

2000 Annual Report



2 0 0 0 A N N U A L R E P O R T

Golden Hope Plantations Berhad

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ABOUT THE COVER The 21st Century – a new era for the Golden Hope Group. Setting new paradigms in anticipating global challenges. Its evolution from a plantation company to a diversified resource based conglomerate is fuelled by its expertise in applying the latest e-technologies. Strategically positioned by its market driven R&D and global network to stay ahead. Golden Hope – unlocking new opportunities in the borderless world of today.

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our CORPORATE philosophy

our corporate
VISION

**to be a world class conglomerate
committed to the stakeholders**

our corporate
KEY STRATEGIES

- To be the best managed world class plantation business
- To be the best managed, diversified property and construction business
- To enhance competitiveness and earnings of resource based manufacturing
 - To be the preferred global supplier of resource based products
- To have a workforce fully committed to total quality, safety, health and the environment
 - To be a responsible corporate citizen
 - To enhance returns to the stakeholders

OUR
VALUES

We, at Golden Hope, are fully committed to the following values that guide us to be a quality-driven world class conglomerate:

- **BUSINESS EXCELLENCE** – We strive to be the best in class
 - **SPEED** – We factor time as a measurement of success
- **CUSTOMERS** – We put the needs of our customers as our highest priority
- **EMPLOYEE DEVELOPMENT** – We are committed to the continuing development of our employees
- **HONESTY, INTEGRITY & ACCOUNTABILITY** – We conduct our business with utmost honesty and integrity.
We are accountable for all our actions
- **COMMUNITY** – We are a responsible corporate citizen, sensitive to the needs and expectations of the community
- **ENVIRONMENT** – We are committed to the protection of the environment and sustainable development
 - **SAFETY & HEALTH** – We are committed to providing a safe and healthy work environment for our employees and stakeholders



Golden Hope

total quality management policy

We at Golden Hope are fully committed to quality. We strive for excellence and pledge to provide our customers with products and services that meet or exceed their quality requirements.

To be a quality driven world class conglomerate, we shall:

- Adopt Total Quality Management principles and practices
- Continuously improve our processes, products and services
- Establish and maintain formal quality management systems
- Promote a culture that motivates employees to be committed, skillful and creative

environment policy

We at Golden Hope recognise our responsibility to safeguard the environment in the course of conducting our business operations. Environment will be a primary consideration in all aspects and at all stages of our business.

To protect the environment, we shall:

- Prevent or minimise any potential adverse environmental impacts arising from our operations, products and services
- Review and improve continuously our protocols, operations, products and services to enhance our environmental performance
- Encourage employees to conduct their occupational and personal activities in an environmentally-responsible manner
- Promote high environmental performance standards amongst our stakeholders and the industry at large

occupational safety & health policy

We at Golden Hope are committed to secure safety and health of all our employees at work. In the conduct of our activities, we strive to maintain a safe and healthy working environment for all our employees, customers and the public, the starting point being the complete compliance with legislative requirements. We value our Safety and Health Policy as primary and equal to our business objectives and that Line Management are responsible for implementing them.

To maintain a safe and healthy working environment we shall:

- Provide continuous training and supervision to all employees at all levels to build and promote a safe and healthy working culture
- Equip employees with adequate and appropriate personal protective equipment
- Develop individual personal responsibility and accountability for their own, as well as the personal and facilities under their charge
- Require Contractors and Suppliers working on our behalf, to adhere to our Safety and Health standards



GROUP FIVE-YEAR FINANCIAL SUMMARY

Notice is hereby given that the **Twenty-Fourth Annual General Meeting of the Company will be held at Ballroom 1, Level 2, Hotel Nikko Kuala Lumpur, 165, Jalan Ampang, 50450 Kuala Lumpur, Malaysia, on Thursday, 28th September, 2000 at 11.30 a.m. for the following purposes:**

ordinary business

1. To receive and adopt the Report of the Directors, the Audited Accounts for the year ended 30th June, 2000, and the Report of the Auditors thereon. *Ordinary Resolution 1*
2. To declare a final dividend for the financial year ended 30th June, 2000. *Ordinary Resolution 2*
3. To approve the Directors' fees for the financial year ended 30th June, 2000. *Ordinary Resolution 3*
4. To re-elect the following Directors pursuant to Article 94 of the Company's Articles of Association as Directors of the Company:
 - i. Datuk Maznah binti Abdul Hamid *Ordinary Resolution 4*
 - ii. Tuan Haji Megat Dziauddin bin Megat Mahmud *Ordinary Resolution 5*
5. To re-appoint Encik Washington SyCip pursuant to Section 129(6) of the Companies Act, 1965, as Director of the Company to hold office until the conclusion of the next Annual General Meeting. *Ordinary Resolution 6*
6. To re-appoint Messrs. Ernst & Young as the Company's auditors and to authorise the Directors to fix their remuneration. *Ordinary Resolution 7*
7. To transact any other ordinary business of the Company of which due notice has been received.

notice of book closure:

Notice is hereby given that the Register of Members will be closed by 5.00 p.m. on 29th September, 2000 to determine shareholders' entitlement to the dividend payment.

A depositor shall qualify for entitlement only in respect of:

- a. shares deposited into the Depositor's Securities Account before 12.30 p.m. on 27th September, 2000 (in respect of shares which are exempted from mandatory deposit);
- b. shares transferred to the Depositor's Securities Account before 12.30 p.m. on 29th September, 2000 in respect of ordinary transfer; and
- c. shares bought on the Kuala Lumpur Stock Exchange on a cum entitlement basis according to the Rules of the Kuala Lumpur Stock Exchange.

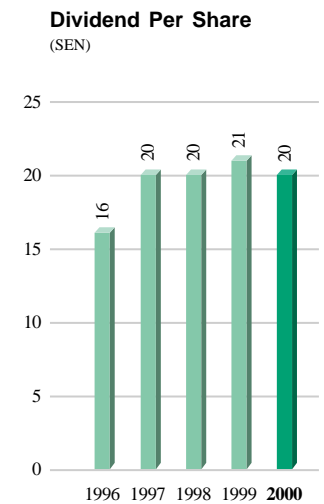
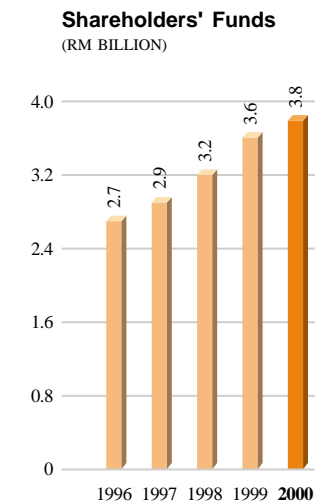
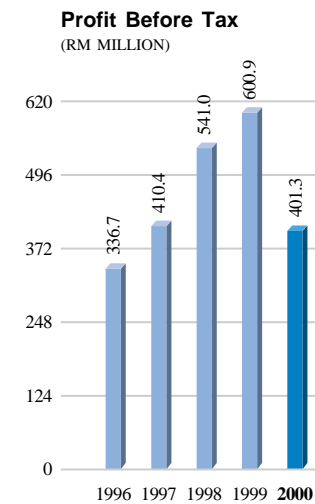
By order of the Board,

NORLIN BINTI ABDUL SAMAD
(LS 000981)
Secretary

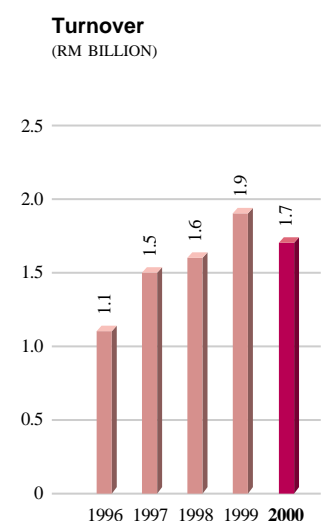
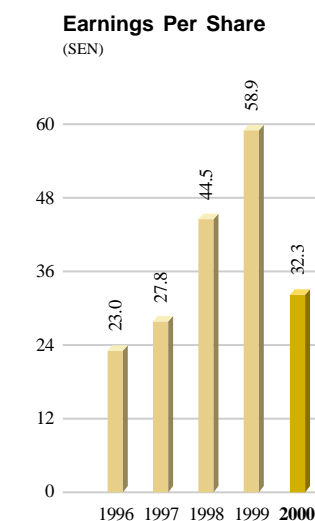
Kuala Lumpur
12th September, 2000

Notes:

A member of the Company entitled to attend and vote at the above Meeting may appoint one or more proxies but not exceeding two, to attend and vote in his stead. Where a member appoints two proxies, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy. A proxy need not be a member of the Company but must attend the Meeting in person to vote. The instrument appointing a proxy must be deposited at the Company's registered office, 13th Floor, Menara PNB, No. 201-A, Jalan Tun Razak, 50400 Kuala Lumpur, not less than 48 hours before the time for holding the Meeting or at any adjournment thereof.



YEAR ENDED 30TH JUNE	2000 RM'000	1999 RM'000	1998 RM'000	1997 RM'000	1996 RM'000
Turnover	1,718,915	1,946,770	1,552,806	1,511,800	1,119,765
Profit Before Tax	401,261	600,875	540,982	410,387	336,679
Shareholders' Funds	3,786,281	3,608,398	3,169,564	2,861,540	2,725,133
Earnings Per Share (sen)	32.3	58.9	44.5	27.8	23.0
Dividend Per Share (sen)	20.0	21.0	20.0	20.0	16.0



GROUP FIVE-YEAR FINANCIAL RECORD

YEAR ENDED 30TH JUNE	2000 RM'000	1999 RM'000	1998 RM'000	1997 RM'000	1996 RM'000
turnover					
Palm Products	571,869	818,714	650,851	487,641	422,036
Rubber	57,592	81,747	93,036	105,166	91,638
Cocoa and Copra	1,059	6,723	21,671	35,611	19,606
Fees and Commissions	1,226	3,551	2,381	3,072	3,099
Others	206,957	154,757	94,453	107,773	84,304
Agro Business	838,703	1,065,492	862,392	739,263	620,683
Property	127,788	131,303	173,394	438,122	164,668
Industries	507,339	477,741	348,409	244,793	220,018
International Business	245,085	272,234	168,611	89,622	114,396
Total	1,718,915	1,946,770	1,552,806	1,511,800	1,119,765
operating profit					
Palm Products	185,132	433,344	264,684	186,423	189,227
Rubber	(2,141)	9,821	10,974	18,676	38,030
Cocoa and Copra	(1,875)	724	4,182	2,278	(1,071)
Less: Replanting	181,116	443,889	279,840	207,377	226,186
	39,723	54,647	47,017	30,856	28,731
Fees and Commissions	141,393	389,242	232,823	176,521	197,455
Others	1,604	2,715	5,516	1,468	1,537
	11,614	8,479	9,947	12,137	8,428
Agro Business	154,611	400,436	248,286	190,126	207,420
Property	3,731	(26,502)	10,245	174,692	61,699
Industries	13,642	(521)	(13,310)	(21,165)	(8,845)
International Business	13,206	8,708	1,543	(3,166)	(1,883)
Total	185,190	382,121	246,764	340,487	258,391
earnings					
Profit Before Taxation	401,261	600,875	540,982	410,387	336,679
Exceptional Items	143,558	127,980	240,490	35,597	21,130
Profit Attributable to Shareholders	325,933	591,565	446,785	279,016	230,423
Dividends – Net of Tax	162,282	151,849	144,605	143,552	112,308
Profit Retained	163,651	439,716	302,180	135,464	118,115

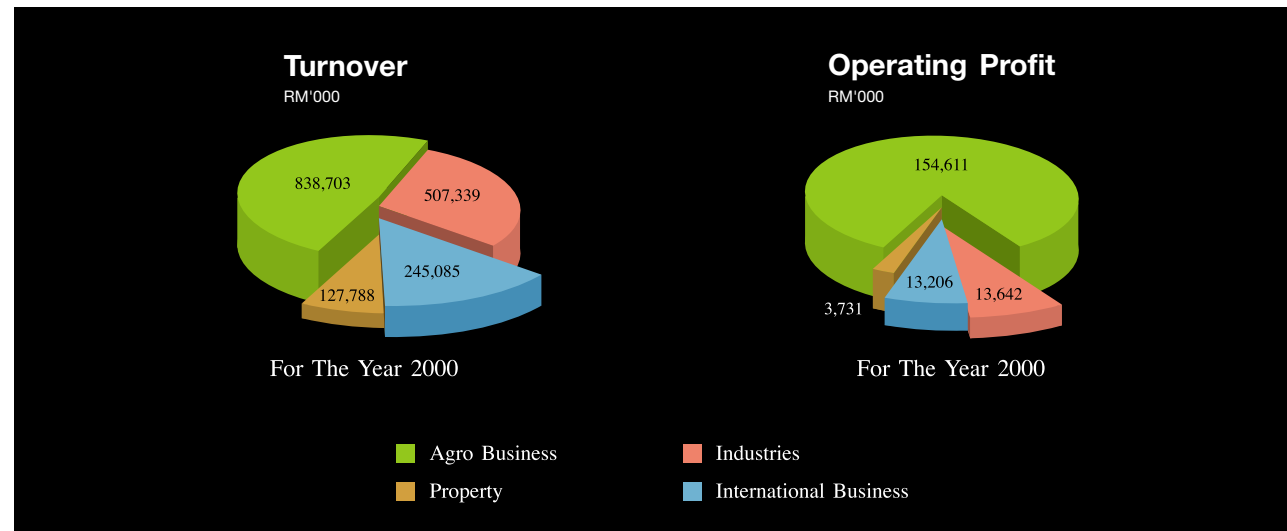
GROUP FIVE-YEAR FINANCIAL RECORD

YEAR ENDED 30TH JUNE	2000 RM'000	1999 RM'000	1998 RM'000	1997 RM'000	1996 RM'000
financed by					
Share Capital	1,010,230	1,004,322	1,004,203	1,003,827	1,002,875
Reserves	2,776,051	2,604,076	2,165,361	1,857,713	1,722,258
Shareholders' Funds	3,786,281	3,608,398	3,169,564	2,861,540	2,725,133
Minority Interests	168,844	157,668	154,407	161,838	151,645
Deferred Liabilities	44,992	46,897	47,176	51,644	52,191
Total	4,000,117	3,812,963	3,371,147	3,075,022	2,928,969
assets employed					
Fixed Assets	2,268,363	2,217,544	2,092,730	2,027,896	2,241,402
Associated Companies	116,837	98,656	90,834	104,237	111,507
Investments	50,686	40,636	40,636	22,246	4,874
Development Properties	306,781	429,775	531,084	471,515	288,559
Net Current Assets	1,257,450	1,026,352	615,863	449,128	282,627
Total	4,000,117	3,812,963	3,371,147	3,075,022	2,928,969
capital expenditure					
Land and New Planting	122,587	75,720	81,092	27,917	24,970
Buildings, Equipment, etc.	73,604	78,736	84,307	46,500	63,722
financial statistics					
Operating Profit to Turnover (%)	10.8	19.6	15.9	22.5	23.1
Dividend Per Share – Gross (sen)	20.0	21.0	20.0	20.0	16.0
Dividend Cover (times)	2.0	3.9	3.1	1.9	2.0
Market Price (RM)	4.22	3.26	3.80	4.34	3.88
Dividend Yield – Gross (%)	4.7	6.4	5.3	4.6	4.1
Price-earning Ratio	13.1	5.5	8.5	15.6	16.9
Earnings Per Share (sen)	32.3	58.9	44.5	27.8	23.0
Net Tangible Assets Per Share (RM)	3.75	3.59	3.16	2.85	2.72

Notes:

- The earnings per share and dividend cover are based on profit after taxation and minority interests.
- Net tangible assets per share comprise issued capital and reserves less intangible assets, if any.
- The market prices are based on the prices of shares quoted on the last trading day of June.

Golden Hope Plantations Berhad
GROUP DIVISIONAL RESULTS
 1st July, 1999 – 30th June, 2000



GROUP HALF-YEARLY RESULTS

	1st Half Year Ended 31st December, 1999		2nd Half Year Ended 30th June, 2000		Year Ended 30th June, 2000	
	RM'000	%	RM'000	%	RM'000	%
Turnover	923,030	54	795,885	46	1,718,915	100
Investment and Other Income	24,744	52	23,006	48	47,750	100
Operating Profit	168,969	73	63,971	27	232,940	100
Associated Companies	10,331	42	14,432	58	24,763	100
Exceptional Items	827	1	142,731	99	143,558	100
Profit Before Taxation	180,127	45	221,134	55	401,261	100
Taxation	44,206	62	27,047	38	71,253	100
Profit After Taxation	135,921	41	194,087	59	330,008	100
Minority Interests	5,841	143	(1,766)	(43)	4,075	100
Profit Attributable to Shareholders	130,080	40	195,853	60	325,933	100

	Sen Per Share	%	Sen Per Share	%	Sen Per Share	%
Earnings Per Share	12.9	40	19.4	60	32.3	100

Golden Hope Plantations Berhad
GROUP FINANCIAL HIGHLIGHTS

	2000 RM'000	1999 RM'000
Turnover	1,718,915	1,946,770
profit:		
Before Taxation	401,261	600,875
After Taxation	330,008	596,625
Attributable To Shareholders	325,933	591,565
net dividend:		
Interim	50,290	36,151
Final	111,933	115,698
Share Capital	1,010,230	1,004,322
Shareholders' Funds	3,786,281	3,608,398
capital expenditure:		
New Planting	122,587	75,720
Other Fixed Assets	73,604	78,736
dividend per RM1 ordinary share:		
Gross	20 sen	21 sen
Net Cover (times)	2.0	3.9
earnings per RM1 ordinary share:		
Before Tax	39.7 sen	59.8 sen
After Tax	32.3 sen	58.9 sen
Net Tangible Assets Per RM1 Ordinary Share	RM3.75	RM3.59
Return On Shareholders' Funds (%)	8.6	16.4
share prices:		
Kuala Lumpur Stock Exchange		
High	RM4.54	RM4.50
Low	RM3.12	RM1.90

agro
business

SUBSIDIARIES

Golden Hope Plantations (Peninsular) Sdn. Bhd.	100%
Golden Hope Plantations (Sabah) Sdn. Bhd.	100%
Golden Hope Plantations (Sarawak) Sdn. Bhd.	100%
Tohunsug Plantations Sdn. Bhd.	100%
Mostyn Palm Processing Sdn. Bhd.	100%
The Glengowrie Rubber Company Berhad	96%
Chermang Development (Malaya) Sdn. Berhad	84%
P.T. Budidaya Agro Lestari	75%
P.T. Sandika Natapalma	75%
Golden Hope Latex Sdn. Bhd.	100%
Golden Hope Agrotech Consultancy Sdn. Bhd.	100%
Perkhidmatan Komputer Perladangan Sdn. Bhd.	100%
Lavang Oil Palm Sdn. Bhd.	100%
Bintulu Installation Sdn. Bhd.	100%
Golden Hope Overseas Plantations Sdn. Bhd.	100%
Tegas Setia Sdn. Bhd.	100%

*Dusun Durian Plantations Limited	100%
*The London Asiatic Rubber and Produce Company, Limited	100%
*The Pataling Rubber Estates, Limited	100%
*Hoscote Rubber Estates Limited	100%
*The Straits Plantations, Limited	100%
*Sabah Plantations Limited	100%
*Castlefield (Klang) Rubber Estate PLC	100%
*Holyrood Rubber PLC	100%
*The Kuala Selangor Rubber PLC	100%
*Kinta Kellas Rubber Estates PLC	100%
*The Sungei Bahru Rubber Estates PLC	100%
*Nalek Rubber Estate Limited	100%
*Edensor Rubber Estate Limited	100%
*Shelford Rubber Estate Limited	100%
*Sogomana Rubber Estate Limited	100%
*Trolak Estates Limited	100%
*Bakasawit Sdn. Bhd.	100%

*Malaysian Estates PLC	100%
*Doranakande Rubber Estates PLC	100%
*The Malaysia Rubber Company PLC	100%
*New Crescent (Holdings) Limited	100%
*Sogomana Group PLC	100%
*The Glengowrie Properties Sdn. Bhd.	96%

ASSOCIATES

Mentakab Rubber Company (Malaya) Berhad	47.1%
Tenom Crumb Sdn. Bhd.	49%
CocoaHouse Industries Sdn. Bhd.	40%
CocoaHouse Processing Sdn. Bhd.	40%

**Under an internal reorganisation scheme of the group's plantations business the plantations land, business, assets and investments of these companies were transferred to Golden Hope Plantations (Peninsular) Sdn. Bhd. and Tegas Setia Sdn. Bhd.*

property

SUBSIDIARIES

Negara Properties (M) Berhad	62%
Melawati Development Sdn. Bhd.	62%
Negara Properties Services Sdn. Bhd.	62%
Sungai Kantan Development Sdn. Bhd.	62%
Negara Properties Realty Sdn. Bhd.	62%
Negara Properties Leisure Management Sdn. Bhd.	62%
Impian Golf Resort Berhad	62%
Negara Properties Landscaping Sdn. Bhd.	62%
Negara Properties Builders Sdn. Bhd.	62%
Melawati Resort Berhad	62%
Negara Properties Harta Sdn. Bhd.	62%
Negara Properties Smarthomes Sdn. Bhd.	62%
NP Development Sdn. Bhd.	43%

Golden Hope Development Sdn. Bhd.	100%
Golden Hope Staff Bungalows Sdn. Bhd.	100%
Pulau Carey Properties Sdn. Bhd.	100%
Golden Hope Properties (Johor) Sdn. Bhd.	100%
Golden Hope Properties (Pahang) Sdn. Bhd.	100%
Golden Hope Properties (Melaka) Sdn. Bhd.	100%
Golden Hope Properties (Perak) Sdn. Bhd.	100%
Golden Hope Properties (Negeri Sembilan) Sdn. Bhd.	100%
Golden Hope Properties (Selangor) Sdn. Bhd.	100%
Prang Besar Properties Sdn. Bhd.	100%

ASSOCIATES

Bitaria Sdn. Bhd.	14.9%
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industries

SUBSIDIARIES

Golden Jomalina Food Industries Sdn. Bhd.	100%
Golden Hope Fruit Industries Sdn. Bhd.	100%
Golden Hope Fireboard Sdn. Bhd.	100%
Golden Hope Furniture Sdn. Bhd.	100%
Golden Hope Parquet Sdn. Bhd.	100%
Harvik Rubber Industries Sdn. Bhd.	70%
Entree Sdn. Bhd.	60%
Kapar Coconut Industries Sdn. Bhd.	51%

Golden Hope Bioganic Sdn. Bhd.	100%
Binuang Palm Oil Refinery Sdn. Bhd.	100%
Rubiatec Sdn. Bhd.	100%
Centrifugal Process Sdn. Bhd.	100%

ASSOCIATES

Cognis Oleochemicals (Malaysia) Sdn. Bhd.	50%
Cognis Kimianika (M) Sdn. Bhd.	50%
Cognis Chemicals (M) Sdn. Bhd.	50%
Cognis Rika (M) Sdn. Bhd.	27.5%

international
business

SUBSIDIARIES

Golden Hope Overseas Sdn. Bhd.	100%
Golden Hope Plantations (Deutschland) GmbH	100%
Paul Tiefenbacher GmbH	100%
Golden Hope – Nhabe Edible Oils Co. Ltd.	51%
Jiangyin – Golden Hope Oils and Fats Co. Limited	60%

ASSOCIATES

Leverian Holdings Pte. Ltd.	40%
Bangladesh Edible Oil Limited	40%
Intertrade (Bangladesh) Private Limited	40%

managing with integrity, transparency and accountability

where we are

As with all Malaysian companies, the Group has had to comply even, prior to the establishment of the Malaysian Code on Corporate Governance, with a vast body of rigorous laws and rules regulating its operations and conduct; all of which contained provisions that created legal and regulatory infrastructure.

Today, the Group exhibits, through its people, policies and processes a high standard of corporate governance in the conduct of its operations: in dealings with third parties, related party transactions and financial management.

The Group has within it, a structured framework of policies and procedures, and internal guidelines. The efficacy of this governance structure and mechanism is monitored through the Board, the Executive Committee, the Group Management Commitment, the Audit Committee, the Quality and Environment Council (QAEC) and the Divisional Quality and Environment Councils (QAEDCs).

the corporate governance structure

THE INTERNAL GOVERNANCE FRAMEWORK

The Group's corporate governance structure spells out clearly the relationships and reporting lines between the shareholders, the Board, the Executive Committee, Audit Committee and the Management. It shows that the linkages between Management, the operating units and framework of effective internal control system are in place.

With this governance framework is our commitment to quality, environment and occupational safety & health, formalised and implemented through the Total Quality & Environment Management System (TQEMS). Corporate governance in TQEMS entails collective commitment, contribution and involvement of all employees to achieve high standards of excellence in quality. It requires a structured process to ensure set strategies and goals are developed, and action plans formulated to achieve them.

INTERNAL CONTROL MEASURES

Internal control in Golden Hope is effected through a system of controls, financial and otherwise, to ensure adherence to applicable laws, regulations, policies and procedures; efficiency of operations, reliability and accuracy of information and records. Management committees (eg. Group Management Committee, Plantations Operations Committee) QAEC and QAEDCs and other adhoc committees set up for specific purposes, ensure that the Group's systems and procedures are complied with and allows independent validation of data by professional third parties or by internal resources (outside the division/department).

Internal audit review of operating units by Internal Audit, under the Group's Internal Audit Department, is an independent objective assessment of a unit's compliance with internal control.

An internal audit review highlights major weaknesses in control procedures and recommends improvements. Internal Audit also investigates complaints of misuse and abuse of the Group's systems and processes, mismanagement of Group property/assets and other instances of fraud and malpractice. The Director, Internal Audit reports to the Audit Committee to ensure independence of his position and that of the Internal Audit Department.

Executives, in the meantime, are required to sign a 'Code of Conduct for Executive Staff' upon joining the Group. Essentially, the Code of Conduct expects the executive:

- to conform to the laws and regulations of the country;
- to avoid possible conflicts of interest;
- to avoid illegal gratification and corrupt practices;
- to not be engaged in insider trading

In other words, the basic principles of good corporate governance like transparency, integrity and accountability are implicit in this Code – it dictates the corporate behaviour of a Golden Hope executive and sets the standards of good corporate governance.

THE EXTERNAL SUPPORT

BOARD OF DIRECTORS

The Board of Directors comprises 8 non-executive independent directors and 2 executive directors. The Board's role in ensuring good corporate governance and to effectively lead the Group in the right strategic direction is a responsibility that is equally shared by the Directors. With diverse skill expertise and experience ranging from backgrounds in public service, legal accounting, economics, banking, plantation management, tax, security and medicine, the Board is ensured of a balance and independent view, with positive and significant contributions being made to Board deliberations.

The Board of Directors meets at least 6 times a year. At the end of every quarter, the Group's financial statements and results are deliberated and considered. During these meetings, the Board also appraises new investment and business proposals, reviews the management or performance of the business of operating units, or existing investment and any other strategic issue that affect or may affect the Group's business.

EXECUTIVE COMMITTEE

The Executive Committee examines investment and strategic proposals and makes appropriate recommendations to the Board. The Executive Committee also decides on the yearly bonus and increment awards for executives of the Group; reviews terms and conditions of service and policies of Group employees, considers and grants scholarship awards and decides on policy matters relating to and affecting welfare of Group employees.

AUDIT COMMITTEE

The Audit Committee comprises 3 non-executive independent directors, one of whom is the Chairman. Its terms of reference include the review of the Group's financial statements, and the deliberation of audit findings of the External auditors arising from their audit of the Group's financial statements, and the deliberation of audit findings and issues raised by Internal audit. The Group Chief Executive, Director, Internal Audit and Group Director, Finance attend meetings upon the invitation of the Audit Committee. The Committee also invites Heads of Divisions/Departments and operating units and the External Auditors. Agendas of the meetings of the Audit Committee will usually include audit findings of operating units, departments or support service units of the Group, and investigations carried out by Internal Audit.

EDUCATION

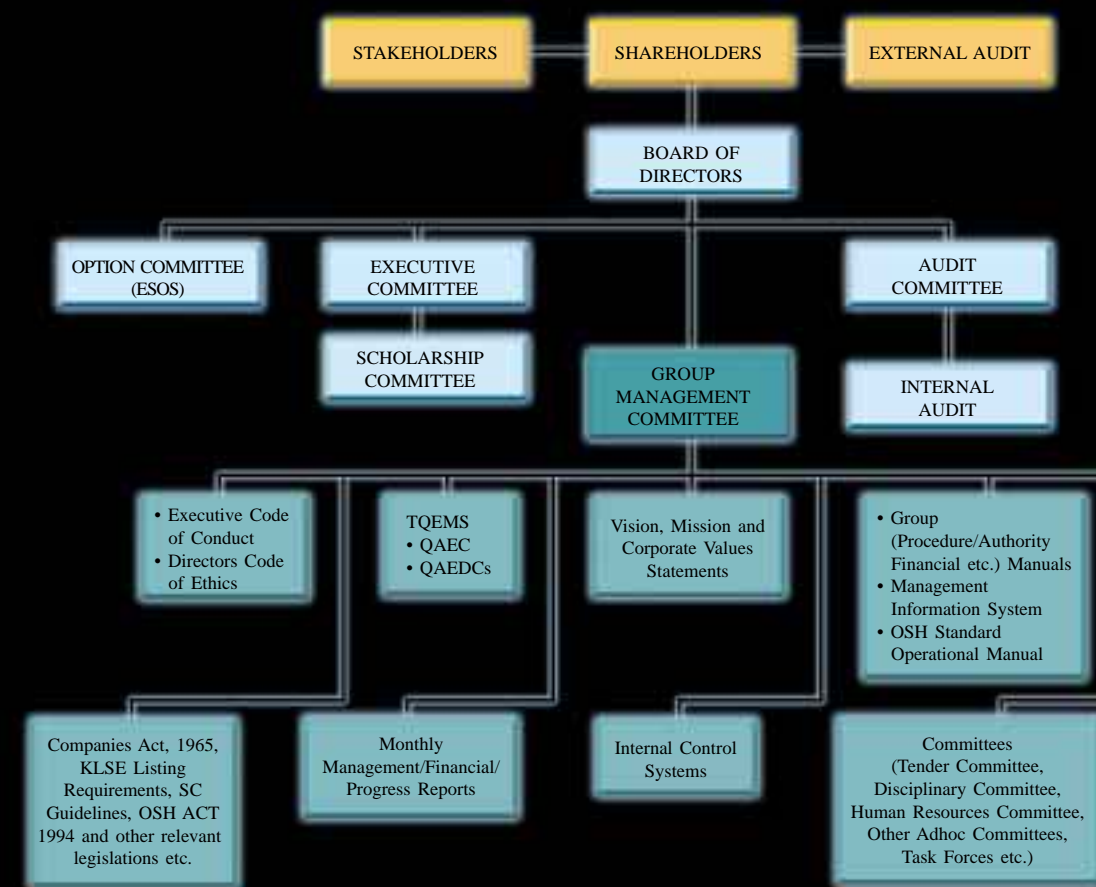
For the Board and Management, corporate governance is about maintaining and enhancing the sound ethical business practices that are already in place and introducing new ones; of providing strategic direction and leadership, and of continuing to improve and innovate in an increasingly competitive global environment. Against this background, we can expect a greater demand and higher expectations from stakeholders to rise to the challenges before us. This is what corporate excellence is all about.

The first step taken towards educating employees on good corporate governance practices was a seminar held on 8 March, 2000 aimed at explaining to and making senior executives aware of and appreciate the proposed Malaysian Code on Corporate Governance. The Seminar achieved its objective in equipping and giving executives the right level of knowledge to help them manage their respective operations with the highest ethical standards, coupled with responsible leadership. More similar seminars are expected to be conducted Group wide; with at least 2 sessions per year for all levels of executives.

Additionally, corporate governance as a subject or module will be included in the Group Training Programme so that its understanding will reach all levels of the workforce. The general thrust of the training is to create within the Group a body of employees who undertake their role in the 'governance' of Golden Hope with more accountability in discharging their responsibilities, irrespective of their levels or position in the Group, because, we believe we have, as an organisation the ability to set standards beyond those imposed by law, and also the business sensitivity to implement standards that are workable, effective and beneficial.

Arising also from the first seminar a Corporate Governance Manual has been prepared documenting corporate governance practices of the Group.

Golden Hope Corporate Governance Structure



board of directors

Chairman

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

Directors

**Dato' Abd. Wahab bin Maskan
Zain Azahari bin Zainal Abidin
Mohammad bin Abdullah
Dr. Ng Chong Kin
Datuk Maznah binti Abdul Hamid
Megat Dziauddin bin Megat Mahmud
Washington SyCip
Dato' Dr. Abdul Halim bin Haji Ismail
Henry Sackville Barlow**

secretary

Norlin binti Abdul Samad

audit committee

Chairman

Mohammad bin Abdullah

Members

Zain Azahari bin Zainal Abidin
Dr. Ng Chong Kin

Secretary

Norlin binti Abdul Samad

registered office

13th Floor, Menara PNB
No. 201-A, Jalan Tun Razak
50400 Kuala Lumpur
Telephone : 03-2161 9022
Facsimile : 03-2161 8221
Telex : MA 30844/5
Website : <http://www.goldenhope.com.my>

registrar

Signet Share Registration Services Sdn. Bhd.
10th & 11th Floor, Tower Block
Kompleks Antarabangsa
Jalan Sultan Ismail
50250 Kuala Lumpur
Telephone : 03-245 4337
Facsimile : 03-242 1353

auditors

Ernst & Young
401, Kompleks Antarabangsa
Jalan Sultan Ismail
50250 Kuala Lumpur

principal bankers

Bank Bumiputra Malaysia Berhad
Tingkat 1, Menara PNB
No. 201-A, Jalan Tun Razak
50400 Kuala Lumpur

Malayan Banking Berhad
Lot 1.01, Ampang Park Complex
Jalan Ampang
50450 Kuala Lumpur

solicitors

Zain & Co.
Tingkat 6 & 7, Bangunan MNI-Takaful
23, Jalan Melaka
50100 Kuala Lumpur

stock exchange listing

The Kuala Lumpur Stock Exchange

group management committee

Group Chief Executive

Dato' Abd. Wahab bin Maskan

Group Director – Finance

Megat Dziauddin bin Megat Mahmud

Group Director – Plantations

Sabri bin Ahmad

Group Director – Property

Abdul Wahab bin Abdul Hamid

Group Secretary

Norlin binti Abdul Samad

Director, Human Resources

Mohd. Zulkifli bin Itam

BOARD OF directors

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

61, was appointed to the Board and as Chairman of Golden Hope Plantations Berhad in August, 1998. A former Chief Secretary to the Government, he holds a Master's degree in Public Administration from Harvard University and is currently Chairman of several organisations including Permodalan Nasional Berhad, Institute of Islamic Understanding Malaysia, SIRIM Berhad and National Economic Consultative Council II. He is also a fellow of Malaysian Institute of Directors, Malaysian Institute of Management and Institute of Quality Control Malaysia.



DATO' ABD. WAHAB BIN MASKAN

49, is the Group Chief Executive of Golden Hope Plantations Berhad. Appointed to the Board in 1996, he holds a Bachelor of Science in Management (Real Estate) from the University of Reading, England and is a Fellow of the Institution of Surveyors. He sits on the Board of a few public-listed companies including Negara Properties (M) Berhad and Amanah Harta PNB Berhad. He is also the Vice-President of the Business Council for Sustainable Development.



ZAIN AZAHARI BIN ZAINAL ABIDIN

65, is the senior partner of the legal firm of Zain & Co. He was admitted to Lincoln's Inn, London, and was called to the English Bar in 1958. Encik Zain Azahari was appointed to the Board in 1982. He is the Chairman of Maruichi Malaysia Steel Tube Berhad.



MOHAMMAD BIN ABDULLAH

59, was appointed to the Board in 1983. Presently, he is the Chairman of our public listed property subsidiary, Negara Properties (M) Berhad and holds the position of Executive Chairman of Malaysian Electronic Payment System (1997) Sdn. Bhd. He is also Chairman of Malaysian National Reinsurance Berhad (MNRB), Labuan Reinsurance (L) Ltd., Malaysian Rating Corporation Berhad, Mayban Discount Berhad and Malaysia Equity Fund Ltd. He sits on the Board of Malayan Banking Berhad and some of its subsidiaries.

O F D I R E C T O R S

DR. NG CHONG KIN

52, was appointed to the Board in 1990. He holds a Bachelor of Medicine and a Bachelor of Surgery from the University of Malaya. Dr. Ng is a medical practitioner.



DATUK MAZNAH BINTI ABDUL HAMID

45, was appointed to the Board in 1995. She is the Group Managing Director of Kumpulan Securiforce and the Chairman of Danau Lumayan Sdn Bhd. She is also a Director of Perbadanan Usahawan Nasional Berhad (PUNB), Lembaga Tabung Haji (LTH) and the Chairman of Tabung Haji Travel Industries (THTI). Datuk Maznah holds various positions in social, educational and industrial organisations. She is on the Board of Directors of Universiti Utara Malaysia (UUM) and Adjunct Fellow of School of Social Development, an Exco member of Wanita UMNO Malaysia and was also the former President of PENIAGAWATI. At the international level, Datuk Maznah is the Vice-President of the Women World Entrepreneurs Association (FCEM).



MEGAT DZIAUDDIN BIN MEGAT MAHMUD

54, is the Group Director – Finance of Golden Hope Plantations Berhad. He was appointed to the Board in 1995. Encik Megat Dziauddin is an Economics graduate from the Queen's University of Belfast, a Fellow of the Institute of Chartered Accountants in Ireland and a Registered Accountant with the Malaysian Institute of Accountants (MIA). He is also a Board member of several of the Group's subsidiaries. He had previously served as a Treasury Accountant in the Accountant – General's Department, Finance Manager with Bank Simpanan Nasional and General Manager-Investment with Arab-Malaysian Merchant Bank Berhad.



WASHINGTON SYCIP

79, was appointed to the Board in 1997. He holds a Master of Science in Commerce degree from Columbia University. Encik Washington founded the SGV Group in 1946, and remained its Chairman until 1996. He is a member of the Boards of several major Philippine corporations and sits on International Advisory Boards of several established foreign companies such as American International Group, New York; The Chase Manhattan Bank, New York; Pacific Dunlop Limited, Australia and VIAG AG, Germany. He is the Chairman of the Asia Pacific Advisory Committee of the New York Stock Exchange, Inc. and the Board of Governors and Board of Trustees of the Asian Institute of Management.



DATO DR. ABDUL HALIM BIN HAJI ISMAIL

61, was appointed to the Board in September, 1998. Holder of a Doctor of Philosophy (D.Phil) in Economics from the University of Oxford, England, he is currently the Executive Chairman of BIMB Securities Sdn Bhd and a Director of BIMB Unit Trust Management Bhd, BIMB Holdings Sdn Bhd and Institut Kefahaman Islam Malaysia (IKIM). Dato' Dr. Abdul Halim, who is also a member of the Syariah Advisory Councils at the Securities Commission and Bank Negara Malaysia, was the former Managing Director of Bank Islam Malaysia Berhad and General Manager and Chief Economist at Bank Bumiputra Malaysia Berhad.



HENRY SACKVILLE BARLOW

55, was appointed to the Board in December 1998. He was the former Finance Director of Barlow Boustead Estates Agency and Joint Managing Director of Highland & Lowlands Para Rubber Co. Limited. Educated at Eton College and Trinity College, University of Cambridge, he is currently a Director of Guthrie Ropel Berhad and Hongkong Bank Berhad. Encik Barlow is also a Council Member of Incorporated Society of Planters, Honorary Secretary of Heritage of Malaysia Trust and Council of the Malaysian Branch of the Royal Asiatic Society.



NORLIN BINTI ABDUL SAMAD

Secretary





DATO' ABD. WAHAB BIN MASKAN
Group Chief Executive and Board Member
 A Land Economist and Professional Surveyor. Formerly a Director of Urban Development Authority, General Manager of Island and Peninsular Berhad and Managing Director of Negara Properties (M) Berhad. Holds a Science Degree in Management (Real Estate) from the University of Reading, England. Fellow of the Institution of Surveyors (FIS).



ABDUL WAHAB BIN ABDUL HAMID
Group Director – Property
 Formerly the Group Managing Director of ProLink Development Sdn. Bhd. A Professional Engineer (P.Eng) and a Member of the Institute of Engineers (M.I.E.M.). Holds a Bachelor of Science (Honours) in Civil Engineering from Loughborough University, England and a Masters in Business Administration (MBA) from Ohio University, U.S.A.

MEGAT DZIAUDDIN BIN MEGAT MAHMUD
Group Director – Finance and Board Member
 Fellow of the Institute of Chartered Accountants in Ireland and a Registered Accountant with the Malaysian Institute of Accountants (MIA). Formerly Finance Manager with Bank Simpanan Nasional and General Manager, Investment at Arab-Malaysian Merchant Bank. An Economics graduate from the Queen's University of Belfast.



MOHD ZULKIFLI BIN ITAM
Director – Human Resources
 Served Shell Malaysia for 20 years in various capacities before joining Golden Hope Plantations Berhad in 1995. Holds a Master of Business Administration (MBA) degree from University of Strathclyde, United Kingdom.



SABRI BIN AHMAD
Group Director – Plantations
 A member of PORIM Advisory Committee and Board of Trustees for Malaysian Palm Oil Promotion Council. Formerly the Deputy Director-General, Fisheries Development Authority Malaysia. Graduated with a M.Sc. from University of London and holds a Post-Graduate Diploma in International Development Affairs, USA. Attended the Advance Management Programme at Oxford University, England. Council member and Chairman Standing Committee on Marketing and Sales Promotion of the Malaysian Palm Oil Association.



NORLIN BINTI ABDUL SAMAD
Group Secretary
 Formerly Company Secretary of Komplek Kewangan Malaysia Berhad and Associate Partner of Zaid Ibrahim & Co. Holds a LL.B (Honours) from University of London and a Barrister-At-Law, Lincoln's Inn. Called to the Malayan Bar in 1983.

constitution

The Board resolved to establish a Committee of the Board to be known as the Audit Committee on 10th June, 1987.

membership

The Committee shall be appointed by the Board from amongst the Non-Executive Directors of the Company and shall consist of not less than three members. The quorum shall be two members.

The Audit Committee Members are as follows:

Mohammad bin Abdullah (*Chairman*)
Zain Azahari bin Zainal Abidin
Dr. Ng Chong Kin
(All members are Independent Non-Executive Directors)

The Chairman of the Committee shall be appointed by the Board.

attendance at meeting

The Group Chief Executive, the Group Director – Finance and the Director, Internal Audit shall attend meetings by invitation of the Committee. Other Board members all have the right of attendance. At least once a year the Committee shall meet with the external auditors.

The Group Secretary shall be the Secretary of the Committee.

frequency of meetings

Meetings shall be held not less than twice a year. The external auditors may request a meeting if they consider that one is necessary.

authority

The Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee.

The Committee is authorised by the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

duties

The duties of the Committee shall be:

- a. to recommend to the Board the appointment of the external auditors and the audit fee thereof;
- b. to make appropriate recommendations to the Board on matters of resignation or dismissal of external auditors;
- c. to discuss with the external auditors before the audit commences the nature and scope of the audit, and ensure co-ordination where more than one audit firm is involved;
- d. to review the half-year and annual financial statements before submission to the Board, focussing particularly on:
 - i. public announcement of results and dividend payment
 - ii. any changes in accounting policies and practice
 - iii. major judgmental areas
 - iv. significant adjustments resulting from the audit
 - v. the going concern assumption
 - vi. compliance with accounting standards
 - vii. compliance with stock exchange and legal requirements
- e. to discuss problems and reservations arising from the interim and final audits, and any matters the external auditors may wish to discuss (in the absence of management where necessary);
- f. to review the external auditors' letter to management and management's response;
- g. to review the Company's statement of internal control systems prior to endorsement by the Board;
- h. to review the internal audit programme, ensure co-ordination between the internal and external auditors, and ensure that the internal audit function is adequately resourced and has appropriate standing within the Company;
- i. to consider the findings of internal audit and investigations and management's response;
- j. to consider other topics, as defined by the Board.

reporting procedures

The Secretary shall circulate the minutes of meetings of the Committee to all members of the Board.

F I N A N C I A L

for year ended 30th June, 2000

	2000	1999
announcement of quarterly results		
1st Quarter 3 months	30th November, 1999	—
2nd Quarter 6 months	24th February, 2000	18th March, 1999
3rd Quarter 9 months	25th May, 2000	—
4th Quarter 12 months	25th August, 2000	19th August, 1999
dividends payable		
Interim	19th April, 2000	30th April, 1999
Final	20th October, 2000	18th October, 1999
Annual Report Issued	12th September, 2000	1st September, 1999
Annual General Meeting	28th September, 2000	16th September, 1999

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

Chairman

IT gives me great pleasure to present
the **annual report** of the
Golden Hope Group of Companies for
the financial year ended **30th June, 2000**.

**Against the backdrop of a recovering
economic environment and lower
CPO prices, the Golden Hope Group
has performed satisfactorily during
the year under review.**

Chairman's statement

review

I am pleased to report that the Agro Business Division (*formerly known as Plantations Division*) has performed well despite the bearish palm products market that saw sharp decline in prices. It remained the biggest profit contributor of the Group. Stringent cost control and yield enhancement measures, coupled with successful replication and implementation of several quality improvement projects during the year, had helped to partially offset the lower palm prices.

The replanting programme of oil palm proceeded generally as planned. The Group has 12,800 hectares of rubber plantations in Peninsular Malaysia, which will help to ensure a steady supply of rubber wood to the Group's wood-based manufacturing plants in Nilai.

Our new 11,800 hectares 21st Century Plantation Development model in Lavang, Sarawak is progressing as expected. Its pioneering modern central estate township of Desa Lavang is taking shape nicely. Staff and workers have moved into the township, since June 2000.

I am pleased to report that our first plantations project in West Kalimantan, Indonesia has received its first Hak Guna Usaha (HGU) certificates for 9,409 hectares with approval for another 10,000 hectares expected to be given soon. We have had, thus far, a fairly stable development. The first phase of oil palm has been satisfactorily completed with 506 hectares having been harvested.

With the much lower CPO prices being the main determining factor, the Agro Business Division recorded a profit of RM155 million for the financial year ended 30th June, 2000 against RM400 million previously.

For the Property Division, I am happy to inform that with the improved economy, both the property subsidiaries of the Group; namely Negara Properties (M) Berhad (Negara Properties) and Golden Hope Development Sdn. Bhd. (Golden Hope Development) performed better for the year under review.

For township developer Negara Properties, a total of 265 units of double-storey link houses at Saujana Impian were successfully sold after their launching in January 2000. The next phase of development in this scheme will focus on higher value residential in golf resort real estate as well as shophouses and other commercial developments.



The food and beverage business, represented by Kapar Coconut Industries Sdn. Bhd. (KCI) and Golden Hope Fruit Industries Sdn. Bhd. (FISB) recorded good sales volume compared to last year. The market outlook remained bright for coconut milk products. The company has also identified another coconut milk product, which is expected to enjoy good demand and provide a potential growth area for KCI.

The International Business Division, recorded its best performance since the Group's entry into edible oil refinery operations in Vietnam, China and Bangladesh. The three overseas subsidiaries posted their highest profit levels since their inception.

Meanwhile, Golden Hope Development launched 115 units of bungalow lots at its township development of Kota Seriemas located next to KLIA, Sepang. The sale was successful and generated about RM10 million in sales value. Subsequently, 217 units double-storey link houses priced slightly above RM100,000 per unit were also launched.

Golden Hope Development at the end of the year under review had approximately 5,000 acres of its land bank with Master Layout Approval given by the authorities and ready to be developed. Additionally, approximately 15,000 hectares of its land bank has been given approval in principle for conversion into development land. This has enhanced the value of the land and prospects for the Division.

The Industries Division, (*previously known as Resource-based Manufacturing Division*), performed better for the year under review, with most operating units recording higher turnover and profit. This was achieved against a backdrop of a competitive global market, management strategies taken, and improvement in the Malaysian economy following the 1997 Asian economic crisis.

The profit of FISB, on the other hand, was lower due to smaller sales volume as a result of reduced off-take of puree to Europe. In addition, the company also experienced lower puree selling price due to stiff competition from other suppliers from India, South Africa and Brazil as well as higher freight cost to the USA.

Our palm-based business, via our wholly owned subsidiary, Golden Jomalina Food Industries Sdn. Bhd., (Golden Jomalina) performed reasonably well despite the country's higher stockholding of crude palm oil, which depressed prices and refining margin. The company reported a higher profit before tax, which was attributed to an increase in the total sales volume as well as an increase in the sales volume of its Special Quality (SQ) products. The first commercial production and sale of Jomalina Super Palm Oil (JSPO) was also done during the year.

For the Group's associate company, Henkel Oleochemicals (M) Sdn. Bhd., the year under review saw its name changed to Cognis Oleochemicals (M) Sdn. Bhd. (COM). This was in line with the transfer of Henkel KgA's chemical business to a separate legal entity, COGNIS, in August 1999.

COM group started the year on a positive note following the strong upsurge in demand for oleochemicals due to better economic fundamentals in both the USA and Europe. This was reflected in its favourable financial results in both turnover and profitability. However, the volatility of raw material prices and intense market competition continued to be the major concerns in the oleochemicals business.

In the wood based business, Golden Hope Fibreboard Sdn. Bhd. (Golden Hope Fibreboard) posted another year of strong growth with sales volume increasing 4.5 per cent to 102,000m³ in 1999/2000.

Demand for its medium density fibreboard (MDF) was particularly strong throughout the year, stimulated mainly by the furniture manufacturing and building industries globally. In addition, high quality of Golden Hope MDF, which is the market leader for quality rubber wood MDF in the Asia-Pacific region, improved its sales.

The performance of Golden Hope Parquet Sdn. Bhd., meanwhile, improved slightly. The competitive export price had substantially affected the company's turnover since the majority of sales was from exports especially to the EU countries.

Golden Hope Furniture Sdn. Bhd. (Golden Hope Furniture), became a wholly-owned subsidiary of the Golden Hope Group during the year under review. This followed the acquisition by Golden Hope, of the remaining 30 per cent stake in the company from Ingka Pro Holding BV (IKEA). IKEA continued to sign a new long-term purchase agreement with Golden Hope, which will secure future deliveries from Golden Hope Furniture.

Our rubber based sector, Harvik Rubber Industries Sdn. Bhd. (Harvik) recorded better performance and profitability during the year under review. Successful implementation of appropriate marketing strategies, despite keen competition from the Eastern Bloc countries and China, had resulted in new market penetrations and increased sales of high-value products.

I am pleased to report that our fourth Division, International Business Division, (*previously known as Overseas Operations*) recorded its best performance to date. The three overseas subsidiaries posted their highest profit levels since their inception. Although their focus was on fats and oil refinery, other related business are prospects for expansion.

The improved performances of these ventures have resulted in the plants to run at maximum capacity for most months of the year. To increase capacity, the three overseas subsidiaries are undertaking upgrading programmes at their respective plants.

However, our trading unit in Europe, Paul Tiefenbacher GmbH (Paul Tiefenbacher), reported a small loss for the year, due to tougher trading conditions. Strategies are in place to improve performance.

During the year, a review of the Group's Perspective and Strategic Master Plans were undertaken to chart the Group's vision, mission and objectives in the 21st Century. Commonly called the White Book, it is a strategic direction towards the Group being an excellent world class corporation focused on businesses that enhance lifestyle. It expects the Group to be a more significant global and international player to enhance earnings and shareholders value.

In view of the future globalisation of businesses, the strategic development of global mindset and marketing skills was started during the year. A Group Seminar and Workshop on Global Marketing in the 21st Century participated by the Group's Senior Management including Sales and Marketing Managers, was held last year to trigger its development.

I am happy to report that there were no glitches in any of our computer systems during the turn into the new millennium and that operations progressed smoothly. Meanwhile, a new Information and Communication Technology Division was formed to pave the way for the Group in e-Commerce and k-economy.

group results

On behalf of the Board, I am pleased to announce that the Group achieved a turnover of RM1,718.9 million and profit before taxation of RM401.3 million for the year ended 30th June, 2000. This represents a decrease of 33 per cent compared to RM600.9 million earned during the previous financial year, primarily caused by the decline in palm product prices. Although performances of the Industries, International Business and Property Divisions had improved, Agro Business profit had declined. The decrease in Agro Business earnings was attributable to lower prices of palm products despite the increase in harvested crops.

dividend

Interim dividend of 5 sen per share tax exempt was paid on 19th April, 2000. Your Directors recommend a final dividend of 1 sen per share tax exempt and 14 sen per share less tax at 28 per cent payable on 20th October, 2000, making a total of 20 sen per share for the year ended 30th June, 2000. The total dividend for the year just ended will amount to RM162.22 million compared to RM151.85 million paid out in the previous financial year.

As part of the Group Occupational Safety and Health Management System Masterplan, the Group has formulated and launched the OSH Standard Operational Manual to provide operating units with policies and guidelines in managing Occupational Safety and Health.

prospects

Group profit for the current year is not anticipated to be higher than the year just ended and this is largely attributable to the expected lower Agro Business earnings. Whilst higher harvested crop of FFB is anticipated, prices of palm products are currently lower than those achieved during the previous year and if this trend continues, Agro Business earnings would be lower. The performances of the Property, Industries and International Business Divisions are expected to improve further.

human resources

Golden Hope acknowledges that employees are the most important assets of the Group. We recognise that employees' skill and mindset must continuously be enhanced so that they would be able to contribute positively towards the achievement of our corporate objectives.

In this respect priority was given towards the training and development of employees at all levels during the year. Appropriate on the job training and career development programmes such as managerial skills training, computer software courses and business communication skills training were conducted.

Recognising that employees' health and safety is of prime importance a Masterplan has been drawn up to implement the Group Occupational Safety and Health Management System throughout the Group. As part of the Masterplan, the Group has formulated and launched its first OSH Standard Operational Manual to provide operating units with policies and guidelines in managing Occupational Safety and Health.

On employees' welfare, various programmes, talks and discussions were held to impart knowledge on various issues including personal hygiene and health and retirement plan. We also had our programme for retirees and long service awards during the year. At the Agro Business centres the Group continues to provide facilities such as workers' houses, childcare centres, water and electricity supplies that are beyond those stipulated under the statutory requirements.

acknowledgement

On behalf of the Board of Directors, I extend our gratitude to all employees at all levels for their dedicated services during the year. I would also like to convey our sincere thanks to our shareholders, customers, business associates and the relevant authorities for their continued support and confidence in the Group.

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

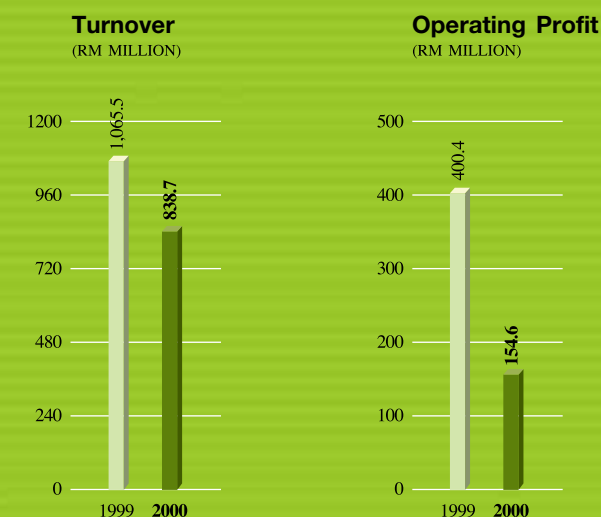
Chairman

OPERATIONS REVIEW

agro business

Financial Performance

With the sharp decline in CPO prices being the main determining factor, the Agro Business Division recorded a lower profit of RM155 million for the financial year ended 30th June, 2000 against RM400 million previously.



SEGMENTAL INFORMATION

(RM Million)	1999	2000
Operating Profit	400.4	154.6
Turnover	1,065.5	838.7