	44,615	(12)	43,665
At 31 December 2004	161,340	613,134	154	774,628

27. DEFERRED TAX (CONTD.)

GROUP (CONTD.)

DEFERRED TAX LIABILITIES (CONTD.)

	Accelerated Capital Allowances RM'000	Revaluation of Properties RM'000	Others RM'000	Total RM'000
At 1 January 2003:				
As previously stated	148,768	471,530	168	620,466
Prior year adjustment (Note 50)	-	51,860	-	51,860
As restated	148,768	523,390	168	672,326
Charged to income statement	(3,032)	(17,242)	(10)	(20,284)
Charged to equity	-	84,915	-	84,915
Exchange differences	609	-	9	618
At 31 December 2003	146,345	591,063	167	737,575

DEFERRED TAX ASSETS

	Unabsorbed Tax Losses RM'000	Unutilised Capital Allowances RM'000	Unrealised Intragroup Profits RM'000	Others RM'000	Total RM'000
At 1 January 2004	57,959	5,823	127,217	16,269	207,268
Charged to income statement	3,948	3,612	31,021	1,729	40,310
Exchange differences	(3,209)	55	-	(977)	(4,131)
At 31 December 2004	58,698	9,490	158,238	17,021	243,447
At 1 January 2003	65,236	33,108	162,966	15,417	276,727
Charged to income statement	(10,057)	(27,285)	(34,140)	248	(71,234)
Charged to equity	-	-	(1,609)	-	(1,609)
Exchange differences	2,780	-	-	604	3,384
At 31 December 2003	57,959	5,823	127,217	16,269	207,268

27. DEFERRED TAX (CONTD.)

COMPANY

DEFERRED TAX LIABILITIES

	Accelerated Capital Allowances RM'000	Revaluation of Properties RM'000	Others RM'000	Total RM'000
At 1 January 2004	487	7,193	(15)	7,665
Charged to income statement	(708)	(6)	-	(714)
At 31 December 2004	(221)	7,187	(15)	6,951
At 1 January 2003	391	6,996	(20)	7,367
Charged to income statement	96	(8)	5	93
Charged to equity	-	205	-	205
At 31 December 2003	487	7,193	(15)	7,665

Deferred tax assets have not been recognised in respect of the following items:

	GROUP 2004 RM'000	GROUP 2003 RM'000
Unused tax losses	185,494	165,046
Unabsorbed capital allowances	124,047	74,853
Reinvestment and investment tax allowances	132,175	130,014

The unused tax losses and unabsorbed capital allowances are available indefinitely for offset against future taxable profits of the subsidiary companies in which those items arose.

28. GOODWILL ON CONSOLIDATION

	GROUP	
	2004	**2003**
	RM'000	**RM'000**
COST		
At 1 January:		
As previously stated	376,875	374,446
Prior year adjustment (Note 50)	(28,361)	(15,525)
As restated	348,514	358,921
Acquisition of subsidiary companies	-	(10,490)
Exchange differences	(325)	83
Reclassification	(2,728)	-
At 31 December	345,461	348,514
ACCUMULATED AMORTISATION		
At 1 January	52,365	33,335
Exchange differences	(58)	8
Reclassification	(725)	-
Charge for the year (Note 8)	17,183	19,022
At 31 December	68,765	52,365
	276,696	296,149

29. PROPERTY DEVELOPMENT COSTS

	GROUP	
	2004	**2003**
	RM'000	**RM'000**
Property development costs at 1 January:		
Freehold land	13,292	14,297
Development costs	1,714,171	1,297,475
	1,727,463	1,311,772
Costs incurred during the year:		
Development costs	384,516	391,763
	384,516	391,763

29. PROPERTY DEVELOPMENT COSTS (CONTD.)

	GROUP	
	2004	**2003**
	RM'000	**RM'000**
Costs charged to income statement:		
At 1 January	(1,396,191)	(1,106,308)
Charge for the year (Note 7)	(355,251)	(289,883)
At 31 December	(1,751,442)	(1,396,191)
Transfers:		
From land held for property development (Note 18)	935	23,920
To inventories	(70,997)	(18,180)
	(70,062)	5,740
Accrued/(Progress) billings	46,350	(14,136)
Property development costs at 31 December	336,825	298,948

Included in property development costs incurred during the financial year is interest expense capitalised amounting to RM68,000 (2003: RM450,000) as disclosed in Note 9 to the financial statements.

30. INVENTORIES

	GROUP		COMPANY	
	2004	**2003**	**2004**	**2003**
	RM'000	**RM'000**	**RM'000**	**RM'000**
At cost:				
Produce stocks	59,431	84,593	-	-
Raw materials	2,919	3,498	-	-
Work-in-progress	6,867	21,024	-	-
Completed houses	76,934	21,608	-	-
Finished goods	2,940	6,023	-	-
Stores	49,843	52,942	69	469
	198,934	189,688	69	469
At net realisable value:				
Finished goods	5,616	6,538	-	-
	204,550	196,226	69	469

Produce stocks at cost amounting to RM32,830,000 (2003: RM59,490,000) relating to overseas subsidiary companies are pledged to financial institutions as securities for credit facilities granted to the subsidiary companies as disclosed in Notes 38 and 41 to the financial statements.

31. AMOUNTS DUE FROM CUSTOMERS ON CONTRACTS

	GROUP	
	2004	2003
	RM'000	RM'000
Contract costs incurred to-date	75,525	62,639
Attributable profits	2,417	6,566
	77,942	69,205
Progress billings	(74,064)	(57,909)
	3,878	11,296
Contract Revenue:		
- Cumulative	74,132	61,331
- Recognised during the year (Note 7)	19,133	33,499
Contract Costs:		
- Cumulative	71,579	54,476
- Recognised during the year (Note 7)	22,836	29,186
Retention sums on contracts, included in trade receivables	2,238	2,131

32. OTHER RECEIVABLES

	GROUP		COMPANY	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Deposits	11,347	11,063	102	96
Prepayments	19,327	48,514	6,982	8,552
Staff loans	16,447	15,926	14,306	15,129
Project cost receivable	3,835	4,240	211	2,670
Interest receivable	2,504	198	-	-
Claims recoverable	2,141	2,031	266	417
Other taxes	26,751	20,254	-	-
Sundry receivables	33,872	40,922	816	1,770
	116,224	143,148	22,683	28,634
Amount due from an associated company	217	-	217	-
	116,441	143,148	22,900	28,634

The amount due from associated company is unsecured, non-interest bearing and has no fixed term of repayment.

33. AMOUNTS DUE FROM/TO SUBSIDIARY COMPANIES

	COMPANY	
	2004	2003
	RM'000	RM'000
Amounts due from subsidiary companies	1,177,253	1,254,909
Provision for doubtful debts	(143,723)	(133,923)
	1,033,530	1,120,986
Amounts due to subsidiary companies	777,182	836,122
Movements in provision for doubtful debts during the financial year were as follows:		
At 1 January	133,923	9,523
Reclassification from other payables	14,600	-
Disposal of a subsidiary company	(40,800)	-
Charged to income statement (Note 8)	36,000	124,400
At 31 December	143,723	133,923

The amounts due from subsidiary companies include an amount of RM306,546,000 (2003: RM833,599,000) which bore interest at rates ranging from 4% to 5% (2003: 4% to 5%) per annum. The amounts due to subsidiary companies include an amount of RM621,289,000 (2003: RM636,855,000) which bore interest at rates ranging from 4% to 5% (2003: 4% to 5%) per annum. All other amounts due from/to subsidiary companies are non-interest bearing.

All amounts due from/to subsidiary companies are unsecured and have no fixed terms of repayment.

34. SHORT-TERM INVESTMENTS

	GROUP	
	2004	2003
	RM'000	RM'000
At net realisable value:		
Shares quoted in Malaysia	14,862	9,936
Warrants/Loan stocks quoted in Malaysia	891	964
Corporate bonds	19,937	9,215
	35,690	20,115
At market value:		
Shares quoted in Malaysia	15,336	10,090
Warrants/Loan stocks quoted in Malaysia	891	964
Corporate bonds	20,115	9,215
	36,342	20,269

35. DEPOSITS, BANK BALANCES AND CASH

	GROUP		COMPANY	
	2004	**2003**	**2004**	**2003**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Fixed deposits with licensed banks	275,788	88,355	38,303	19,953
Fixed deposits with licensed financial institutions	309,962	103,275	78,833	10,803
Fixed deposits with licensed banks pledged for banking facilities	33,296	32,496	-	-
Cash held under Housing Development Accounts	195,520	84,972	-	-
Cash and bank balances	36,723	81,927	5,015	3,312
	851,289	391,025	122,151	34,068

The fixed deposits with licensed banks pledged to financial institutions were for credit facilities granted to certain Indonesian subsidiary companies, as disclosed in Note 38 to the financial statements.

Cash held under the Housing Development Accounts represents receipts from purchasers of residential properties less payments or withdrawals provided under Section 7A of the Housing Development (Control and Licensing) Amendment Act, 2002. These accounts are available only to the subsidiary companies involved in the property development activities.

The range of interest rates per annum for fixed deposits at the balance sheet date is as follows:

	GROUP		COMPANY	
	2004	**2003**	**2004**	**2003**
	%	**%**	**%**	**%**
Licensed banks	0.75 - 7.25	2.85 - 3.00	2.30 - 3.00	2.85 - 3.00
Licensed financial institutions	2.60 - 2.73	2.72 - 3.10	2.60 - 2.73	2.72 - 3.10

The range of maturities of fixed deposits at the end of the financial year is as follows:

	GROUP		COMPANY	
	2004	**2003**	**2004**	**2003**
	Days	**Days**	**Days**	**Days**
Licensed banks	1 - 92	10 - 29	1 - 92	10 - 29
Licensed financial institutions	1 - 25	2 - 29	1 - 25	2 - 29

36. OTHER PAYABLES

	GROUP		COMPANY	
	2004	**2003**	**2004**	**2003**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Staff costs	11,578	9,764	2,203	1,545
Retrenchment benefits	268	666	-	-
Real property gains tax	-	1,650	-	-
Advances from third parties	49,936	51,012	-	-
Accruals	79,642	84,435	17,191	13,074
Provision for amount due from a subsidiary company	-	-	-	14,600
Sundry payables	52,882	100,348	7,412	7,054
	194,306	247,875	26,806	36,273
Amount due to an associated company	-	2,134	-	-
	194,306	250,009	26,806	36,273

37. DEFERRED INCOME

	GROUP	
	2004	**2003**
	RM'000	**RM'000**
COST		
Surplus of sales proceeds over present value of future receivables	38,401	38,401
Net time share income	1,592	1,731
	39,993	40,132
ACCUMULATED ACCRETION		
At 1 January	17,155	6,650
Accretion for the year (Note 10)	7,229	10,505
At 31 December	24,384	17,155
Net	15,609	22,977
Less: Long-term portion	(9,922)	(15,748)
	5,687	7,229

38. BANK BORROWINGS

	GROUP		COMPANY	
	2004	**2003**	**2004**	**2003**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Secured:				
Bank overdrafts	19,900	103,634	-	-
Short-term loans	20,434	30,859	-	-
Current portion of long-term borrowings (Note 41)	199,670	295,557	117,800	237,500
	240,004	430,050	117,800	237,500
Unsecured:				
Bank overdrafts	2,667	1,974	-	574
Short-term loans	340,000	-	340,000	-
Bankers acceptances and export credit refinancing loans	197,931	229,663	190,340	191,600
Current portion of long-term borrowings (Note 41)	23,655	27,878	23,655	7,885
	564,253	259,515	553,995	200,059
	804,257	689,565	671,795	437,559

(a) Bank overdrafts of RM19,900,000 (2003: RM103,634,000) relating to certain overseas subsidiary companies are secured on trade and other receivables (Note 24) totalling RM16,631,000 (2003: RM87,851,000) and inventories (Note 30) amounting to RM11,784,000 (2003: RM40,257,000) of the subsidiary companies and guaranteed by the Company.

(b) Short-term loans of RM20,434,000 (2003: RM30,859,000) relating to certain subsidiary companies in Indonesia are secured on certificates of deposit of a subsidiary company of RM33,296,000 (2003: RM32,496,000) as disclosed in Note 35 to the financial statements.

The range of interest rates per annum for short-term bank borrowings is as follows:

	GROUP		COMPANY	
	2004	**2003**	**2004**	**2003**
	%	**%**	**%**	**%**
Floating Rates:				
Bank overdrafts	2.03 - 6.75	2.04 - 6.27	6.50	6.27
Bankers acceptances and export credit refinancing loans	2.90 - 3.28	2.93 - 3.34	2.92 - 3.28	2.93 - 3.34
Short-term loans:				
- Malaysian subsidiary companies	2.92 - 5.05	2.32 - 4.30	5.05	2.32 - 4.30
- Overseas subsidiary companies	8.59	2.04 -18.34	-	-

39. SHARE CAPITAL

	GROUP/COMPANY	
	2004	**2003**
	RM'000	**RM'000**
Authorised:		
Ordinary shares of RM1 each	1,500,000	1,500,000
Issued and fully paid:		
Ordinary shares of RM1 each		
At 1 January	1,001,207	1,001,125
Issued pursuant to the Second ESOS	4,212	82
At 31 December	1,005,419	1,001,207

Ordinary Shares Issued for Cash

During the financial year, the issued and paid-up share capital of the Company was increased from 1,001,207,400 ordinary shares of RM1 each to 1,005,419,300 ordinary shares of RM1 each following the issue of 4,211,900 ordinary shares of RM1 each pursuant to the Second Employees' Share Option Scheme ("Second ESOS") of the Company. The new shares were issued and credited as fully paid and ranked pari passu in all respects with the existing shares of the Company. The share premium arising from this issue amounting to RM4,784,528 has been credited to the share premium account.

Second Employees' Share Option Scheme

The Second ESOS of the Company was approved by the shareholders at the Extraordinary General Meeting of the Company held on 18 June 2003. The Scheme came into effect on 30 July 2003 and will be in force for a period of five (5) years and can be extended for another maximum period of five (5) years, subject to approvals by the relevant authorities.

The salient features of the Scheme are as follows:

(a) The maximum number of new ordinary shares to be made available under the Scheme should not in aggregate, exceed five percent (5%) of the total issued and paid-up share capital of the Company, at any one time during the existence of the Scheme provided that:

   (i) not more than fifty percent (50%) of the new shares available under the Scheme shall be allocated, in aggregate, to executive directors and senior management; and

   (ii) not more than ten percent (10%) of the new shares available under the Scheme shall be allocated to any individual or eligible employee who, individually or collectively through his associates, holds twenty percent (20%) or more of the issued and paid-up share capital of the Company.

39. SHARE CAPITAL (CONTD.)

(b) Eligible employees comprise employees of the Company and its eligible subsidiary companies incorporated in Malaysia (“the Group”) including executive directors of the Company, who have attained the age of eighteen (18) years and whose employment have been confirmed with at least one (1) continuous year of service (inclusive of service during any probationary period) in the Group prior to the date of offer of options to subscribe for shares in the Company. An employee or executive director who is employed on a contract basis must have served the Group for a duration of at least three (3) years (inclusive of service under any previous contract).

(c) The total number of new shares for subscription and allotment to eligible employees under the Scheme shall not exceed twenty per cent (20%) of the Maximum Allowable Allotment of the eligible employee in any year.

(d) Eligible employees are allowed to participate in the Scheme currently in operation of only one (1) member company of the Group.

(e) The options to subscribe for new shares may be exercised at any time before the expiry of the Scheme and may be exercised either in full or in part or in lesser number of shares, provided that the number shall be in multiples of and not less than one hundred (100) shares.

(f) The price at which the employees are entitled to exercise their options under the Scheme shall be at a discount of not more than ten per cent (10%) on the simple weighted average market price of the Company’s shares, as shown in the daily official list issued by Bursa Malaysia Securities Berhad for five (5) market days immediately preceding the respective dates of offer of the option shares or at par value of the Company’s shares, whichever is higher.

The terms of share options granted during the financial year and outstanding as at the end of the financial year are as follows:

			<--------------- Number of Share Options -------------->				
Grant Date	**Expiry Date**	**Exercise Price RM**	**As at 1.1.2004 '000**	**Granted '000**	**Exercised '000**	**Lapsed '000**	**As at 31.12.2004 '000**
2004							
08.08.03	29.07.08	2.16	5,514	-	(1,730)	(1,125)	2,659
28.10.03	29.07.08	2.31	244	-	(12)	(13)	219
04.02.04	29.07.08	2.32	-	370	(7)	(135)	228
30.04.04	29.07.08	2.26	-	266	(8)	(121)	137
02.08.04	29.07.08	2.12	-	11,072	(3,274)	(1,966)	5,832
28.10.04	29.07.08	2.41	-	650	-	(152)	498
			5,758	12,358	(5,031)	(3,512)	9,573

39. SHARE CAPITAL (CONTD.)

Grant Date	Expiry Date	Exercise Price RM	<--- Number of Share Options ---> As at 1.1.2003 '000	Granted '000	Exercised '000	Lapsed '000	As at 31.12.2003 '000
2003							
08.08.03	29.07.08	2.16	-	6,852	(181)	(1,157)	5,514
28.10.03	29.07.08	2.31	-	390	-	(146)	244
			-	7,242	(181)	(1,303)	5,758

Number of share options vested:

	2004 '000	2003 '000
At 1 January	5,758	-
At 31 December	9,573	5,758

Details of share options allotted during the financial year and the fair value, at exercise date, of ordinary shares issued are as follows:

Exercise Date	Exercise Price RM	Fair Value of Ordinary Shares RM	Number of Share Options '000	Consideration Received RM'000
2004				
January - March	2.16	2.45 - 2.80	383	826
April - June	2.16	2.29 - 2.65	352	761
April - June	2.31	2.64	10	23
July - September	2.12	2.52	26	56
July - September	2.16	2.52	32	69
October - December	2.12	2.39 - 2.73	2,595	5,502
October - December	2.16	2.39 - 2.73	798	1,724
October - December	2.26	2.42 - 2.47	7	16
October - December	2.31	2.42	2	5
October - December	2.32	2.39 - 2.73	7	15
			4,212	8,997
Less: Par value of ordinary shares				(4,212)
Share premium				4,785
2003				
October - December	2.16	2.48 - 2.60	82	178
Less: Par value of ordinary shares				(82)
Share premium				96

39. SHARE CAPITAL (CONTD.)

The list of employees granted options to subscribe for 50,000 or more ordinary shares of RM1 each during the financial year is as follows:

Name of Option Holders	Grant Date	Expiry Date	Exercise Price RM	<--- Number of Share Options --> Granted	Exercised	As at 31.12.2004
Tong Poh Keow	02.08.04	29.07.08	2.12	70,000	-	70,000
Mohamad Helmy Othman Basha	04.02.04 & 02.08.04	29.07.08	2.32 & 2.41	95,500	-	95,500
Saadiah Haji Hussin	02.08.04	29.07.08	2.12	52,000	-	52,000
Abdul Aziz Abu Bakar	02.08.04	16.03.06	2.12	70,000	-	70,000
Ong See Boon	02.08.04	18.04.07	2.12	63,000	-	63,000
Norzilah Megawati Dato' Abdul Rahman	02.08.04	29.07.08	2.12	63,000	-	63,000
Chandra Sekaran a/l P. R. Nair	02.08.04	23.10.06	2.12	50,700	-	50,700
Rusli Ujang	02.08.04	29.07.08	2.12	50,700	50,700	-
Ahmad Zabri Mohd. Yaman	02.08.04 & 29.10.04	29.07.08	2.12 & 2.41	54,500	-	54,500
Zarul Akmar Abd. Aziz	02.08.04	29.07.08	2.12	58,500	-	58,500

40. RESERVES

	GROUP 2004 RM'000	GROUP 2003 RM'000	COMPANY 2004 RM'000	COMPANY 2003 RM'000
Distributable:				
Revenue reserve	1,059,127	952,469	62,919	70,773
Dividend proposed (Note 16)	36,195	36,043	36,195	36,043
Capital reserve arising from disposal of properties	43,104	43,104	-	-
	1,138,426	1,031,616	99,114	106,816
Non-distributable:				
Share premium	6,472	1,687	6,472	1,687
Revaluation reserve	715,555	734,065	165,645	165,664
Capital reserves:				
Capital redemption reserve	10,892	10,892	-	-
Legal reserve	309	309	-	-
Exchange reserve	72,476	292,441	-	-
	805,704	1,039,394	172,117	167,351
	1,944,130	2,071,010	271,231	274,167

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

Based on the estimated tax credit and tax-exempt income balance available, the entire distributable reserves of the Company are available to frank the payment of dividends without having to incur any additional tax liability.

The nature and purpose of each category of reserve are as follows:

(a) Revaluation Reserve

Revaluation reserve comprises the surplus arising from revaluation and includes the cumulative net change of the excess of fair value over cost of landed properties, net of deferred tax liabilities.

(b) Capital Redemption Reserve

Capital redemption reserve represents a transfer from revenue reserve arising from the redemption of redeemable preference shares by certain subsidiary companies.

40. RESERVES (CONTD.)

(c) Legal Reserve

Legal reserve arises from the provisions of the Civil and Commercial Code in Thailand, where an associated company is required to set aside legal reserve of at least 5% of net income at each dividend declaration until the reserve reaches 10% of the said company's authorised share capital.

(d) Exchange Reserve

Exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of overseas subsidiary companies.

41. LONG-TERM BORROWINGS

	GROUP		COMPANY	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Secured:				
Term loans	1,800,799	1,639,032	1,396,500	1,216,000
Islamic Lease SUKUK	380,000	570,000	380,000	570,000
Al-Bai Bithaman Ajil	4,000	8,000	-	-
	2,184,799	2,217,032	1,776,500	1,786,000
Unsecured:				
Term loans	23,655	31,540	23,655	31,540
Al-Bai Bithaman Ajil	129,000	148,993	129,000	129,000
Murabahah Medium Term Notes	400,000	-	-	-
	552,655	180,533	152,655	160,540
Total bank borrowings	2,737,454	2,397,565	1,929,155	1,946,540
Hire purchase and finance lease payables	1,066	3,245	-	-
Less: Current portion of borrowings included under current liabilities				
- Secured (Note 38)	(199,670)	(295,557)	(117,800)	(237,500)
- Unsecured (Note 38)	(23,655)	(27,878)	(23,655)	(7,885)
	2,515,195	2,077,375	1,787,700	1,701,155
Unamortised deferred financing expenses	(10,238)	(11,607)	(8,876)	(11,607)
Unamortised SUKUK issuance expenses	(2,102)	(4,039)	(2,102)	(4,039)
	2,502,855	2,061,729	1,776,722	1,685,509

41. LONG-TERM BORROWINGS (CONTD.)

	GROUP 2004 RM'000	GROUP 2003 RM'000	COMPANY 2004 RM'000	COMPANY 2003 RM'000
Unamortised deferred financing expenses:				
At 1 January	11,607	2,551	11,607	2,551
Incurred during the year	1,362	12,404	-	12,404
Amortised during the year (Note 9)	(2,731)	(3,348)	(2,731)	(3,348)
At 31 December	10,238	11,607	8,876	11,607
Unamortised SUKUK issuance expenses:				
At 1 January	4,039	5,988	4,039	5,988
Amortised during the year (Note 9)	(1,937)	(1,949)	(1,937)	(1,949)
At 31 December	2,102	4,039	2,102	4,039

The repayment schedule on total long-term borrowings, excluding hire purchase and finance lease payables, are as follows:

	GROUP 2004 RM'000	GROUP 2003 RM'000	COMPANY 2004 RM'000	COMPANY 2003 RM'000
Within one year	222,259	321,288	141,455	245,385
Between one to two years	1,043,755	816,809	948,925	634,480
Between two to five years	1,071,440	1,259,468	838,775	1,066,675
More than five years	400,000	-	-	-
	2,737,454	2,397,565	1,929,155	1,946,540

(a) Serial Islamic Lease SUKUK Issuance Facility ("SUKUK")

The SUKUK Issue was structured under the Syariah principle of Al-Ijarah Al-Muntahiyah Bit-Tamlik or sale and leaseback and issued via a special purpose vehicle, First Global Sukuk Inc., a company incorporated in Labuan. The SUKUK Issue was listed on the Labuan International Financial Exchange ("LFX") on 25 January 2002.

The SUKUK Series A issue of RM190,000,000 (USD50,000,000) was fully repaid during the year. The outstanding SUKUK Series B issue of RM380,000,000 (USD100,000,000) has an Al-Ijarah return of USD LIBOR plus 2.0% and is repayable on 24 December 2006.

The SUKUK Issue is secured on property assets of the Group amounting to RM222,627,000 (2003: RM354,330,000) and is redeemable at par on maturity.

41. LONG-TERM BORROWINGS (CONTD.)

(a) Serial Islamic Lease SUKUK Issuance Facility ("SUKUK") (contd.)

GROUP/COMPANY

	2004		2003	
	Minimum Payments RM'000	Present Value of Payments RM'000	Minimum Payments RM'000	Present Value of Payments RM'000
Within one year	18,088	17,266	207,361	201,828
Between one to two years	398,088	362,734	404,415	368,172
	416,176	380,000	611,776	570,000
Less: Al-Ijarah return	(36,176)	-	(41,776)	-
	380,000	380,000	570,000	570,000

(b) Al-Bai Bithaman Ajil ("BBA Facility")

The BBA facility is based on the Syariah principle of deferred payment sales. This comprises two facilities of RM129,000,000 and RM4,000,000 which are repayable over the next four years and one year respectively.

(c) Murabahah Medium Term Notes ("MMTN")

The MMTN totalling RM400 million, consists of RM300 million five-year tranche and RM100 million seven-year tranche, with average yield of 5.98% per annum and 6.70% per annum respectively. The MMTN was structured under the Syariah principle of Murabahah or deferred payment concept.

(d) Hire Purchase and Finance Lease Payables

GROUP

	2004		2003	
	Minimum Payments RM'000	Present Value of Payments RM'000	Minimum Payments RM'000	Present Value of Payments RM'000
Within one year	1,215	1,066	2,683	2,174
Between one to two years	-	-	1,205	1,071
	1,215	1,066	3,888	3,245
Less: Future finance charges	(149)	-	(643)	-
	1,066	1,066	3,245	3,245

41. LONG-TERM BORROWINGS (CONTD.)

The range of interest rates per annum for the long-term borrowings is as follows:

	GROUP		COMPANY	
	2004	2003	2004	2003
	%	%	%	%
Floating Rates:				
Term loans				
- Malaysian subsidiary companies	2.78 - 8.80	2.32 - 8.80	2.78 - 4.25	2.32 - 4.25
- Overseas subsidiary companies	4.38 - 17.25	4.42 - 19.0	-	-
Islamic Lease SUKUK	3.85 - 4.76	2.50 - 3.40	3.85 - 4.76	2.50 - 3.40
Fixed Rates:				
Al-Bai Bithaman Ajil	4.25 - 6.70	4.25 - 8.80	4.25	4.25
Hire purchase and finance lease payables	10.29 -13.99	12.80 - 19.28	-	-

41. LONG-TERM BORROWINGS (CONTD.)

Details of net book value of collaterals pledged against long-term borrowings as at 31 December 2004 are as follows:

	Long-term Borrowings 31.12.2004 RM'000	Year of Maturity	Net Book Value of Collaterals RM'000	Collaterals
Company	294,500	2006 - 2008	436,584	Shares in quoted subsidiary companies
Company	1,102,000	2008 - 2009	451,263	Property, plant and equipment of the Company certain subsidiary companies
Company	380,000	2006	222,627	Assets of certain subsidiary companies
Malaysian subsidiary company	4,000	2005	15,877	Property of subsidiary company and corporate guarantee of the Company
Indonesian subsidiary companies	23,435	2009	86,165	Property, plant and equipment, trade receivables, inventories, fixed deposits and shares of certain subsidiary companies
Indonesian subsidiary companies	216,289	2008	340,089	Fixed and floating charge over assets of certain subsidiary companies, quoted shares of a Malaysian subsidiary company and corporate guarantee of the Company
Indonesian subsidiary companies	113,907	2008	272,376	Fixed and floating charge over assets of certain subsidiary companies and corporate guarantee of the Company
Indonesian subsidiary companies	50,668	2009	36,879	Property, plant and equipment, trade receivables and inventories of certain subsidiary companies and corporate guarantee of the Company
	2,184,799		1,861,860	

42. LONG-TERM PAYABLE

In 2003, the long-term payable relates to the amount payable to the main contractor in respect of the works performed on the Guthrie Corridor Expressway which was due on completion of the construction of the expressway. The amount has been fully paid to the main contractor during the current financial year.

43. RETIREMENT BENEFITS

GROUP

Movements in net liability during the financial year were as follows:

	Malaysia RM'000	Indonesia RM'000	Total RM'000
At 1 January 2003	7,020	1,112	8,132
Charged to income statement (Note 8(c))	(1,230)	8,888	7,658
Contributions paid	(472)	(5,585)	(6,057)
At 31 December 2003	5,318	4,415	9,733
Exchange differences	-	(393)	(393)
Charged to income statement (Note 8(c))	870	10,781	11,651
Contributions paid	(585)	(6,993)	(7,578)
Transfer assets	-	(3,475)	(3,475)
At 31 December 2004	5,603	4,335	9,938

The amounts recognised in the balance sheet are determined as follows:

	Malaysia RM'000	Indonesia RM'000	Total RM'000
At 31 December 2004:			
Present value of defined benefit obligations	5,695	42,483	48,178
Fair value of plan assets	-	(36,283)	(36,283)
Unrecognised net actuarial losses	-	3,219	3,219
Unrecognised net transition assets	(92)	(5,084)	(5,176)
Net liability	5,603	4,335	9,938
At 31 December 2003:			
Present value of defined benefit obligations	5,410	25,745	31,155
Fair value of plan assets	-	(12,728)	(12,728)
Unrecognised net actuarial losses	-	(378)	(378)
Unrecognised net transition assets	(92)	(8,224)	(8,316)
Net liability	5,318	4,415	9,733

43. RETIREMENT BENEFITS (CONTD.)

GROUP (CONTD.)

The amounts recognised in the income statement are as follows:

	Malaysia RM'000	Indonesia RM'000	Total RM'000
At 31 December 2004:			
Current service cost	546	6,843	7,389
Interest cost	324	3,394	3,718
Expected return on plan assets	-	(1,504)	(1,504)
Net transition liabilities	-	2,048	2,048
	870	10,781	11,651
At 31 December 2003:			
Current service cost	378	5,498	5,876
Interest cost	215	2,403	2,618
Expected return on plan assets	-	(1,070)	(1,070)
Net transition liabilities	-	2,057	2,057
Net transition assets	(1,823)	-	(1,823)
	(1,230)	8,888	7,658

COMPANY

Movements in net liability during the financial year were as follows:

	2004 RM'000	2003 RM'000
At 1 January	52	70
Charged to income statement (Note 8(c))	9	(18)
Contributions paid	(8)	-
At 31 December	53	52

The amount recognised in the balance sheet is determined as follows:

	2004 RM'000	2003 RM'000
At 31 December:		
Present value of defined benefit obligations	53	52

43. RETIREMENT BENEFITS (CONTD.)

COMPANY (CONTD.)

The amount recognised in the income statement is as follows:

	2004 RM'000	2003 RM'000
At 31 December:		
Current service cost	6	5
Interest cost	3	3
Net transition assets	-	(26)
	9	(18)

The Group's subsidiary companies in Malaysia, involved in plantation operations, operate an unfunded, defined retirement benefit scheme for plantation workers as provided under the agreement between the Malayan Agricultural Producers Association ("MAPA") and the National Union of Plantation Workers. The benefits payable are determined based on the length of service at predetermined contractual rates.

Certain subsidiary companies in Indonesia operate a funded defined benefit scheme for qualified permanent employees.

The obligations under the schemes are calculated using the Projected Unit Credit Method carried out at least every three years based on actuarial computations by independent actuaries. The most recent review for the Company and subsidiary companies in Malaysia was performed in December 2003 whilst for subsidiary companies in Indonesia, it was performed in December 2004. The principal actuarial assumptions used are as follows:

	Malaysia		Indonesia	
	2004 %	2003 %	2004 %	2003 %
Discount rate	7	7	10	12
Expected return on plan assets	N/A	N/A	7	12
Expected rate of salary increases	4	4	8	10

The Group’s subsidiary companies in the United Kingdom operate defined benefit pension schemes funded by payments to insurance companies. Pension costs are charged to the income statement in a systematic manner over the service lives of the employees. Contributions are also made to personal pension plans of certain employees and are charged to the income statement as incurred.

44. SIGNIFICANT RELATED PARTY TRANSACTIONS

	GROUP		COMPANY	
	2004	**2003**	**2004**	**2003**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Trade transactions:				
Agency fees charged to subsidiary companies	-	-	33,310	32,204
Selling commission and other expenses charged to subsidiary companies	-	-	12,542	10,904
Non-trade transactions:				
Interest on housing loan received from Tan Sri Dato' Abdul Khalid Ibrahim, a former director of the Company	-	(178)	-	(178)
Interest paid/payable to subsidiary companies	-	-	31,196	28,943
Interest received/receivable from subsidiary companies	-	-	(24,579)	(37,225)
Advances to subsidiary companies	-	-	484,887	138,848
Advances from subsidiary companies	-	-	(765,631)	(390,421)

The above transactions have been entered into in the normal course of business at terms mutually agreed between the parties. All the transactions have been fully settled as at 31 December, except for the following amounts:

	GROUP		COMPANY	
	2004	**2003**	**2004**	**2003**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Trade transactions due from subsidiary companies	-	-	42,378	40,199
Non-trade transactions due from subsidiary companies	-	-	181,274	177,929

45. COMMITMENTS

(a) Capital Expenditure

	GROUP		COMPANY	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Property, plant and equipment:				
Approved and contracted for	657	3,659	-	-
Approved but not contracted for	262,505	292,730	6,607	7,927
Concession asset	105,651	463,812	-	-
	368,813	760,201	6,607	7,927

Commitments in respect of the concession asset represent anticipated further expenditure to completion of the Guthrie Corridor Expressway. The amounts already capitalised are set out in Note 21 to the financial statements.

(b) Plasma Plantation Projects

Two subsidiary companies in Indonesia, PT Bahari Gembira Ria and PT Tamaco Graha Krida have commitments to develop 12,000 hectares of oil palm plantations for the Plasma Farmers under PIR-Trans program at Kabupaten Batanghari (Province of Jambi) and Kabupaten Poso (Province of Central Sulawesi) respectively, of which about 4,255 hectares is pending conversion.

(c) "Kredit Koperasi Primer untuk Anggotanya (KKPA)" Plantation Projects

Under the KKPA program, a subsidiary company in Indonesia, PT Sajang Heulang has entered into a commitment to develop oil palm plantations as follows:

(i) a Cooperation Agreement and Credit Agreement to develop 4,000 hectares located in Kabupaten Kotabaru, Province of South Kalimantan.

(ii) a Cooperation Agreement and Credit Agreement to develop 1,466 hectares (of 6,000 hectares) located in Kabupaten Tanah Bumbu, Province of South Kalimantan.

(iii) a Cooperation Agreement and Credit Agreement to develop 4,748 hectares located in Kabupaten Kotabaru, Province of South Kalimantan.

(iv) the development of 4,581 hectares located in the neighbourhood of (i), (ii) and (iii) above which is financed through internal funds.

46. CONTINGENT LIABILITIES

(a) Material Litigations

COMPANY

(i) Breach of terms pursuant to a lease agreement

In 1998, a legal suit was filed by the registered owner against the Company to forfeit a lease which is due to expire in 2026, on grounds that the Company has breached the terms of the lease. The sub-tenant of the building premises, whose sub-tenancy has been terminated, has sought a declaration that it holds a valid sub-tenancy over the premises or, in the alternative, is claiming for special damages. The Company contends that there is no breach of the terms of the lease and is also seeking relief from the forfeiture of the lease. The Company also contends that the sub-tenancy has been validly terminated. Based on legal counsel's advice, the directors are of the opinion that it is not possible to quantify the damages/loss likely to be suffered by the Company.

On 2 February 2005, the legal counsel of the plaintiff filed the consent to discontinue the suit against the Company and the sub-tenant with no order as to costs. The relevant lease in favour of the Company is therefore valid and subsisting. The Company's withdrawal of the counterclaim against the sub-tenant is however, subject to the settlement of outstanding rental. Once the outstanding rental is paid, a notice of discontinuance will be filed by the Company and the sub-tenant.

(ii) Breach of contract

On 3 May 2001, a legal suit was filed against the Company for an alleged breach of contract on the provision for consultancy services in connection with the acquisition of subsidiary companies in Indonesia. The amount claimed by the plaintiff was for a sum of USD25.76 million (equivalent to RM97.89 million), damages of 9% per annum and interest of 6% per annum, both calculated from the date of submission of the claim until the full settlement of the amount claimed.

On 29 October 2001, the District Court dismissed the plaintiff's civil suit with costs. The plaintiff appealed to the High Court of Jakarta. On 27 February 2003, the High Court of Jakarta rejected the appeal by the plaintiff.

46. CONTINGENT LIABILITIES (CONTD.)

(a) Material Litigations (contd.)

(ii) Breach of contract (contd.)

On 17 September 2003, the plaintiff filed a fresh legal suit against the Company and six of its Indonesian subsidiary companies on the same alleged breach of contract. The plaintiff also applied and obtained, on an exparte basis, from the District Court of South Jakarta on 30 October 2003, a conservatory order over the immovable and movable assets of four Indonesian subsidiary companies. On an application by the subsidiary companies, the Court granted the revocation of the conservatory orders against three subsidiary companies as there are existing encumbrances over the lands owned by those companies in favour of certain financial institutions. However, for another subsidiary company, the Court did not grant a revocation but only allowed for the proceeds of estate operations to be utilised by the subsidiary company.

On 28 October 2004, the District Court of South Jakarta rejected the plaintiff's claim in its entirety and decided in favour of the Company and the six Indonesian subsidiary companies. The only remaining conservatory order on one of the subsidiary companies was revoked. On 26 November 2004, the plaintiff filed an appeal against the decision of the District Court. The Company is opposing this appeal.

As at the date of this report, the directors are of the opinion that it is not possible to predict the outcome of the case.

GROUP

Overseas Subsidiary Companies

The following pending legal actions were instituted against certain subsidiary companies in Indonesia:

(iii) Damages/alleged losses suffered due to open burning

In 1998, several legal suits were filed against certain subsidiary companies for alleged damages/losses suffered of approximately Rp427 billion (equivalent to RM175 million) due to alleged open burning to clear land by the said subsidiary companies which had spread onto the plaintiffs' land. At the District Court, the plaintiffs' claims were partially accepted. The subsidiary companies appealed to the High Court and succeeded in getting the plaintiffs' claim rejected. The plaintiffs subsequently appealed to the Supreme Court and the case is presently pending decision.

46. CONTINGENT LIABILITIES (CONTD.)

(a) Material Litigations (contd.)

Overseas Subsidiary Companies (contd.)

(iii) Damages/alleged losses suffered due to open burning (contd.)

Following the acquisition of Indonesian subsidiary companies, the Sellers have agreed to indemnify the Company and its subsidiary companies against any sum payable to the plaintiffs in relation to the above legal suit up to a maximum of USD12 million (equivalent to RM45.6 million).

(iv) Damages/alleged losses suffered involving land disputes

In 1998, a legal suit was filed against a subsidiary company for damages/losses suffered of approximately Rp13 billion (equivalent to RM5.3 million) allegedly caused by clearing of land occupied by the plaintiffs. Both the District Court and the High Court have decided in favour of the subsidiary company. The plaintiffs have filed an appeal to the Supreme Court which is presently pending decision.

(v) Damages/alleged losses suffered involving land disputes

In 1999, a legal suit was filed against a subsidiary company for damages/losses suffered of approximately Rp22 billion (equivalent to RM9 million) for material loss and Rp50 billion (equivalent to RM20.5 million) for moral loss allegedly caused by clearing, occupying and planting of oil palm on the plaintiff's land. At the District Court, the plaintiff's claim was rejected. At the High Court, the plaintiff's claim was partially accepted and the High Court ordered the subsidiary company to cease all activities on the disputed land and to surrender the said land to the plaintiff. The subsidiary company has subsequently filed an appeal to the Supreme Court of Jakarta. The case is presently pending decision of the Supreme Court.

Based on legal counsel's advice, the directors are of the opinion that the outcome of the abovementioned cases are not determinable at the date of this report.

46. CONTINGENT LIABILITIES (CONTD.)

(b) Guarantees (Unsecured)

(i) The Company has provided guarantees amounting to RM572,273,000 (2003: RM755,070,000) to financial institutions in respect of credit facilities granted to certain subsidiary companies.

(ii) In prior years, certain subsidiary companies have given guarantees to the liquidators of certain other companies for which liquidation commenced in 1977, to indemnify them against any claims and damages which may be sustained in connection with the settlement or discharge of any liabilities arising out of the distribution of assets 'in specie' by the liquidators. The potential liability, if any, cannot yet be quantified. The directors are of the opinion that there would not be any material liability arising from the guarantees given.

(iii) A subsidiary company in the United Kingdom has entered into guarantees in respect of deferred accounting for Value Added Tax on imports. The limit of these guarantees is RM292,000 (2003: RM1,696,000) and the utilisation as at 31 December 2004 was RM102,000 (2003: RM493,000).

(iv) The Company has provided guarantees amounting to RM101,454,000 to third parties in respect of certain tenders awarded to a subsidiary company.

(v) Certain subsidiary companies in Indonesia have provided guarantees amounting to approximately Rp342 billion (equivalent to RM140 million) for the development of oil palm plantations for small holders through the KKPA program as disclosed in Note 45(c) to the financial statements.

(c) Others

(i) There are claims for interest on certain other payables of a subsidiary company in Indonesia amounting to Rp43.6 billion (equivalent to RM17.9 million). The management is of the opinion that such payables should be non-interest bearing and, accordingly, did not accrue and record the said interest claims. In the absence of any agreement between both parties, there is uncertainty of the amount of interest charges that should be accrued and recorded in the financial statements of the subsidiary company and the Group.

(ii) In relation to the construction of the Guthrie Corridor Expressway, several former land owners have filed appeals under the Land Acquisition Act, 1960, claiming for higher compensation on the values of the land acquired. At the date of this report, the estimated potential claim arising, if any, is not quantifiable.

47. CONTINGENT ASSETS

	GROUP	
	2004	**2003**
	RM'000	**RM'000**
Difference between the amount claimed and the amount awarded by the Government in respect of land acquired or utilised by the Government	220,548	224,353

48. 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 foreign exchange, interest rate, price fluctuation, 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) Foreign Exchange Risk

The Group operates internationally and is exposed to various currencies, mainly Indonesian Rupiah, United States Dollar and Euro. Foreign currency denominated assets and liabilities together with expected cash flows from highly probable purchases and sales give rise to foreign exchange exposures.

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. Material foreign currency transaction exposures are hedged, mainly with derivative financial instruments such as forward foreign exchange contracts.

48. FINANCIAL INSTRUMENTS (CONTD.)

(b) Foreign Exchange Risk (contd.)

The net unhedged financial assets and financial liabilities of the Group that are not denominated in their functional currencies are as follows:

Functional Currency of Group Companies	Net Current Assets/(Liabilities) Held in <------------- Non-Functional Currency ---------------> United States Dollar RM'000	Euro RM'000	Indonesian Rupiah RM'000	Total RM'000
At 31 December 2004:				
Ringgit Malaysia	(1,786,688)	280	-	(1,786,408)
Indonesian Rupiah	(352,198)	-	-	(352,198)
Sterling Pound	(2,492)	3,226	-	734
United States Dollar	-	-	50,962	50,962
	(2,141,378)	3,506	50,962	(2,086,910)
At 31 December 2003:				
Ringgit Malaysia	(1,812,612)	123	-	(1,812,489)
Indonesian Rupiah	(361,248)	-	-	(361,248)
Sterling Pound	15,130	27,122	-	42,252
United States Dollar	-	-	20,676	20,676
	(2,158,730)	27,245	20,676	(2,110,809)

As at 31 December 2004, the Group had entered into forward foreign exchange contracts with the following notional amounts and maturities:

	Currency	Mature Within One Year RM'000	Total Notional Amount RM'000
Forward contracts used to hedge anticipated sales	USD	4,583	4,583

48. FINANCIAL INSTRUMENTS (CONTD.)

(b) Foreign Exchange Risk (contd.)

The net unrecognised gains as at 31 December 2004 on forward contracts used to hedge anticipated sales which are expected to occur during the financial year 2005 amounted to RM17,000 and are deferred until the related sales occur, at which time they will be included in the measurement of the sales.

(c) Interest Rate Risk

The Group's primary interest rate risk relates to interest-bearing debt. The Group had no substantial long-term interest-bearing assets as at 31 December 2004. The investments in financial assets are mainly short-term in nature and have been mostly placed in fixed deposits or occasionally, in short-term commercial papers which yield better returns than cash at bank.

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

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

As at 31 December 2004, the Company has entered into interest rate swaps ("IRS") to reduce the Group's exposure from adverse fluctuations in interest rates on underlying debt instruments as follows:

Interest Rate Swap	Derivative Product	Notional Amount	Effective Period	Purpose	Weighted Average Rate p.a.
USD Term Loan	IRS	RM954.75 million (equivalent to USD251.25 million)	01/12/03 to 27/11/09	To convert floating rate liabilities into fixed rate liabilities	3.43%-6.0% for the entire tenor of the liability
Ringgit 5-7 Year Islamic Bond	IRS	RM160 million	19/03/04 to 18/03/11	To convert fixed rate liabilities into floating rate liabilities	4.54% - 4.69%

48. FINANCIAL INSTRUMENTS (CONTD.)

(c) Interest Rate Risk (contd.)

Interest Rate Swap	Derivative Product	Notional Amount	Effective Period	Purpose	Weighted Average Rate p.a.
Ringgit 5-7 Year Islamic Bond	KLIBOR to USD LIBOR Swap (settlement in Ringgit)	RM90 million	14/04/04 to 19/03/07	To convert fixed rate liabilities into floating rate liabilities based on USD LIBOR	5.64% - 6.22%

All the above instruments were executed with creditworthy financial institutions and the directors are of the view that the possibility of non-performance by these financial institutions is unlikely on the basis of their respective financial strengths.

(d) Price Fluctuation Risk

The Group is exposed to price fluctuation risk on commodities particularly of palm oil. The Group mitigates its risk to the price volatility through forward hedging contracts in futures and selling forward in the physical market.

(e) 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 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.

48. FINANCIAL INSTRUMENTS (CONTD.)

(f) 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 by limiting the Group's associations to business partners with high creditworthiness. Trade receivables are monitored on an ongoing basis through 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.

The Group's normal trade credit terms granted to customers range from 30 to 90 days. Other credit terms are assessed and approved on a case-by-case basis. The normal trade credit terms granted to the Group by its creditors range from 14 to 90 days.

(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:

		2004		2003	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
	Note	RM'000	RM'000	RM'000	RM'000
GROUP					
Financial Assets					
Other investments:					
- Quoted shares	23	277	1,503	277	1,304
- Unquoted shares	23	1,314	#	1,314	#
- Malaysian Government Securities	23	959	1,106	959	1,093
Short-term investments:					
- Quoted shares	34	14,862	15,336	9,936	10,090
- Corporate bonds	34	19,937	20,115	9,215	9,215
Financial Liabilities					
Long-term borrowings	41	2,502,855	2,346,518	2,061,729	1,985,034

48. FINANCIAL INSTRUMENTS (CONTD.)

(g) Fair Values (contd.)

	Note	2004 Carrying Amount RM'000	2004 Fair Value RM'000	2003 Carrying Amount RM'000	2003 Fair Value RM'000
COMPANY					
Financial Assets					
Other investments - unquoted shares	23	959	#	959	#
Loans to subsidiary companies	22	314,184	##	324,259	##
Amounts due from subsidiary companies	33	1,033,530	##	1,120,986	##
Financial Liabilities					
Amounts due to subsidiary companies	33	777,182	##	836,122	##
Loans from subsidiary companies	22	87,000	##	351,348	##
Long-term borrowings	41	1,776,722	1,662,649	1,685,509	1,626,934

It is not practicable to estimate the fair value of the non-current investments in unquoted shares because of the lack of quoted market prices and the inability to estimate fair value without incurring excessive costs. However, the Group believes that the carrying amount represents the recoverable values.

It is also not practicable to estimate the fair values of balances due to/from subsidiary companies due principally to a lack of fixed repayment terms entered into by the parties involved and without incurring excessive costs. However, the Group does not anticipate the carrying amounts recorded at the balance sheet date to be significantly different from the values that would eventually be received or settled.

The nominal/notional amounts and net fair value of financial instruments not recognised in the balance sheets of the Group and of the Company as at 31 December 2004 are as follows:

	Nominal/ Notional Amount RM'000	Net Fair Value RM'000
Interest rate swap agreements	1,204,750	4,606
Forward foreign exchange contracts	4,583	17

48. FINANCIAL INSTRUMENTS (CONTD.)

(g) Fair Values (contd.)

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

(i) Cash and cash equivalents, trade and other receivables/payables and short-term borrowings

The carrying amounts approximate fair values due to the relatively short-term maturity of these financial instruments.

(ii) Investments in quoted shares

The fair value of quoted shares is determined by reference to stock exchange quoted market bid prices at the close of business on the balance sheet date.

(iii) Borrowings

The fair value of borrowings is estimated by using discounted cash flow analysis, based on current incremental lending rates for liabilities with similar risk profiles.

(iv) Derivative Financial Instruments

The fair value of a forward foreign currency contract is the estimated amount which the Group would expect to pay or receive on the termination of the outstanding position arising and is determined by reference to the difference between the contracted rate and forward exchange rate as at the balance sheet date applied to a contract of similar quantum and maturity profile.

The fair value of an interest rate swap is the amount that would be payable or receivable upon termination of the position at the balance sheet date, and is calculated as the difference between present value of the estimated future cash flows at the contracted rate compared to that calculated at the market rate at the balance sheet date.

49. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) Proposed Rationalisation

The Proposed Rationalisation was announced by the Board of Directors of the Company on 30 May 2003, as follows:

(i) The conditional restructuring agreement entered into on 29 May 2003 between the Company, Highlands & Lowlands Berhad ("H&L") and Guthrie Property Development Holding Berhad ("GPDH"), a subsidiary and associated company of the Company and H&L respectively, (“H&L and GPDH Agreement”), to undertake a proposed merger of the Company and H&L and the subsequent listing of GPDH on the Main Board of Bursa Malaysia Securities Berhad (“Proposed H&L Merger”); and

(ii) The conditional restructuring agreement entered into on 29 May 2003 between the Company and Guthrie Ropel Berhad ("Ropel") (“Ropel Agreement”), to undertake a proposed merger of the Company and Ropel (“Proposed Ropel Merger”).

The H&L and GPDH Agreement and Ropel Agreement were collectively referred to as the “Restructuring Agreements”.

At the Court Convened Meeting and at the Extraordinary General Meeting of H&L held on 8 September 2004, the Proposed H&L Merger was not approved by the shareholders of H&L and at the Court Convened Meeting and the Extraordinary General Meeting of Ropel held on 9 September 2004, the Proposed Ropel Merger was withdrawn by the directors of Ropel. Consequently, at the Extraordinary General Meeting of the Company held on 9 September 2004, the Proposed Mergers were not carried.

On 3 January 2005, the Board of Directors announced that as all conditions precedent to the Restructuring Agreements were not fulfilled as of the cut-off date on 31 December 2004, the aforesaid agreements were deemed terminated.

(b) Sale of Subsidiary Companies

(i) On 11 June 2004, the Group disposed of its entire equity interests in Guthrie Latex Inc., a wholly-owned subsidiary company based in the United States of America and involved in the rubber merchanting operations, for a total cash consideration of USD2,200,000. Consequent to the completion of the sale, the wholly-owned subsidiary companies of Guthrie Latex Inc., namely Envirotech Enterprises Inc., 2555 North Jackrabbit Inc. and Guthrie Data Systems Inc. also ceased to be subsidiary companies of the Company. The disposal was following the decision of the Group to cease the cultivation of rubber. The disposal resulted in a gain of RM9,546,000 and RM7,267,000 to the Group and to the Company respectively.

49. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONTD.)

(b) Sale of Subsidiary Companies (contd.)

(ii) On 5 October 2004, the Company announced that:

It had entered into a conditional Share Sale Agreement with Matang Manufacturing Sdn. Bhd. ("Matang") to dispose of its entire equity interest in Guthrie Medicare Products (NS) Sdn. Berhad ("GMP"), a wholly-owned subsidiary involved in the manufacturing of rubber gloves, for a cash consideration of RM14,800,000.

The Company and Guthrie Overseas Limited, a subsidiary company of the Company had jointly entered into a Share Sale Agreement with Matang to dispose the entire equity interest in Healthline Products Limited for a cash consideration of RM2,000,000.

Completion of the Proposed GMP Disposal is also inter-conditional with the Land Sale and Puchase Agreement ("Land SPA") entered into by Matang with Kumpulan Sua Betong Sdn. Bhd., a wholly-owned subsidiary of Highlands & Lowlands Berhad. The Land SPA is in relation to the disposal of the 6.758 hectares of freehold land on which the rubber gloves factory is erected thereon. Completion of the Proposed GMP Disposal shall take place simultaneously with the completion of the Land SPA.

At the date of this report, the proposed disposals are pending the completion of certain conditions.

(c) Sale of Land

A conditional sale and purchase agreement was entered into between Highlands & Lowlands Berhad (H&L) and Guthrie Property Development Holding Berhad for the proposed disposal by H&L of a total of 1,609.49 acres of land which comprises a piece of freehold land in the Mukim of Bukit Raja, District of Petaling, Selangor and part of a freehold land in the Mukim of Kapar, District of Klang, Selangor for a total consideration of RM210 million. The proposed sale of land was approved by the shareholders of H&L and the Company at the Extraordinary General Meetings held on 8 September 2004 and 9 September 2004 respectively. The proposed sale of land was deemed completed on 27 December 2004 as all conditions precedent have been fulfilled.

50. COMPARATIVES

The following comparative figures as at 31 December 2003 have been restated as a result of the change in accounting policy and other prior year adjustments as disclosed in Note 4 to the financial statements to conform with current year's presentation:

GROUP

	As previously stated RM'000	Reclassification RM'000	Effects of adopting MASB 32 RM'000	Other Prior Year Adjustments RM'000	As restated RM'000
INCOME STATEMENT					
Cost of sales	(2,193,179)	4,653	557	-	(2,187,969)
Other operating income	108,986	(50,230)	-	-	58,756
Net (loss)/gain on foreign exchange	-	46,275	-	-	46,275
Other operating expenses	(209,419)	5,689	-	-	(203,730)
Taxation	(160,187)	(6,387)	-	-	(166,574)
BALANCE SHEET					
Advances for plasma plantation projects	37,724	(14,045)	-	-	23,679
Advances for KKPA projects	-	14,045	-	-	14,045
Goodwill on consolidation	324,510	-	-	(28,361) [(a)]	296,149
Property development costs	301,528	-	(2,580)	-	298,948
Inventories	207,085	(10,617)	(242)	-	196,226
Amounts due from customers on contracts	679	10,617	-	-	11,296
Trade payables	350,899	-	1,076	-	349,823
Reserves	2,072,756	-	1,746	-	2,071,010
Minority interests	1,690,904	-	-	28,361 [(a)] 51,860 [(b)]	1,610,683
Deferred tax liabilities	659,329	-	-	(51,860) [(b)]	711,189

[(a)] Adjustment in respect of realisation of fair value elements previously allocated to minority interests.

[(b)] Adjustment in respect of deferred taxation not previously attributed to minority interests.

Company No: 4001-P

KUMPULAN GUTHRIE BERHAD
(Incorporated in Malaysia)

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

We, TAN SRI DATO' MUSA HITAM and DATO' ABD WAHAB MASKAN, being two of the directors of KUMPULAN GUTHRIE BERHAD, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 7 to 115 are drawn up in accordance with applicable MASB Approved Accounting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2004 and of the results and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors,

TAN SRI DATO' MUSA HITAM
Chairman

DATO' ABD WAHAB MASKAN
Director

Kuala Lumpur, Malaysia
19 April 2005

Company No: 4001-P

KUMPULAN GUTHRIE BERHAD
(Incorporated in Malaysia)

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

I, TONG POH KEOW, being the officer primarily responsible for the financial management of KUMPULAN GUTHRIE BERHAD, do solemnly and sincerely declare that the accompanying financial statements set out on pages 7 to 115 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 TONG POH KEOW
at Kuala Lumpur in the Federal Territory
on 19 April 2005.

TONG POH KEOW

Before me,

Commissioner for Oaths
Kuala Lumpur
Malaysia

PESURUHJAYA SUMPAH
NO. W202
BARATHAN A/L
SINNIAH @
CHINNIAH
AMN, PJK
MALAYSIA

Tingkat 10 Wisma UOA Damansara
50, Jalan Dungun,
Bukit Damansara,
50490 Kuala Lumpur

Company No: 4001-P

REPORT OF THE AUDITORS TO THE MEMBERS OF KUMPULAN GUTHRIE BERHAD (Incorporated in Malaysia)

We have audited the financial statements set out on pages 7 to 115. These financial statements are the responsibility of the Company's directors.

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

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

In our opinion:

(a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia so as to give a true and fair view of:

  (i) the financial position of the Group and of the Company as at 31 December 2004 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.

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 5 to the financial statements, being financial statements that have been included in the consolidated financial statements.

ERNST & YOUNG

AF: 0039

Company No: 4001-P

REPORT OF THE AUDITORS TO THE MEMBERS OF KUMPULAN GUTHRIE BERHAD (CONTD.)
(Incorporated in Malaysia)

We are satisfied that the financial statements of the subsidiaries 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 Companies Act, 1965.

Ernst & Young
AF: 0039
Chartered Accountants

Sukanta Kumar Dutt
1556/08/06(J)
Partner

Kuala Lumpur, Malaysia
19 April 2005