



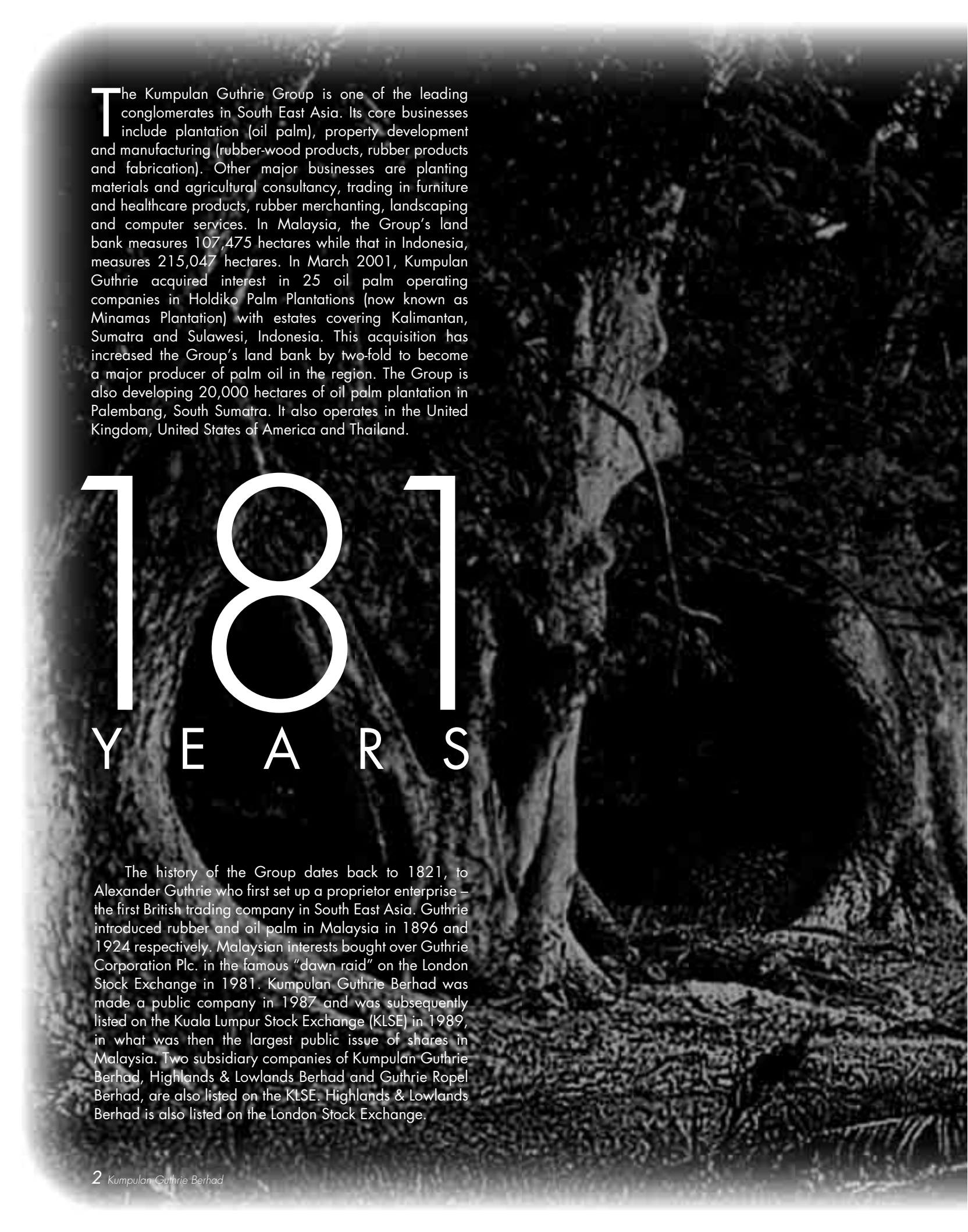
we . . .

VISION

We, the Kumpulan Guthrie Group aspire to become a well - diversified Premier Malaysian multinational conglomerate

MISSION

- **want to be ethical, efficient and effective in everything we do**
- **want our customers to be totally satisfied at all times**
- **want our employees to realise their individual potential**
- **want our Shareholders to get a high rate of return on investment**
- **want our community to have quality life in a caring society**
- **want our country to achieve socio-economic development**



The Kumpulan Guthrie Group is one of the leading conglomerates in South East Asia. Its core businesses include plantation (oil palm), property development and manufacturing (rubber-wood products, rubber products and fabrication). Other major businesses are planting materials and agricultural consultancy, trading in furniture and healthcare products, rubber merchanting, landscaping and computer services. In Malaysia, the Group's land bank measures 107,475 hectares while that in Indonesia, measures 215,047 hectares. In March 2001, Kumpulan Guthrie acquired interest in 25 oil palm operating companies in Holdiko Palm Plantations (now known as Minamas Plantation) with estates covering Kalimantan, Sumatra and Sulawesi, Indonesia. This acquisition has increased the Group's land bank by two-fold to become a major producer of palm oil in the region. The Group is also developing 20,000 hectares of oil palm plantation in Palembang, South Sumatra. It also operates in the United Kingdom, United States of America and Thailand.

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YEARS

The history of the Group dates back to 1821, to Alexander Guthrie who first set up a proprietor enterprise – the first British trading company in South East Asia. Guthrie introduced rubber and oil palm in Malaysia in 1896 and 1924 respectively. Malaysian interests bought over Guthrie Corporation Plc. in the famous “dawn raid” on the London Stock Exchange in 1981. Kumpulan Guthrie Berhad was made a public company in 1987 and was subsequently listed on the Kuala Lumpur Stock Exchange (KLSE) in 1989, in what was then the largest public issue of shares in Malaysia. Two subsidiary companies of Kumpulan Guthrie Berhad, Highlands & Lowlands Berhad and Guthrie Ropel Berhad, are also listed on the KLSE. Highlands & Lowlands Berhad is also listed on the London Stock Exchange.

1821 Guthrie was founded in Singapore, the first British East India trading company in South East Asia.

1896 Guthrie began to take firm root in the Malay Peninsula by laying the foundation for Malaya to be a major rubber producer.

1924 Guthrie introduced oil palm in the Malay Peninsula, which was to become the world's largest palm oil producer.

1981 Guthrie came under Malaysian ownership from British interests in the famous "dawn raid" on the London Stock Exchange.

1989 Kumpulan Guthrie Berhad was listed on the Kuala Lumpur Stock Exchange, in what was then the largest public issue of shares in Malaysia.

1994 The Kumpulan Guthrie Group launched strategic diversification of core businesses into plantation, property development and manufacturing.

1996 The official laying of the foundation stone for the Guthrie Pavilion - Building for the Future.

1997 Bukit Jelutong - the Group's maiden property project won the Best Planned Township Award from the Institute of Town Planners.

1997 The Group's oil palm venture in Palembang, South Sumatra, Indonesia commenced planting.

1998 The Guthrie Pavilion was completed, and now houses the office of Guthrie Property Development Holding Sdn. Berhad, the property arm of the Group.

1999 Syarikat Pembangunan Hartanah Guthrie Sdn. Bhd. launched the Group's second property flagship in Sungai Kapar, Klang - a 570-acre integrated township.

2000 Guthrie Corridor Expressway Sdn. Berhad was awarded the Guthrie Corridor Expressway, 33-year concession.

2000 Kumpulan Guthrie Berhad won a bid to acquire interests in companies which are substantially involved in oil palm cultivation, covering approximately 265,000 hectares in seven provinces in Indonesia.

2001 Kumpulan Guthrie Berhad signed an agreement to issue USD 395 million (RM1.5billion) Islamic bond - the first US dollar denominated international Islamic bonds tradeable on the Labuan Financial Exchange to refinance its Indonesian acquisitions and operations.

Notice of Annual General Meeting

Notice is hereby given that the **Annual General Meeting** of Kumpulan Guthrie Berhad will be held at the Ballroom, Mezzanine Floor, Hotel Equatorial, Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia on Thursday, **27 June 2002** at 10.30 a.m. for the following purposes:



Ordinary Business:

- To receive and adopt the Report of the Directors and the audited Financial Statements for the year ended 31 December 2001 and the Auditors' Report thereon.
- To approve the payment of a final dividend of 6% (6 sen per RM1.00 share) less 28% Malaysian income tax.
- To re-elect YBhg Tan Sri Dato' Abdul Khalid Ibrahim who retire by rotation in accordance with Article 102 of the Company's Articles of Association.
- To elect the following Directors who retire in accordance with Article 108 of the Company's Articles of Association:
 - YM Raja Tan Sri Muhammad Alias Raja Muhammad Ali
 - YBhg. Tan Sri Dato' Dr. Wan Mohd. Zahid Mohd. Noordin
 - YBhg. Datuk Nik Mohamed Affandi Nik Yusoff
- To elect the following Directors who retire in accordance with Article 88 of the Company's Articles of Association:
 - YBhg. Datuk Mohamed Adnan Ali
 - YBhg. Dato' Muhammad Nawawi Haji Mohd. Arshad
 - Encik Sreesanthan s/o Eliathamby

- To consider and, if thought fit, to pass the following Resolution:
"That pursuant to Section 129(6) of the Companies Act, 1965, Encik Ng Kee Wei be reappointed a Director of the Company to hold office until the next Annual General Meeting."
- To reappoint Messrs. Ernst & Young as Auditors and to authorise the Directors to fix their remuneration.
- To transact any other ordinary business of the Company of which due notice shall have been received.

Shareholders are reminded that pursuant to the Securities Industry (Central Depositories) (Amendment No. 2) Act, 1998 which came into force on 1 November 1998, all shares not deposited with Malaysian Central Depository Sdn. Berhad by 12.30 p.m. on 1 December 1998 and not exempted from mandatory deposit, have been transferred to the Minister of Finance ('MOF'). Accordingly, the eligibility to attend this Meeting for such undeposited shares will be determined by the MOF.

NOTICE IS ALSO HEREBY GIVEN that the final dividend, if approved by the shareholders, will be paid on 2 August 2002 to shareholders whose names appear in the Register of Members (for those exempted from mandatory deposit) and the Record of Depositors on 4 July 2002.

Further notice is hereby given that a Depositor shall qualify for dividend entitlement only in respect of:

- Shares deposited into the Depositor's Securities Account before 12.30 p.m. on 2 July 2002 (in respect of shares which are exempted from mandatory deposit);
- Shares transferred into the Depositor's Securities Account before 12.30 p.m. on 4 July 2002 in respect of ordinary transfers; and
- Shares bought on the Kuala Lumpur Stock Exchange on a cum entitlement basis according to the Rules of the Kuala Lumpur Stock Exchange.

Shareholders are reminded that pursuant to the Securities Industry (Central Depositories) (Amendment No.2) Act, 1998 which came into force on 1 November 1998, all shares not deposited with Malaysian Central Depository Sdn. Berhad by 12.30 p.m. on 1 December 1998 and not exempted from mandatory deposit, have been transferred to the Minister of Finance ('MOF'). Accordingly, the dividends for such undeposited shares will be paid to the MOF.

By Order of the Board



Halimatus Saadiah Abdul Rabah
Secretary (LS 01389)



Megat Nazirudin Megat Shamsuddin
Secretary (LS 00139)

5 June 2002

Kuala Lumpur, Malaysia

Note on Appointment of Proxy:

A member entitled to attend and vote at the annual general meeting may appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company. The instrument appointing the proxy must be deposited with the Company's Share Registrar, Malaysian Share Registration Services Sendirian Berhad, 7th Floor, Exchange Square, Bukit Kewangan, 50200 Kuala Lumpur, not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.

**STATEMENT ACCOMPANYING
NOTICE OF ANNUAL GENERAL MEETING.**

The particulars of attendance of the Directors standing for re-election or reappointment at the Board Meetings held during the financial year ended 31 December 2001. A total of eight (8) Board Meetings were held during the year as follows:

Date	Time	Place
i 27 February 2001	2.30 p.m.	Board Room 2nd Floor, Wisma Guthrie 21, Jalan Gelenggang Damansara Heights 50490 Kuala Lumpur
ii 27 March 2001*	9.30 a.m.	Board Room 2nd Floor, Wisma Guthrie 21, Jalan Gelenggang Damansara Heights 50490 Kuala Lumpur
iii 4 May 2001*	3.30 p.m.	Board Room 2nd Floor, Wisma Guthrie 21, Jalan Gelenggang Damansara Heights 50490 Kuala Lumpur
iv 30 May 2001	2.30 p.m.	Board Room 2nd Floor, Wisma Guthrie 21, Jalan Gelenggang Damansara Heights 50490 Kuala Lumpur
v 24 August 2001	3.30 p.m.	Board Room 2nd Floor, Wisma Guthrie 21, Jalan Gelenggang Damansara Heights 50490 Kuala Lumpur
vi 16 October 2001*	10.00 a.m.	Board Room 2nd Floor, Wisma Guthrie 21, Jalan Gelenggang Damansara Heights 50490 Kuala Lumpur
vii 30 October 2001*	3.00 p.m.	Board Room 2nd Floor, Wisma Guthrie 21, Jalan Gelenggang Damansara Heights 50490 Kuala Lumpur
viii 28 November 2001	2.30pm	Board Room 2nd Floor, Wisma Guthrie 21, Jalan Gelenggang Damansara Heights 50490 Kuala Lumpur

* Special Board Meetings

The attendance of the Directors standing for re-election or reappointment at the abovementioned Board Meetings were as follows:

Tan Sri Dato' Abdul Khalid Ibrahim
Attended all the Board Meetings mentioned above.

Ng Kee Wei
Attended all the Board Meetings mentioned above.

Note :

The Directors seeking election pursuant to Articles 108 and 88 of the Company's Articles of Association were appointed Directors on 20 May 2002 and 31 May 2002 respectively. Hence, there is no record of attendance for these Directors in respect of the financial year ended 31 December 2001.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Particulars of Directors seeking election at the Annual General Meeting

The following Directors who were first appointed on 20 May 2002, retire from the Board of Directors at the Annual General Meeting in accordance with Article 108 of the Company's Articles of Association and, being eligible, offer themselves for election. Their particulars are as follows:

Name	Raja Tan Sri Muhammad Alias Raja Muhammad Ali	Tan Sri Dato' Dr. Wan Mohd. Zahid Mohd Noordin	Datuk Nik Mohamed Affandi Nik Yusoff
Age	69	62	58
Nationality	Malaysian	Malaysian	Malaysian
Qualification	<ul style="list-style-type: none"> • Bachelor of Arts (Honours) in Geography - University of Malaya, Singapore • Certificate of Public Administration - Royal Institute of Public Administration, London • Advanced Management Program - Harvard Business School, Boston, USA 	<ul style="list-style-type: none"> • Bachelor of Arts (Honours) in Sociology and Anthropology - University of Malaya • Masters in Development Education - Stanford University, California, USA • Ph.D. in Sociology of Education - University of California, Berkeley, USA • Advanced Management Program - Harvard Business School, Boston, USA 	<ul style="list-style-type: none"> • Bachelor of Arts (Honours) in History (International Relation) - University of Malaya • Diploma in Public Administration - University of Malaya • Masters in Public Policy and Administration - University of Wisconsin, USA
Position on the Board	Non-Independent Non-Executive Director	Non-Independent Non-Executive Director	Non-Independent Non-Executive Director
Date first appointed on the Board	20 May 2002	20 May 2002	20 May 2002
Membership of Board Committees	Nil	Nil	Nil
Working experience and occupation	As enumerated in the Profile of Directors on page 24 of this Annual Report	As enumerated in the Profile of Directors on page 24 of this Annual Report	As enumerated in the Profile of Directors on page 25 of this Annual Report
Directorships of other public companies	<ul style="list-style-type: none"> • Malayan Banking Berhad • Kuala Lumpur Kepong Berhad • Batu Kawan Berhad • Sime Darby Berhad • Mayban Fortis Holdings Berhad 	<ul style="list-style-type: none"> • Permodalan Nasional Berhad • Yayasan Felcra Berhad • Perbadanan Usahawan Nasional Berhad • Yayasan Guru Malaysia Berhad 	<ul style="list-style-type: none"> • Malaysian Industrial Development Finance Berhad
*Securities holdings in KGB, HLB and GRB	Nil	Nil	Nil
Family relationship/ other relationship with any Director and/or major shareholder of the Company	None, except by virtue of being a nominee Director of Permodalan Nasional Berhad	None, except by virtue of being a nominee Director of Permodalan Nasional Berhad	None, except by virtue of being a nominee Director of Permodalan Nasional Berhad
Conflict of interest with the Company	None	None	None
List of convictions for offences within the past 10 years other than traffic offences	None	None	None
Number of Board Meeting of the Company attended in the financial year 2001	None (Not a Director in 2001)	None (Not a Director in 2001)	None (Not a Director in 2001)

*** Legend:**

KGB - Kumpulan Guthrie Berhad
 HLB - Highlands & Lowlands Berhad
 GRB - Guthrie Ropel Berhad

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Particulars of Directors seeking election at the Annual General Meeting

The following Directors who were first appointed on 31 May 2002, retire from the Board of Directors at the Annual General Meeting in accordance with Article 88 of the Company's Articles of Association and, being eligible, offer themselves for election. Their particulars are as follows:

Name	Datuk Mohamed Adnan Ali	Dato' Muhammad Nawawi Haji Mohd. Arshad	Sreesanthan s/o Eliathamby
Age	59	63	41
Nationality	Malaysian	Malaysian	Malaysian
Qualification	<ul style="list-style-type: none"> • Fellow, Chartered Institute of Management Accountants, U.K. 	<ul style="list-style-type: none"> • Chartered Surveyor, - College of Estate Management London • Fellow, Institution of Surveyors Malaysia 	<ul style="list-style-type: none"> • LLB (Honours), University of Malaya • Masters in Law, University of Oxford, U.K.
Position on the Board	Non-Independent Non-Executive Director	Non-Independent Non-Executive Director	Independent Non-Executive Director
Date first appointed on the Board	31 May 2002	31 May 2002	31 May 2002
Membership of Board Committees	Nil	Nil	Nil
Working experience and occupation	As enumerated in the Profile of Directors on page 25 of this Annual Report	As enumerated in the Profile of Directors on page 27 of this Annual Report	As enumerated in the Profile of Directors on page 27 of this Annual Report
Directorships of other public companies	<ul style="list-style-type: none"> • Bank Pembangunan dan Infrastruktur Malaysia Berhad + Chairman • Bintulu Port Holdings Berhad + Chairman • Malaysia Airports Holdings Berhad • Phileo Allied Berhad • Kuala Lumpur Stock Exchange 	Nil	Nil
*Securities holdings in KGB, HLB and GRB	Nil	Nil	Nil
Family relationship/ other relationship with any Director and/or major shareholder of the Company	None, except by virtue of being a nominee Director of Permodalan Nasional Berhad	None, except by virtue of being a nominee Director of Permodalan Nasional Berhad	None
Conflict of interest with the Company	None	None	None
List of convictions for offences within the past 10 years other than traffic offences	None	None	None
Number of Board Meeting of the Company attended in the financial year 2001	None (Not a Director in 2001)	None (Not a Director in 2001)	None (Not a Director in 2001)

***Legend:**

KGB - Kumpulan Guthrie Berhad
 HLB - Highlands & Lowlands Berhad
 GRB - Guthrie Ropel Berhad

2001

Corporate Highlights



A HISTORIC MEET

A special dinner was held in honour of Professor Dr Ir Bungaran Saragih, Minister of Agriculture, Indonesia, who was on a visit to Malaysia. The dinner was also attended by Yang Berhormat Dato' Seri Lim Kheng Yaik, Minister of Primary Industries, Malaysia.



VISIT BY KLSE

A delegation of 20 KLSE committee members and senior management visited Guthrie on 26 July. They were briefed on Guthrie's overall corporate strategy and activities in efforts to foster a better understanding between KLSE and the Group.



ANALYSTS' UPDATE

On 31 July, Kumpulan Guthrie Berhad briefed analysts on the strategic rationalisation and expansion of the Group.



BOGOR VISIT

On 25 September, Guthrie welcomed 40 post-graduate students from Institut Pertanian Bogor who were on a study tour of the Asean region.

SOLD OUT IN THREE DAYS!

All 300 Delima Apartment units were bought up within three days of its launch on 14 September. The Apartments offer first-time buyers excellent value-for-money and existing property owners good returns on rental due to its strategic location in Shah Alam.



ANNUAL GENERAL MEETING (AGM)

During the AGM on 27 June, shareholders were briefed on the acquisition of Holdiko Palm Plantations, Indonesia by the Guthrie Group. The move enables Guthrie to become a potential global player in the palm oil industry.



NACRA FOR THE FOURTH YEAR RUNNING

Once again, Kumpulan Guthrie Berhad has bagged the NACRA award on 6 November for the 'Most Outstanding Annual Report', 'Industry Excellence Award for Plantation & Mining Sector' and the 'Environmental Reporting Award.'



LAUNCH OF MINAMAS LOGO AND BULLETIN

On 14 November, at the press of a button, Minamas Plantation's official logo was launched by YBhg. Tan Sri Dato' Abdul Khalid Ibrahim. Attended by approximately 300 employees and the management of Minamas Plantation, the jubilant ceremony was held at Crown Plaza Hotel, Jakarta. Lintas Minamas, the official company bulletin, was also formally unveiled that night.

APRIL 2001

Guthrie took over management of Holdiko Palm Plantations, Indonesia (now known as Minamas Plantation)

MAY 2001

The target of annual production of 600,000 tonnes of CPO by 2005 was set for Minamas Plantation.

RM1.5B ISLAMIC BONDS

Kumpulan Guthrie Berhad signed an agreement on 14 December to issue USD395 million (RM1.5 billion) Islamic bonds - the first US dollar denominated international Islamic bonds tradeable on the Labuan Financial Exchange. The amount raised will refinance the RM1.5 billion financing facilities obtained by Guthrie for funding its Indonesian acquisitions.



EXTRAORDINARY GENERAL MEETING

Shareholders approved and ratified the Group's acquisition of Minamas Plantation in Indonesia on 10 December. Minamas is expected to produce 600,000 tonnes per year of crude palm oil (CPO) by 2005. Together, with the expected production in Malaysia, currently at 330,000 tonnes, the Group's total output of CPO is targeted to hit one million tonnes within the next two to three years.

Group Performance Highlights

	2001 RM'000	2000 RM'000	% + / (-)
FINANCIAL PERFORMANCE			
Revenue	2,045,823	1,597,860	28.0
Operating profit	198,072	244,678	(19.0)
Profit before taxation	135,282	242,946	(44.3)
Profit attributable to shareholders	6,211	92,268	(93.3)
Total assets	7,540,578	6,490,694	16.2
Total borrowings	2,946,787	2,339,928	25.9
Total shareholders' funds	2,355,945	2,379,517	(1.0)
Operating profit on revenue (%)	9.7	15.3	(36.6)
Pre-tax profit on total assets (%)	1.8	3.7	(51.4)
Pre-tax profit on average shareholders' funds (%)	5.7	10.2	(44.1)
Profit attributable to shareholders on average shareholders' funds (%)	0.3	3.9	(92.3)
Total borrowings to average shareholders' funds (%)	124.5	97.8	27.3
Earnings per share (sen)	0.6	9.2	(93.5)
Dividend per share – gross (sen)	8.0	11.0	(27.3)
Dividend cover (number of times)	0.1	1.1	(90.9)
Net tangible assets per share (RM)	2.4	2.4	–
Revenue per RM of employment cost (RM)	7.3	7.7	(5.2)
Value added per RM of employment cost (RM)	2.0	2.6	(23.1)
	2001	2000	% + / (-)
PLANTATION PERFORMANCE			
Oil Palm - Malaysia			
Crop – FFB (tonnes) – own	1,455,903	1,563,847	(6.9)
– outside	224,531	266,616	(15.8)
Yield per mature hectare (tonnes FFB)	20.5	20.9	(1.9)
Mill production (tonnes) – palm oil	327,542	323,231	1.3
– palm kernel	96,218	107,113	(10.2)
Extraction rates (%) – palm oil	19.7	18.4	7.1
– palm kernel	5.8	6.1	(4.9)
Average selling prices (RM per tonne ex-mill) – palm oil	830	1,012	(18.0)
– palm kernel	433	714	(39.4)
(Loss)/Profit per mature hectare (RM)	(73)	641	(111.4)
Oil Palm - Indonesia			
Crop – FFB (tonnes) – own	918,525	–	–
– outside	93,608	–	–
Yield per mature hectare (tonnes FFB)	6.5	–	–
Mill production (tonnes) – palm oil	208,572	–	–
– palm kernel	39,737	–	–
Extraction rates (%) – palm oil	22.4	–	–
– palm kernel	4.3	–	–
Average selling prices (RM per tonne ex-mill) – palm oil	867	–	–
– palm kernel	396	–	–
Profit per mature hectare (RM)	198	–	–

Group Quarterly Performance

1st Quarter 2nd Quarter 3rd Quarter 4th Quarter 2001

FINANCIAL PERFORMANCE

Revenue (RM'000)	353,888	401,695	479,216	811,024	2,045,823
Operating profit (RM'000)	10,013	12,632	28,355	147,072	198,072
Profit/(Loss) before taxation (RM'000)	1,765	(24,642)	28,581	129,578	135,282
(Loss)/Profit attributable to shareholders (RM'000)	(995)	(23,535)	2,061	28,680	6,211
(Loss)/Earnings per share (sen)	(0.1)	(2.4)	0.2	2.9	0.6
Dividend per share – gross (sen)	–	2.0	–	6.0	8.0

PLANTATION PRODUCTION

Oil Palm - Malaysia

Crop - FFB (tonnes) – own	390,727	381,239	338,709	345,228	1,455,903
– outside	58,113	49,144	58,993	58,281	224,531
Mill production (tonnes) – palm oil	83,232	81,965	79,899	82,446	327,542
– palm kernel	26,433	24,835	22,087	22,863	96,218

Oil Palm - Indonesia

Crop - FFB (tonnes) – own	–	291,296	302,150	325,079	918,525
– outside	–	36,426	23,243	33,939	93,608
Mill production (tonnes) – palm oil	–	74,887	59,562	74,123	208,572
– palm kernel	–	14,345	11,269	14,123	39,737

Financial Calendar

FINANCIAL YEAR END 31 December 2001

ANNUAL GENERAL MEETING 27 June 2002

ANNOUNCEMENT OF RESULTS

First Quarter	30 May 2001
Second Quarter	24 August 2001
Third Quarter	28 November 2001
Fourth Quarter	26 February 2002

DIVIDENDS

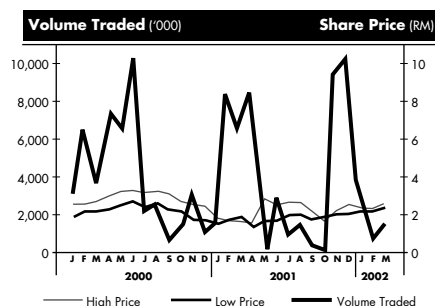
Interim	
• Declaration	24 August 2001
• Record Date	5 October 2001
• Payment Date	2 November 2001
Final	
• Recommendation	26 February 2002
• Record Date	4 July 2002
• Payment Date	2 August 2002

PUBLISHED ANNUAL REPORT AND FINANCIAL STATEMENTS

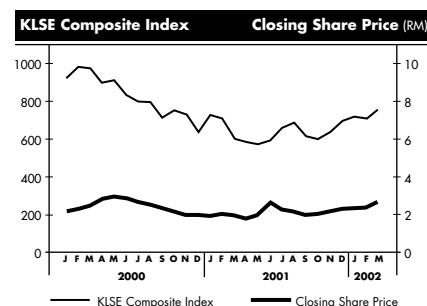
Despatch Date 5 June 2002

Share Prices & Volume Traded

on Kuala Lumpur Stock Exchange - January 2000 to March 2002



	JAN - MAR		
	2002	2001	2000
Share prices (RM)			
– Closing	2.26	2.15	1.80
– High	2.26	2.70	3.12
– Low	2.00	1.56	1.80
Volume traded ('000)	6,649	23,057	50,823
Dividend yield (%)	3.54	3.72	6.11
Price - earnings ratio (times)	376.67	358.33	19.57



Group Five-Year Financial Review

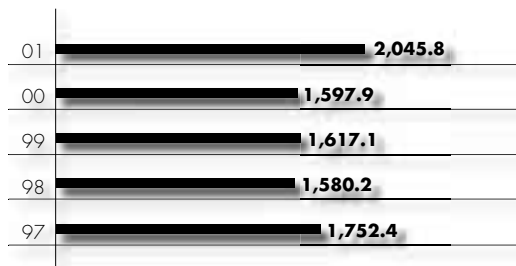
	2001 RM'000	2000 RM'000	1999 RM'000	1998 RM'000	1997 RM'000
REVENUE					
Plantation	593,415	469,128	722,099	787,035	642,255
Property development	541,414	478,030	321,368	117,905	217,195
Manufacturing	119,818	124,078	81,033	119,392	74,964
General trading	758,142	476,873	426,796	487,282	685,547
Other activities	33,034	49,751	65,764	68,578	132,417
	2,045,823	1,597,860	1,617,060	1,580,192	1,752,378
RESULTS					
Plantation	(70,303)	21,680	201,328	250,079	202,931
Property development	285,257	223,747	194,966	27,292	137,291
Manufacturing	(10,746)	(4,769)	(3,995)	1,145	(20,291)
General trading	1,641	1,641	12,440	15,046	26,420
Other activities	(7,777)	2,379	7,836	7,814	14,945
Operating Profit	198,072	244,678	412,575	301,376	361,296
Profit before taxation	135,282	242,946	408,876	300,613	421,647
Profit after taxation	109,177	184,795	419,895	218,142	325,060
Profit attributable to shareholders	6,211	92,268	244,720	104,347	203,181
ASSETS EMPLOYED					
Property, plant and equipment	5,262,840	3,245,373	3,179,764	3,041,977	2,130,898
Land held for development	477,364	444,477	475,284	506,995	329,586
Associated companies	176,047	12,172	15,949	17,176	16,023
Concession asset	28,937	11,400	-	-	-
Investments	23,264	34,550	5,813	9,073	9,279
Trade receivables	97,208	94,083	-	-	-
Advances for plasma plantation projects	22,499	-	-	-	-
Deferred expenditure	-	-	26,548	22,425	14,260
Deferred exchange differences	-	5,791	14,929	25,675	39,389
Deferred tax assets	46,098	-	-	-	-
Goodwill on consolidation	45,809	-	-	-	-
Net current (liabilities)/assets	(384,729)	1,729,777	273,623	(15,369)	162,347
	5,795,337	5,577,623	3,991,910	3,607,952	2,701,782
CAPITAL EMPLOYED					
Share capital	1,000,292	1,000,292	1,000,003	1,000,003	1,000,000
Reserves	1,355,653	1,379,225	1,406,383	1,261,674	717,987
Shareholders' funds	2,355,945	2,379,517	2,406,386	2,261,677	1,717,987
Minority interest	1,556,286	1,311,168	1,284,456	1,151,724	788,794
Long-term borrowings	1,760,682	1,770,246	172,662	88,350	113,231
Trade payables	14,467	-	-	-	-
Deferred liabilities	97,858	107,209	109,762	106,201	81,770
Deferred income	10,099	9,483	18,644	-	-
	5,795,337	5,577,623	3,991,910	3,607,952	2,701,782
PER SHARE STATISTICS					
Earnings – net (sen)	0.6	9.2	24.5	10.4	20.3
Dividend – gross (sen)	8.0	11.0	15.0	14.0	16.0
Dividend cover (number of times)	0.1	1.1	2.1	1.0	1.8
Net tangible assets (RM)	2.4	2.4	2.4	2.3	1.7

Note:

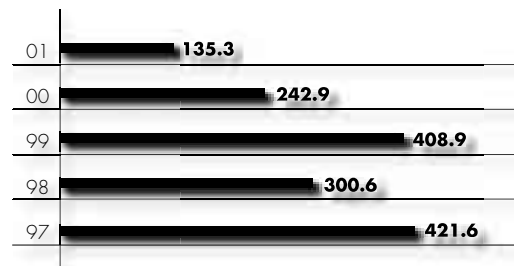
Certain comparative figures have been reclassified/restated as a result of the Change in Accounting Policy on Dividends Proposed as stated in Note 4 (b) to the financial statements.

Group Financial Highlights

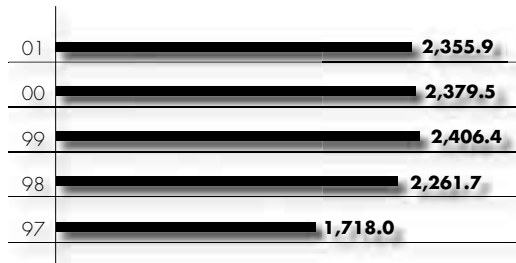
REVENUE (RM Million)



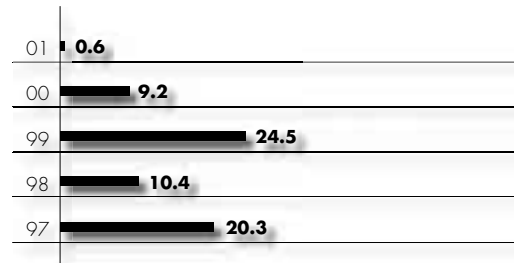
PROFIT BEFORE TAXATION (RM Million)



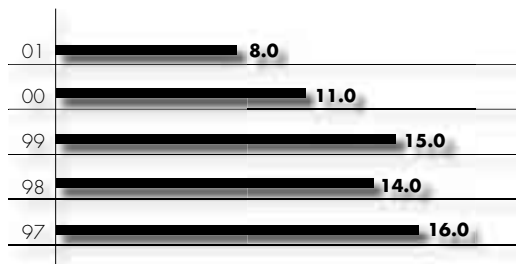
SHAREHOLDERS' FUNDS (RM Million)



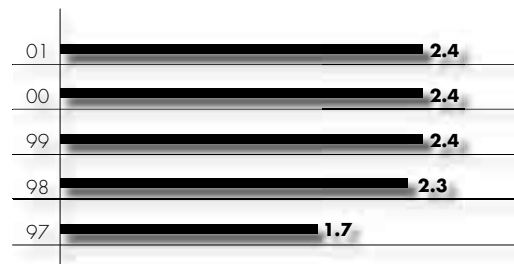
EARNINGS PER SHARE (Sen)



DIVIDEND PER SHARE (Sen)



NET TANGIBLE ASSETS PER SHARE (RM)



Group Five-Year Plantation Review

	2001	2000	1999	1998	1997
OIL PALM - MALAYSIA					
Crop – FFB (tonnes) – own	1,455,903	1,563,847	1,580,902	1,297,456	1,451,472
– outside	224,531	266,616	273,072	300,122	279,056
Mature hectares	70,928	74,932	74,322	72,667	70,076
Immature hectares	25,722	20,677	14,143	11,685	12,911
Total planted hectares	96,650	95,609	88,465	84,352	82,987
Yield per mature hectare (tonnes FFB)	20.5	20.9	21.3	17.9	20.7
Mill production (tonnes) – palm oil	327,542	323,231	306,295	281,102	300,010
– palm kernel	96,218	107,113	101,384	94,670	98,660
Extraction rates (%) – palm oil	19.7	18.4	18.3	18.5	19.0
– palm kernel	5.8	6.1	6.1	6.2	6.3
Average selling prices (RM per tonne ex-mill)					
– Palm oil	830	1,012	1,473	1,946	1,296
– Palm kernel	433	714	1,066	1,003	744
(Loss)/Profit per mature hectare (RM)	(73)	641	3,124	3,641	2,817
OIL PALM - INDONESIA					
Crop – FFB (tonnes) – own	918,525	–	–	–	–
– outside	93,608	–	–	–	–
Mature hectares	140,801	–	–	–	–
Immature hectares	21,875	–	–	–	–
Total planted hectares	162,676	–	–	–	–
Yield per mature hectare (tonnes FFB)	6.5	–	–	–	–
Mill production (tonnes) – palm oil	208,572	–	–	–	–
– palm kernel	39,737	–	–	–	–
Extraction rates (%) – palm oil	22.4	–	–	–	–
– palm kernel	4.3	–	–	–	–
Average selling prices (RM per tonne ex-mill)					
– Palm oil	867	–	–	–	–
– Palm kernel	396	–	–	–	–
Profit per mature hectare (RM)	198	–	–	–	–

Notes:

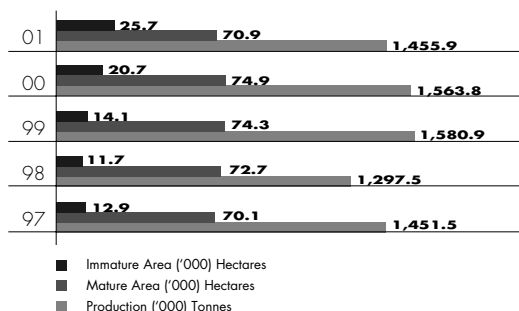
1. Area statistics shown are weighted average figures.
2. Statistics for Indonesia is for nine months only from 1 April 2001 to 31 December 2001.
3. (Loss)/Profit per mature hectare is stated before amortisation of plantation development expenditure.



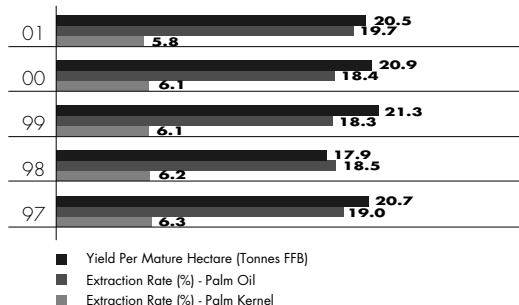
Group Plantation Highlights

MALAYSIA

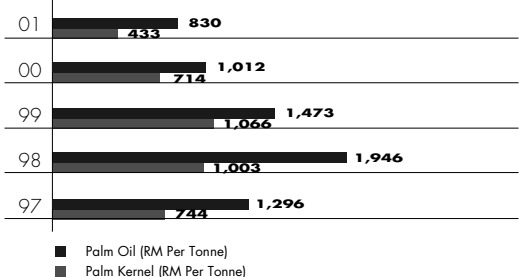
OIL PALM PLANTED AREA/FFB PRODUCTION (^{'000} HECTARES/^{'000} TONNES)



YIELD PER MATURE HECTARE/EXTRACTION RATES (TONNES FFB/%)

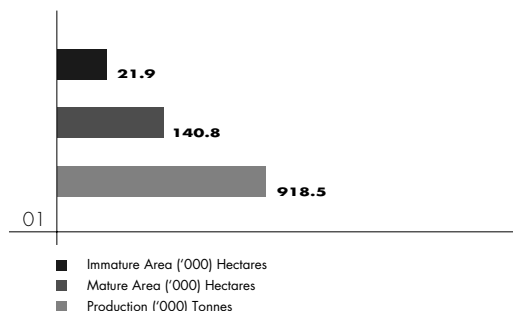


AVERAGE SELLING PRICES REALISED (EX MILL) FOR PALM OIL AND PALM KERNEL (RM)

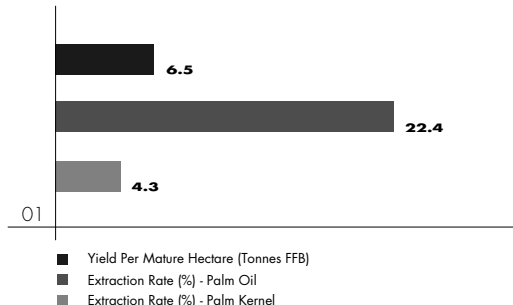


INDONESIA

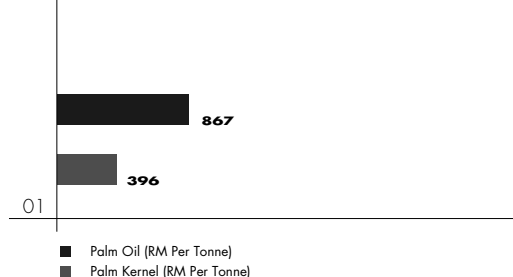
OIL PALM PLANTED AREA/FFB PRODUCTION (^{'000} HECTARES/^{'000} TONNES)



YIELD PER MATURE HECTARE/EXTRACTION RATES (TONNES FFB/%)



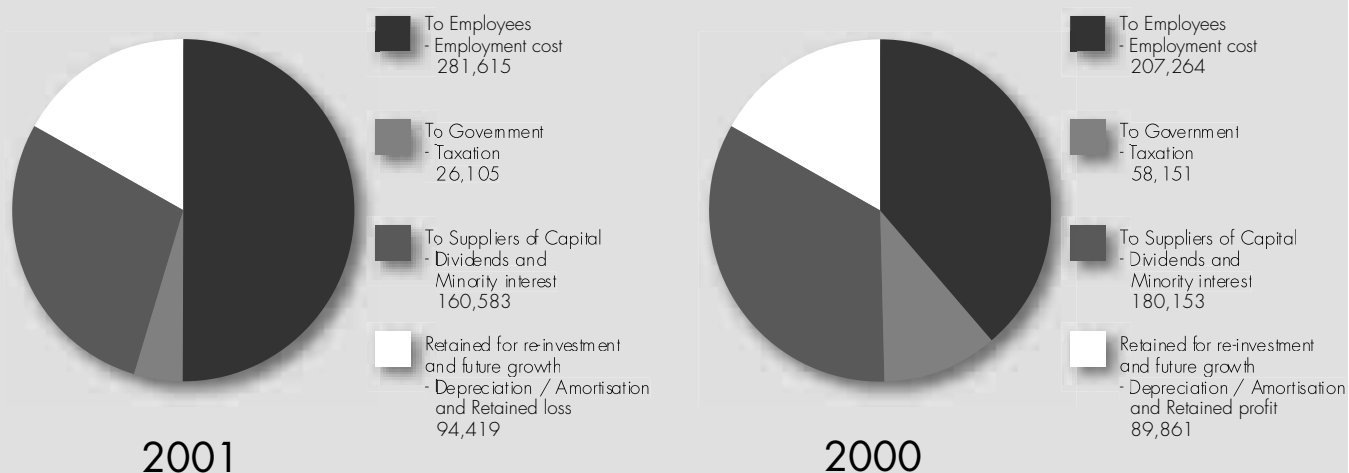
AVERAGE SELLING PRICES REALISED (EX MILL) FOR PALM OIL AND PALM KERNEL (RM)



Statement of Value Added

	2001 RM'000	2000 RM'000
VALUE ADDED		
Revenue	2,045,823	1,597,860
Purchase of goods and services	(1,420,311)	(1,060,699)
Value added by the Group	625,512	537,161
Investment income	1,261	1,400
Finance income	33,114	11,333
Finance expense	(152,733)	(46,397)
Exceptional items	31,812	32,213
Share of profit/(loss) in associated companies	23,756	(281)
Value added available for distribution	562,722	535,429
DISTRIBUTION		
To Employees Employment cost	281,615	207,264
To Government Taxation	26,105	58,151
To Suppliers of Capital Dividends Minority interest	57,617 102,966	87,626 92,527
Retained for re-investment and future growth – Depreciation/Amortisation – (Loss)/Profit	145,825 (51,406)	85,219 4,642
	562,722	535,429

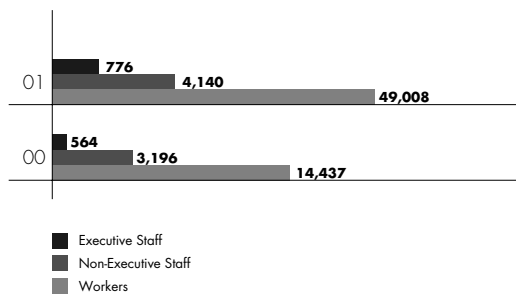
DISTRIBUTION OF VALUE ADDED (RM'000)





Employees and Productivity

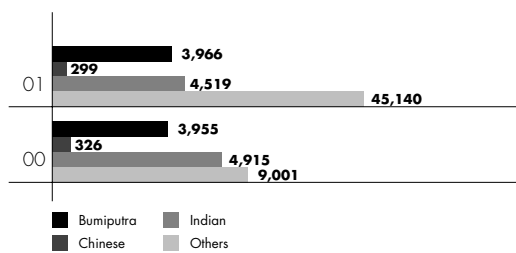
EMPLOYEES BY CLASSIFICATION



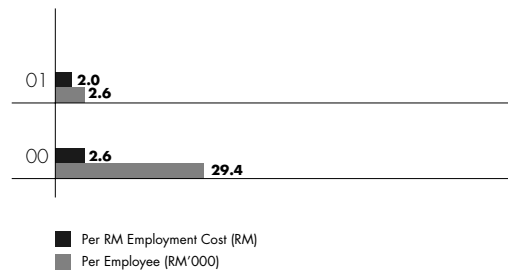
PRODUCTIVITY - REVENUE



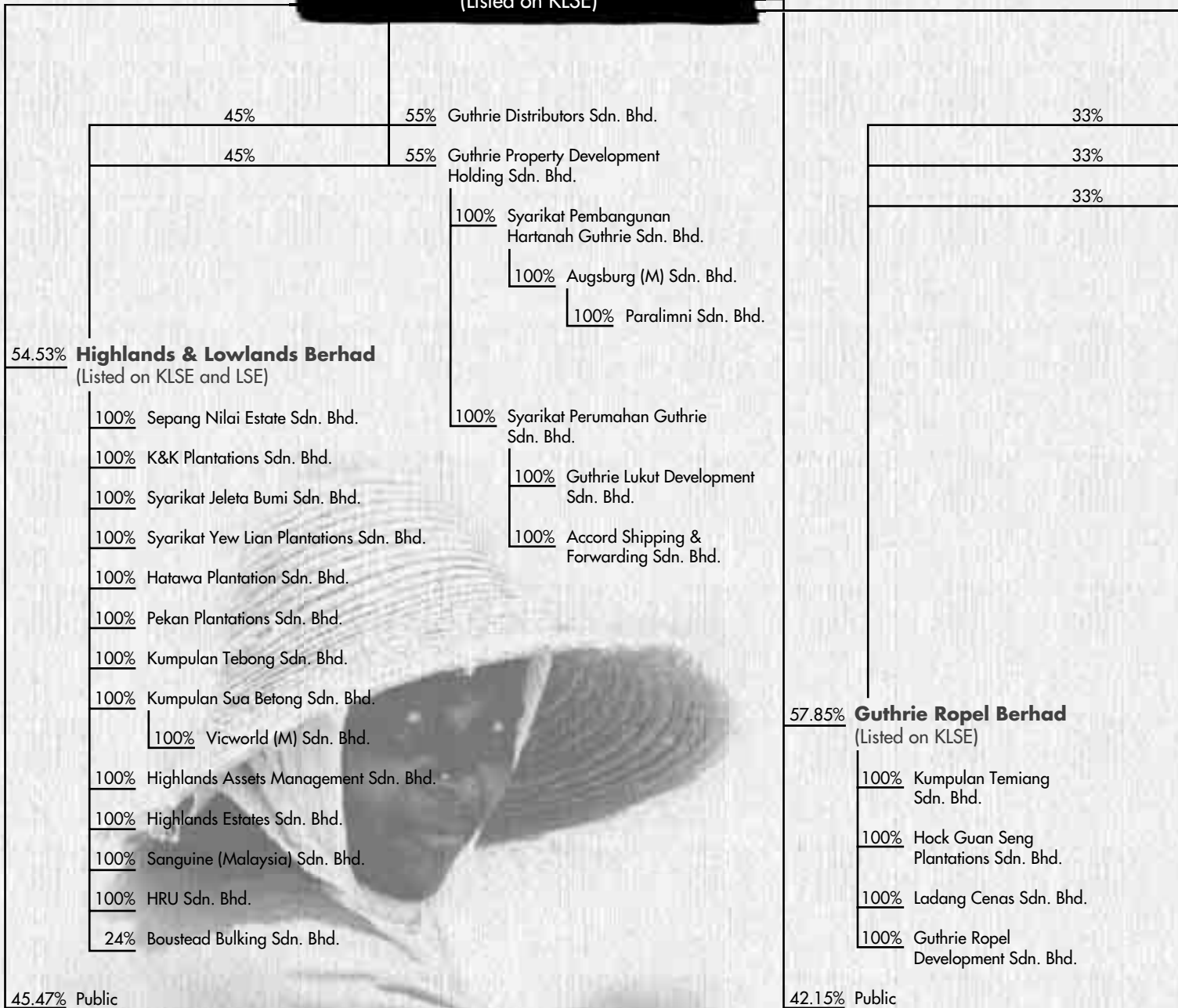
EMPLOYEES BY ETHNIC COMPOSITION



PRODUCTIVITY - VALUE ADDED



KUMPULAN GUTHRIE BERHAD
(Listed on KLSE)



Group Structure

	67%	Guthrie Rubber Processing Sdn. Bhd.
	67%	Guthrie Palm Products Sdn. Bhd.
	67%	Guthrie Assets Management Sdn. Bhd.
	100%	Kumpulan Linggi Sdn. Bhd.
	100%	Kumpulan Jerai Sdn. Bhd.
	100%	Kumpulan Kamuning Sdn. Bhd.
	100%	Guthrie Export Sdn. Bhd.
	100%	Guthrie Plantation & Agricultural Services Sdn. Bhd.
	100%	Chemara Laboratories Sdn. Bhd.
	100%	Guthrie Biotech Laboratory Sdn. Bhd.
	100%	Guthrie Wood Industry Sdn. Bhd.
	100%	Guthrie Wood Products Sdn. Bhd.
	49%	Guthrie MDF Sdn. Bhd.
	100%	Right Class Sdn. Bhd.
	62%	Integrated Brickworks Sdn. Bhd.
	100%	Guthrie Medicare Products (NS) Sdn. Bhd.
	100%	Guthrie Medicare Products (Holdings) Sdn. Bhd.
	87.5%	Guthrie Medicare Products (Melaka) Sdn. Bhd.
	100%	Guthrie Polymer Sdn. Bhd.
	100%	Guthrie Industries Malaysia Sdn. Bhd.
	100%	Guthrie Industries (Indonesia) Sdn. Bhd.
	100%	Guthrie Landscaping Sdn. Bhd.
	100%	Guthrie Furniture Sdn. Bhd.

	100%	Guthrie Solutions Sdn. Bhd.	
	100%	Guthrie Technologies Sdn. Bhd.	
	100%	Haron Estate Development Sdn. Bhd.	
	100%	Harvard Jerai Development Sdn. Bhd.	
	99%	Harvard Golf Resort (Jerai) Bhd.	
	50.7%	Malaysia Land Development Co. Bhd.	
	100%	Genting View Resort Management Sdn. Bhd.	
	100%	Harvard Hotel (Jerai) Sdn. Bhd.	
	100%	Guthrie Dimensional Stones Sdn. Bhd.	
	100%	Guthrie Corridor Expressway Sdn. Bhd.	
	100%	The Eden Bungalow Association Sdn. Bhd.	
	100%	The Whittington Hill Bungalow Association	
	100%	Guthrie Harta (Damansara) Sdn. Bhd.	
	100%	Kumpulan Jelei Sdn. Bhd.	
	100%	Guthrie Tapis Sdn. Bhd.	
	70%	P.T. Guthrie Pecconina Indonesia – Indonesia	
	100%	Guthrie Siam Sdn. Bhd.	
	49%	Muang Mai Guthrie Co. Ltd. – Thailand	
	100%	Guthrie International Investments (L) Ltd.	
	100%	Laverton Holdings Ltd. – Mauritius	0.001%
	99.999%	P.T. Minamas Gemilang – Indonesia	0.001%
	99.999%	P.T. Anugerah Sumbermakmur – Indonesia	0.001%
	99.999%	P.T. Salim Sawitindo – Indonesia	
	0.3%	P.T. Bhaskaramulti Permata – Indonesia	99.7%
	100%	Guthrie Overseas Limited – UK	
	100%	Guthrie Symington Limited – UK	
	100%	Guthrie Furniture Products Limited – UK	
	100%	Healthline Products Limited – UK	
	100%	Guthrie Symington Overseas Investments Inc. – USA	
	100%	Guthrie Latex Inc. – USA	
	100%	Guthrie Symington Investments (USA) Inc. – USA	
	100%	Guthrie Plantations Liberia Inc. – USA	

Notes: i. P.T. Minamas Gemilang and P.T. Anugerah Sumbermakmur have direct and indirect interests between 50% and 100% in 24 companies in Indonesia.

ii. P.T. Salim Sawitindo and P.T. Bhaskaramulti Permata have direct and indirect interests between 20% and 21.59% in 6 companies in Indonesia.

Board of Directors

As at 31 May 2002

CHAIRMAN

Jeneral (B) Tan Sri Dato' Mohd
Ghazali Haji Che Mat

DIRECTORS

Tan Sri Dato' Abdul Khalid Ibrahim

- Group Chief Executive Officer

Tan Sri Dato' Dr. Lin See Yan

Dato' Abdul Aziz Ibrahim

Ng Kee Wei

Ramli Ibrahim

Raja Tan Sri Muhammad Alias

Raja Muhammad Ali

- (appointed on 20 May 2002)

Tan Sri Dato' Dr. Wan Mohd. Zahid Mohd. Noordin

- (appointed on 20 May 2002)

Datuk Nik Mohamed Affandi Nik Yusoff

- (appointed on 20 May 2002)

Datuk Mohamed Adnan Ali

- (appointed on 31 May 2002)

Dato' Muhammad Nawawi Haji Mohd. Arshad

- (appointed on 31 May 2002)

Sreesanthan s/o Eliathamby

- (appointed on 31 May 2002)

Tan Sri Dato' Mohd. Abu Bakar Mohd. Noor

- (resigned on 3 May 2002)

Wong Chong Wah

- (resigned on 6 May 2002)

Siti Ramelah Yahya

- (resigned on 6 May 2002)

Haji Ghazali Awang

- (resigned on 7 May 2002)

ALTERNATE DIRECTOR

Norzilah Megawati Dato' Abdul Rahman

- Alternate to Tan Sri Dato' Abdul Khalid Ibrahim

COMPANY SECRETARIES

Halimatus Saadiah Abdul Rabah (LS 01389)

Megat Nazirudin Megat Shamsuddin (LS 00139)

FORM OF LEGAL ENTITY

Incorporated on 25 November

1960 as a private limited company

under the Companies Act, 1965.

Converted to a public company on

2 December 1987.

PLACE OF INCORPORATION AND DOMICILE

Malaysia

STOCK EXCHANGE LISTING

Listed on Kuala Lumpur Stock Exchange

(Main Board) on 25 August 1989.



C O R P O R A
I N F O R

TE MATION

BOARD COMMITTEES

(Following the recent resignations of four (4) Directors, who were also members of Board Committees, the remaining members of Board Committees are as set out below. As at 31 May 2002, the Board has yet to appoint new members to the Committees.)

EXECUTIVE COMMITTEE

**Jeneral (B) Tan Sri Dato' Mohd.
Ghazali Haji Che Mat (Chairman)
Tan Sri Dato' Abdul Khalid Ibrahim
Tan Sri Dato' Dr. Lin See Yan**

AUDIT COMMITTEE

**Ramli Ibrahim (Chairman)
Dato' Abdul Aziz Ibrahim
Ng Kee Wei**

REMUNERATION COMMITTEE

Tan Sri Dato' Dr. Lin See Yan (Chairman)

NOMINATION COMMITTEE

**Ng Kee Wei (Chairman)
Dato' Abdul Aziz Ibrahim
Ramli Ibrahim**

MAIN TENDER COMMITTEE

**Tan Sri Dato' Abdul Khalid Ibrahim (Chairman)
Dato' Abdul Aziz Ibrahim
Haji Ghazali Awang
Haji Abu Hanipah Abdul Wahid**

EMPLOYEES' SHARE OPTION SCHEME COMMITTEE

**Dato' Mustafa Mohd. Ali (Chairman)
Saadiah Hussin**

REGISTERED OFFICE

**Wisma Guthrie, 21 Jalan Gelenggang,
Damansara Heights, 50490 Kuala Lumpur.
Telephone : 03-2094 1644
Facsimile : 03-2095 7934
Website : www.kumpulanguthrie.com**

SHARE REGISTRAR

**Malaysian Share Registration Services Sdn. Berhad
7th Floor, Exchange Square, Bukit Kewangan,
50200 Kuala Lumpur, Malaysia
Telephone : 03-2026 8099
Facsimile : 03-2026 3736/2026 3731**

AUDITORS

**Ernst & Young
4th Floor, Kompleks Antarabangsa, Jalan Sultan Ismail,
50250 Kuala Lumpur, Malaysia**

PRINCIPAL BANKERS

**Malayan Banking Berhad
Bumiputra-Commerce Bank Berhad
RHB Bank Berhad
HSBC Bank Malaysia Berhad
Citibank Berhad**

PROFILE

of

Directors

as at 31 May 2002



Jeneral (B) Tan Sri Dato' Mohd. Ghazali Haji Che Mat

Age 71. Malaysian. Non-Independent Non-Executive Director and Chairman since 15 February 1988. Chairman of Executive Committee of the Board of Kumpulan Guthrie Berhad. Also Chairman of the Armed Forces Fund Board, The New Straits Times Press (Malaysia) Berhad, Boustead Holdings Berhad, Kuala Sidim Berhad, SCB Developments Berhad, UAC Berhad and Kumpulan Emas Berhad. Educated at the Officer Cadet School, Eaton Hall, United Kingdom, the Royal Military Academy, Sandhurst, United Kingdom and Command and Staff College, Quetta, Pakistan. Held various positions with the Malaysian Army including that of Chief of the Malaysian Army. Formerly, Chief of the Malaysian Armed Forces. No family relationship with/not related to any director and/or major shareholder of Kumpulan Guthrie Berhad and does not have any conflict of interest with Kumpulan Guthrie Berhad except by virtue of being a nominee Director of Permodalan Nasional Berhad. Attended all the four Board Meetings and all the four Special Board Meetings held in the financial year.



Tan Sri Dato' Abdul Khalid Ibrahim

Age 55. Malaysian. Non-Independent Director since 24 August 1988. Group Chief Executive Officer of Kumpulan Guthrie Berhad since 1 July 1994. Member, Executive Committee of the Board of Kumpulan Guthrie Berhad. Chairman of Highlands & Lowlands Berhad, Guthrie Ropel Berhad, Amanah Capital Malaysia Berhad and Amanah Smallcap Fund Berhad. Also Director of Amanah General Insurance Berhad, Malaysia Discount Berhad, SIRIM Berhad, Perbadanan Usahawan Nasional Berhad and Titan Petrochemicals & Polymers Berhad. Also on the Board of Directors of Institute of Strategic and International Studies, Malaysia and National Productivity Centre, and member of Executive Committee of Unit Trust Fund of Islamic Development Bank, Jeddah. Recently he was appointed as Chairman of the Malaysian Palm Oil Association and Chairman of Universiti Utara Malaysia Senate. Tan Sri Dato' Abdul Khalid holds a Bachelor of Arts (Honours) in Economics from the University of Malaya and a Masters in Business Administration from the University of Queensland, Australia. Had served as a teacher, lecturer, credit officer, corporate finance officer and held various managerial positions in Permodalan Nasional Berhad including that of Group Chief Executive. No family relationship with/not related to any director and/or major shareholder of Kumpulan Guthrie Berhad and does not have any conflict of interest with Kumpulan Guthrie Berhad. On 15 December 1998, Tan Sri Dato' Abdul Khalid was awarded Malaysia's CEO of the Year 1997, jointly organised by Business Times (Malaysia) Sdn. Berhad and the American Express Corporate Services. Attended all the four Board Meetings and all the four Special Board Meetings held in the financial year.

Tan Sri Dato' Dr. Lin See Yan

Age 62. Malaysian. Non-Independent Non-Executive Director since 10 January 1995. Chairman, Remuneration Committee and Member, Executive Committee of the Board of Kumpulan Guthrie Berhad. Tan Sri Lin is an independent strategic and financial Consultant. He is a Chartered Statistician (London) as well as banker and economist, with three (3) degrees [including a Doctorate (PhD) in Economics] from Harvard University, USA. He is an Eisenhower Fellow and also Professor of Economics (Adjunct), Universiti Utara Malaysia. Prior to 1998, he was Chairman/President and CEO of Pacific Bank and for 14 years previously, Deputy Governor of Bank Negara Malaysia, having been a central banker for 34 years. Tan Sri Lin continues to serve the public interest, including Member, National Economic Action Council (NEAC) Working Group; Chairman, Expert Group on Finance for Sustainable Development, UN Commission on Sustainable Development (New York); Pro-Chancellor, Universiti Sains Malaysia; Trustee, Malaysia University for Science & Technology; Governor, Asian Institute of Management, Manila; and Member of Harvard University's Graduate School Alumni Council in Cambridge as well as Harvard's Regional Director for Asia. In addition, he advises and sits on the Boards (including Executive/Audit Committees) of a number of publicly listed and private business enterprises in Malaysia, Singapore and Indonesia, including Ancom Berhad, Genting Berhad, Resorts World Berhad, F&N Holdings Berhad and Bank Industri & Teknologi Malaysia Berhad. No family relationship with/not related to any director and/or major shareholder of Kumpulan Guthrie Berhad except by virtue of being a nominee Director of Permodalan Nasional Berhad. Does not have any conflict of interest with Kumpulan Guthrie Berhad. Attended three of the four Board Meetings and all the four Special Board Meetings held in the financial year.



PROFILE

of Directors

as at 31 May 2002

Raja Tan Sri Muhammad Alias Raja Muhammad Ali

Age 69. Malaysian. Non-Independent Non-Executive Director. Appointed as Director on 20 May 2002. Chairman of FeldaJohore Bulkers Sdn. Bhd. as well as Director, Malayan Banking Berhad, Kuala Lumpur Kepong Berhad, Batu Kawan Berhad, Sime Darby Berhad, Mayban Fortis Holdings Berhad, Cerebos Pacific Limited (Singapore) and Yule Catto & Co. plc (UK). Holds a Bachelor of Arts (Honours) in Geography from the University of Malaya, Singapore, a Certificate of Public Administration from the Royal Institute of Public Administration, London and has attended the Advanced Management Program at Harvard Business School, Boston, USA. Held various posts while in the Malaysian Government Service, among which, were as District Officer, Principal Assistant Secretary with the Ministry of Defence, State Development Officer, Pahang with the Ministry of National & Rural Development and Director General of the Federal Land Development Authority (Felda). His last post prior to retirement in June 2001 was as Group Chairman of Felda. He was previously Chairman of Boustead Holdings Berhad, Malaysia International Shipping Corporation Berhad and Malaysia Mining Corporation Berhad. No family relationship with/not related to any director and/or major shareholder of Kumpulan Guthrie Berhad and does not have any conflict of interest with Kumpulan Guthrie Berhad, except by virtue of being a nominee Director of Permodalan Nasional Berhad.



Tan Sri Dato' Dr. Wan Mohd. Zahid Mohd. Noordin

Age 62. Malaysian. Non-Independent Non-Executive Director. Appointed as Director on 20 May 2002. Chairman of Yayasan Guru Malaysia Berhad, Warisan Pinang Sdn. Berhad, Federal Power Sdn. Berhad, Furukawa Sdn. Berhad and Kolej Universiti Teknologi dan Pengurusan Malaysia. Also Director of Permodalan Nasional Berhad, Yayasan Felcra Berhad, Perbadanan Usahawan Nasional Berhad and Universiti Tun Abdul Razak. Holds a Bachelor of Arts (Honours) in Sociology and Anthropology from University of Malaya, a Masters in Development Education from Stanford University, California, USA and a Doctorate (Ph.D) in Sociology of Education from University of California, Berkeley, California, USA. Attended the Advanced Management Program at Harvard Business School, Boston, USA. Had served as a teacher, School Principal and held various positions with the Ministry of Education, including as Planning Officer and Deputy Director, Educational Planning & Research Division, Chief Inspectorate of Schools, Director of Curriculum and Deputy Director-General. Had also served as Director of Education of Negeri Sembilan and Kelantan. His last post prior to retirement in December 1997 was as Director - General of Education of Malaysia. No family relationship with/not related to any director and/or major shareholder of Kumpulan Guthrie Berhad and does not have any conflict of interest with Kumpulan Guthrie Berhad, except by virtue of being a nominee Director of Permodalan Nasional Berhad.



Datuk Nik Mohamed Affandi Nik Yusoff

Age 58. Malaysian. Non-Independent Non-Executive Director. Appointed as Director on 20 May 2002. Director of Malaysian Industrial Development Finance Berhad. Holds a Bachelor of Arts (Honours) in History (International Relation) from University of Malaya, a Diploma in Public Administration from University of Malaya and a Masters in Public Policy and Administration from University of Wisconsin, USA. He held various posts while in the Malaysian Government Service, among which, were as Assistant Secretary in the Ministry of Justice, Assistant Secretary, Cabinet Division and Policy Division, and Secretary, Foreign Investment Committee in the Prime Minister's Department, Secretary, Capital Issues Committee and Director, Government Sector Companies Monitoring Division in the Ministry of Finance. He was also Deputy Managing Director of Khazanah Nasional Berhad and his last post prior to retirement in February 1999 was as Director General of Majlis Amanah Rakyat (MARA). No family relationship with/not related to any director and/or major shareholder of Kumpulan Guthrie Berhad and does not have any conflict of interest with Kumpulan Guthrie Berhad, except by virtue of being a nominee Director of Permodalan Nasional Berhad.

Datuk Mohamed Adnan Ali

Age 59. Malaysian. Non-Independent Non-Executive Director. Appointed as Director on 31 May 2002. Chairman, Bank Pembangunan & Infrastruktur Malaysia Berhad and Bintulu Port Holdings Berhad. He is a Director of Phileo Allied Berhad, Malaysia Airport Holdings Berhad, Ladang Tabung Haji Sdn. Berhad, Amanah Raya Asset Management Sdn. Berhad, Timah Langat Holdings Sdn. Berhad, MI Pipes Holdings Sdn. Berhad and Kuala Lumpur Stock Exchange. He is a Fellow, Chartered Institute of Management Accountants, U.K.. Datuk Mohamed Adnan was formerly Accountant-General, Malaysia. He had served as Accountant with Telecoms Department Malaysia and as Senior Accountant with Ministry of Trade and Industry, Ministry of Energy and Public Works, and Economic Planning Unit, Prime Minister's Department. He was a Senior Manager, Investment with Employees Provident Fund, Malaysia and Treasurer, Universiti Islam Antarabangsa Malaysia and Bursar, Universiti Teknologi Malaysia. Datuk Mohamed Adnan had served as Deputy Manager, Financial Management Unit, Treasury in the Ministry of Finance, and Corporate Director and Deputy Accountant General in the Accountant General's Office. No family relationship with/not related to any director and/or major shareholder of Kumpulan Guthrie Berhad and does not have any conflict of interest with Kumpulan Guthrie Berhad, except by virtue of being a nominee Director of Permodalan Nasional Berhad.



PROFILE

of Directors

as at 31 May 2002



Dato' Abdul Aziz Ibrahim

Age 65. Malaysian. Independent Non-Executive Director since 17 November 1990. Member, Audit Committee, Executive Committee and Nomination Committee of the Board of Kumpulan Guthrie Berhad. Senior Independent Non-Executive Director of the Board of Kumpulan Guthrie Berhad. Holds a Bachelor of Agricultural Science (New Zealand) and a Master of Science (Agronomy) from the University of Hawaii. Had served with the Agronomist Department of Agriculture. He was formerly the Deputy Director of Agriculture, Kedah, Director of Agriculture, Terengganu and General Manager, State Economic Development Corporation of Terengganu. No family relationship with/not related to any director and/or major shareholder of Kumpulan Guthrie Berhad and does not have any conflict of interest with Kumpulan Guthrie Berhad. Attended all the four Board Meetings and all the four Special Board Meetings held in the financial year.

Ng Kee Wei

Age 79. Malaysian. Independent Non-Executive Director since 19 December 1991. Chairman, Nomination Committee and Member, Audit Committee of the Board of Kumpulan Guthrie Berhad. Director of Goodyear Malaysia Berhad, United Overseas Bank (Malaysia) Berhad, United Overseas Finance (Malaysia) Berhad and UOF (2000) Limited. Attended Teaching Course at the Confucian Middle School and KKM School of Commerce, Kuala Lumpur. Had served as General Manager of Semantan Estate Sdn. Berhad, Managing Director and Chairman of Ng Chin Siu & Sons Rubber Estates Sdn. Berhad. Formerly, Chairman of Amalgamated Industrial Steel Berhad and Entrepreneur Member of the Commodities Trading Commission. No family relationship with/not related to any director and/or major shareholder of Kumpulan Guthrie Berhad and does not have any conflict of interest with Kumpulan Guthrie Berhad. Attended all the four Board Meetings and all the four Special Board Meetings held in the financial year.



Ramli Ibrahim

Age 61. Malaysian. Independent Non-Executive Director since 1 August 1995. Chairman, Audit Committee and Member, Nomination Committee of the Board of Kumpulan Guthrie Berhad. Director, Hua Joo Seng Enterprise Berhad, Jaya Jusco Store Berhad, Ranhill Berhad, Mulpha International Berhad, HSBC Bank Malaysia Berhad, Malaysia National Insurance Berhad and Takaful Nasional Sdn. Berhad. Fellow of the Institute of Chartered Accountants, Australia, Member of the Malaysian Association of Certified Public Accountants and the Malaysian Institute of Accountants. Had served in various positions with Peat Marwick Mitchell & Co. (now known as KPMG), including that of Audit Manager, Audit Partner, Audit and Administration Partner and Managing Partner. Formerly, Executive Chairman of The Kuala Lumpur Options and Financial Futures Exchange Berhad. No family relationship with/not related to any director and/or major shareholder of Kumpulan Guthrie Berhad. Does not have any conflict of interest with Kumpulan Guthrie Berhad. Attended all the four Board Meetings and all the four Special Board Meetings held in the financial year.





Dato' Muhammad Nawawi Haji Mohd. Arshad

Age 63. Malaysian. Non-Independent Non-Executive Director. Appointed as Director on 31 May 2002. Executive Chairman, M. Nawawi & Co., Chairman, DTZ Debenham Tie Leung (Malaysia) Sdn. Berhad and DTZ Nawawi Tie Leung Sdn. Berhad, and Director of JKP Sdn. Berhad. Also, Committee Member, International Asset Valuation Standards Committee and Council Member, Institution of Surveyors Malaysia. He is a Chartered Surveyor from College of Estate Management, London and Fellow, Institution of Surveyors, Malaysia. Dato' Muhammad Nawawi was formerly Director-General, Valuation, Ministry of Finance. He had also served as Assistant Director-General and Deputy Director-General, Property Services Division, Ministry of Finance and as Director of CH Williams, Talhar & Wong Sdn. Berhad. No family relationship with/not related to any director and/or major shareholder of Kumpulan Guthrie Berhad and does not have any conflict of interest with Kumpulan Guthrie Berhad, except by virtue of being a nominee Director of Permodalan Nasional Berhad.

Sreesanthan s/o Eliathamby

Age 41. Malaysian. Independent Non-Executive Director. Appointed as Director on 31 May 2002. Advocate & Solicitor. Partner with the legal firm of Messrs. Kadir, Andri Aidham & Partners. Member, Investment Committee, Amanah Saham Wawasan 2020. He holds a degree in law from the University of Malaya and a Masters in Law from the University of Oxford, U.K.. He was formerly a Legal Assistant and later a Partner with the legal firm of Messrs. Zain & Co. Subsequent to that, he was a partner in the legal firm of Messrs. Zul Rafique & Partners. Mr Sreesanthan is an accredited mediator of the Malaysian Mediation Centre, Member of Task Force on Internal Control, KLSE, Member of the Working Committee on regulations of SUHAKAM (Malaysian Human Rights Commission), Member of the Investigating Tribunal Panel of the Advocates & Solicitors' Disciplinary Board. No family relationship with/not related to any director and/or major shareholder of Kumpulan Guthrie Berhad and does not have any conflict of interest with Kumpulan Guthrie Berhad.



Norzilah Megawati Dato' Abdul Rahman

Age 42. Malaysian. Non-Independent Director. Alternate to YBhg. Tan Sri Dato' Abdul Khalid Ibrahim since 19 December 1991. Divisional Director, Corporate Business Development & Human Resource of Kumpulan Guthrie Berhad. Also Director of Highlands & Lowlands Berhad and Guthrie Ropel Berhad. Holds a degree in Law (Honours.) from the University of Malaya. Had served as Executive in the areas of investment analysis, money market trading, corporate secretarial and legal work with Permodalan Nasional Berhad (PNB) and as Manager, Group Chief Executive's Office of PNB. No family relationship with/not related to any director and/or major shareholder of Kumpulan Guthrie Berhad. Does not have any conflict of interest with Kumpulan Guthrie Berhad.

A U D I T E E T T I W W C O M M I T T E E

RAMLI IBRAHIM
CHAIRMAN

DATO' ABDUL AZIZ
IBRAHIM

NG KEE WEI

All the abovenamed are Independent
Non-Executive Directors
of the Company.

Siti Ramelah Yahya and Wong Chong Wah,
who were Non-Independent Non-Executive
Directors of the Company,
ceased to become members of the
Audit Committee
with effect from 6 May 2002 when they
resigned as Directors on that date.

PRIMARY PURPOSES

The Committee shall:

- Provide assistance to the Board in fulfilling its fiduciary responsibilities relating to the corporate accounting and reporting practices of Kumpulan Guthrie Berhad and all its wholly-and majority-owned subsidiary companies (Group).
- Maintain, through regularly scheduled meetings, a direct line of communication between the Board and the external auditors as well as internal auditors.
- Avail to the external and internal auditors a private confidential audience at any time they desire and request through the Committee Chairman, with or without the prior knowledge of Management.
- Act upon the Board of Directors' request to investigate and report on any issues or concerns with regard to the management of the Group.
- Review existing practices and recommend to Management to formalise an ethics code for all executives and members of the staff of the Group.



COMPOSITION

The Board shall elect an Audit Committee, comprising at least three and not more than five directors, the majority of whom shall be independent of senior management and operating executives and unencumbered by any relationships that might, in the opinion of the Board of Directors, be considered to be a conflict of interest.

The members of the Audit Committee during the financial year ended 31 December 2001 were as follows:

Ramli Ibrahim (Chairman) - Independent Non-Executive Director
Dato' Abdul Aziz Ibrahim - Independent Non-Executive Director
Ng Kee Wei - Independent Non-Executive Director
Siti Ramelah Yahya - Non-Independent Non-Executive Director
Wong Chong Wah - Non-Independent Non-Executive Director

Following the resignations of Puan Siti Ramelah Yahya and Encik Wong Chong Wah from the Board of Directors on 6 May 2002, the remaining members of the Audit Committee comprise all the Independent Non-Executive Directors mentioned above.

FUNCTIONS

The Committee shall review, appraise and report to the Board on:

- **The quality and effectiveness of the entire accounting and internal control system.**
- **The adequacy of the audit effort by both the external auditors and the internal auditors.**
- **The propriety of accounting policies adopted by Management and accepted by the external auditors, where alternatives are also acceptable.**
- **The adequacy of the disclosure of information essential for a fair and full presentation of the financial affairs of the Group.**
- **Any significant difficulties encountered or material discoveries made by the external auditors or internal auditors.**
- **The effects of any changes in accounting principles or of any developments emanating from the accounting profession or any statutory authority.**
- **The firm of external auditors retained by the Group, and the Committee's recommendation to retain or replace such firm in the ensuing year.**

MEETINGS

The Audit Committee held four meetings during the financial year ended 31 December 2001 with the Group Director, Finance & Corporate Services, the Controller, Internal Audit, Kumpulan Guthrie Berhad, and the Company Secretary in attendance. Representatives of the External Auditors and other officers of the Company were also invited to brief the Audit Committee on specific issues.

ATTENDANCE OF MEETINGS HELD IN 2001

Except for Puan Siti Ramelah Yahya who attended two meetings, the other members of the Audit Committee attended all the four meetings of the Audit Committee in 2001.

ACTIVITIES

The summary of activities of the Audit Committee in the discharge of their functions and duties during the year under review was as follows:

- Review and appraise the audit reports prepared by the Internal Auditors and the various internal control systems in place;
- Review the quarterly financial statements of the Group and ensure compliance with approved accounting standards and adherence to other legal and regulatory requirements;
- Evaluate the audit planning strategy of the Internal and External Auditors;
- Assess the significant issues set out in the Management Letter arising from the audit of the Group by the External Auditors for the year;
- Assess the risk management activities of the Group;
- Seek clarification and explanations from Management of the Company on issues noted in the audit reports;
- Consider request for increase in audit fees of the External Auditors;
- Submit recommendations to the Board and Management of the Company on improvement of internal controls, procedures and systems and other matters noted by the Audit Committee.

INTERNAL AUDIT FUNCTIONS

In the discharge of its duties, the Audit Committee of the Company is strongly supported by the Internal Auditors of the Company, who conduct an internal audit of all financial and operational matters within the Group. The summary of activities of the Internal Auditors is set out on page 42 of this Annual Report.

The Internal Auditors regularly submit audit reports on their audit activities and findings which are tabled at the Audit Committee Meetings. The Controller of the Internal Audit Department attends the Audit Committee Meetings to present the internal audit findings and make appropriate recommendations to the Audit Committee on any areas of concerns within the Group for the Committee's noting and recommendation to the Board.

Due to the nature of their functions, the Internal Auditors are well placed to undertake investigations on any suspicion of fraud or operational failures reported to them within the Group, on behalf of the Audit Committee. Such regular monitoring is essential to ensure the integrity and effectiveness of the Group's systems of internal control.

REPORTS/MINUTES

Detailed audit reports by the Internal Auditors, together with responses by Management, are circulated to all members of the Audit Committee, the Group Chief Executive and the relevant Divisional Directors of the Company. Minutes of meetings of the Audit Committee are circulated to all members of the Board, and significant issues are discussed at Board Meetings.

Statement on **CORPORATE** GOVERNANCE



The Board of Directors of Kumpulan Guthrie Berhad ("the Board") is pleased to report that throughout the financial year under review, it had generally practised good corporate governance in directing and managing the business and affairs of Kumpulan Guthrie Berhad ("the Company" or "KGB") and its subsidiary companies ("the Group" or "the KGB Group") to enhance the business prosperity and support the continued growth of the Group as a long-term commitment to its shareholders and investors, consistent with the Malaysian Code on Corporate Governance ("the Code").

The application of the principles of Corporate Governance and compliance with Best Practices of the Code are set out in this Statement and also elsewhere in this Annual Report.

THE BOARD OF DIRECTORS

Composition

The Company is headed by a strong and experienced Board which leads and controls the business and affairs of the Group, appropriate for one of the leading conglomerates in South East Asia and the holding company of two listed companies on the Kuala Lumpur Stock Exchange ("KLSE"), namely Guthrie Ropel Berhad ("GRB") and Highlands & Lowlands Berhad ("HLB").

During the year under review, the Board of Directors of KGB, comprised ten (10) Directors and two (2) alternate Directors. With the resignation of three (3) non-executive Directors and one Executive Director in May 2002 and, subsequently, the appointment of six (6) new non-executive Directors, the Board of Directors of KGB as at 31 May 2002, comprises twelve (12) Directors and an alternate Director.

Out of the twelve (12) Directors, seven (7) of them, including the Chairman, YBhg. Jeneral (B) Tan Sri Dato' Mohd. Ghazali Haji Che Mat, are non-independent non-executive Directors and four (4) are independent non-executive Directors. YBhg. Tan Sri Dato' Abdul Khalid Ibrahim, the Group Chief Executive Officer, is also a member of the Board of Directors of KGB. The profile of each member of the Board as at 31 May 2002 are set out on pages 22 to 27 of this Annual Report.

Board Size and Balance

There is a good size and balance in the composition of the Board, that ensure no individual or a group of individuals

dominate the decision-making of the Board and enable the Board to effectively discharge its principal responsibilities, as set out in the Code.

The Board combine in them expertise and experience in various fields such as economics and investment, education, public services, international relations, accounting, legal and agriculture and, thus, are able to bring broader perspectives and depth in the Board's decision-making. The non-executive Directors comprise a majority of the Board and they provide a balanced and independent view onto the Board, on issues of strategy, performance, resources and standards of conduct, which carry significant weight in the Board's decisions.

The four (4) independent Directors on the Board, as at 31 May 2002, namely YBhg. Dato' Abdul Aziz Ibrahim, Encik Ng Kee Wei, Encik Ramli Ibrahim and Encik Sreesanthan s/o Eliathamby, are within the meaning of 'independent' Directors as stated in Paragraph 1.01 of the Listing Requirements of Kuala Lumpur Stock Exchange (KLSE) since they are neither officers of the KGB Group nor nominee directors of any major shareholder. They are independent of both the management and major shareholders of the Company, and are free from any business or other relationship which could interfere with the exercise of their independent judgement or the ability to act in the best interests of the Company.

The good size and balance of the Board of KGB ensures that the individual Directors are able to make effective decisions and discharge their principal responsibilities with a sense of personal accountability.

Chairman and Group Chief Executive Officer

The Chairman, is a non-independent non-executive Director, who has separate and distinct duties and responsibilities from those of the Group Chief Executive Officer.

The Chairman is responsible for the smooth running of the Board, such as the effective functioning of the Board, balance of membership on the Board, ensure all the relevant issues are on the agenda and all Directors timely receive relevant information before deliberations at the Board Meetings. The Group Chief Executive Officer is responsible for the day-to-day operations of the Group's business, which include implementing the policies and strategies adopted by the Board and clarifying matters relating to the KGB Group's business to the Board. The Group Chief Executive Officer's in-depth and intimate knowledge of the Group's affairs contribute significantly towards managing the direction of the Group to achieve its goals and objectives.

This separation of powers combined with the presence of four(4) independent Directors, confer a strong independent element on the Board. This ensures a balance of power and authority at the helm of the Group and provides a safeguard against the exercise of unfettered power in decision-making. The Chairman also encourages healthy debate on issues on the agenda and ensures that every Board resolution is put to a vote.

Appointment of Senior Independent Non-Executive Director

The Board had, on 28 November 2001, appointed YBhg. Dato' Abdul Aziz Ibrahim as the senior independent non-executive Director of the Board to whom the Directors can convey their concerns on issues affecting the Company and the Group other than through the Chairman.

Principal Duties and Responsibilities of the Board

The Board assumes the following six specific duties and responsibilities to effectively lead and control the Company and the Group:

- Reviewing and adopting a strategic plan for the Group.
During the financial year under review, the Board had embarked on a Strategic Planning Programme to assess the performance of the business units in the Group and to steer the Group in the proper direction to achieve its objectives.
- Overseeing the conduct of the Group's business to evaluate whether the business is being properly managed. The Board monitors Management's performance and measures it against the Group's corporate objectives.
- Identifying principal risks and ensure implementation of appropriate systems to manage the risks. The Board, through the various committees it had established, has designed, operated and monitored a system of internal controls suitable for the Group. The Internal Auditors have adopted a risk-based approach in identifying the principal business risks faced by the KGB Group and the controls in place to manage these risks.
- Succession planning, including appointing, training, fixing the compensation of and where appropriate, replacing senior management. The Board, through the Human Resource Management Department, has embarked on management succession programme to train and develop senior management to provide for the orderly succession of management within the Group.
- Developing and implementing an investor relations programme or shareholder communication policy for the Group. The Board maintains an active and constructive communication policy with both its individual and institutional shareholders via general meetings, private audiences, correspondences and forums.
- Reviewing the adequacy and integrity of the Group's internal control system and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines. The Board through the various committees it had established, reviews the adequacy and effectiveness of the Group's internal control systems. These committees prepare and submit to the Board, a report on their review of the effectiveness of the internal control systems of the Group, on a continual and consistent basis.



Appointments to the Board

The Board has established a Nomination Committee on 28 November 2001 which has developed a formal and transparent procedure for the appointments of new Directors to the Board of KGB. The terms of reference of the Nomination Committee are set out on page 35 of this Annual Report.

MEETINGS OF THE BOARD

Board Structure and Procedures

The Board meets on a scheduled basis, at least four (4) times a year. In year 2001, there were four(4) Board Meetings, which were quarterly held, and four(4) Special Board Meetings. During the financial year ended 31 December 2001, eight (8) of the ten (10) Directors who served in 2001 attended all the Board Meetings while the other two (2) Directors each attended three (3) Board Meetings. All the ten (10) Directors attended all the four (4) Special Board Meetings. The attendance of the respective Directors at the Board Meetings in 2001 is set out in the particulars of the Directors' profile in this Annual Report.

Board Meetings

At each meeting, the Board deliberates on a formal schedule of matters reserved specifically for the Board's deliberations which include, *inter alia*, the Group's financial statements and results for the period ended for each quarter, performance of the Group's businesses, policies and strategic issues affecting the Group's businesses and acquisition and disposals of major assets. The consideration and approval of the annual Group Budget is a significant annual exercise by the Board in establishing the goals of the Group for the following year which involves an assessment of the projected performance of the Group's businesses. The Group Budget is revised quarterly based on the actual performance of the preceding quarter and expectations in performance for the subsequent quarters.

At appropriate times, the Board also considers the principal risks affecting the business of the Group and the measures that could be taken to mitigate such risks. A yearly audit planning memorandum submitted by the External Auditors of the Group to the Audit Committee sets out the Strengths, Weaknesses, Opportunities and Threats (SWOT) Analysis for the Group which identifies and highlights the possible options that can be

implemented to mitigate the impact of any business risks. The External Auditors annually also issue a Management Letter raising issues of risks affecting the operations of the Group. The Board addresses and monitors the risks and concerns affecting the Group through the various committees that it had established.

Special Board Meetings

During the financial year, four Special Board Meetings were held to consider, in particular, the disposal of Haron Estate, the post-closing due diligence matters relating to the acquisition of the Minamas Plantation in Indonesia, and the issuance of the Sukuk Al-Ijarah Islamic Bonds to refinance part of the Al-Ijarah Al-Muntahiah Bit-Tamlik Islamic Facility which was procured to finance the acquisition of the Minamas Plantation.

Access to Information and Advice

The Board has full and unrestricted access to all information pertaining to the Group's businesses and affairs, whether as a full Board or in their individual capacity. The Board timely receives the agenda with a full set of Board papers, prior to these meetings, in a form and of a quality to enable the Directors to study and understand the issues and discharge their duties effectively. The Board has full access to the advice and services of the experienced Joint Company Secretaries who ensure Board procedures are adhered to at all times during meetings, advise the Board, among others, on corporate governance matters and Directors' responsibilities under the respective legislations and regulations, and ensure compliance with

the relevant laws and regulations. The Directors may, if necessary, obtain independent professional advice from external consultants at the Company's expense.

Visits to Locations

When necessary, the Directors also visit locations of the Group's business units, so as to have a thorough understanding and overall view of the working of the Group's operations, in order to make effective decisions in the best interests of the Group. A hands-on approach to the Group's business activities, is part of the Board's assessment of its effectiveness as the decision-making body of the Group.

RE-ELECTION OF DIRECTORS

Article 102 of the Company's Articles of Association provides that at least one – third of the Directors (including the Managing Director, if any) for the time being, is required to retire at every Annual General Meeting (AGM) and be subject to re-election, and that each Director shall retire at least once in every three years.

Directors who are over seventy years of age, shall retire at every AGM and are subject to reappointment by the shareholders of the Company pursuant to Section 129 of the Companies Act, 1965. Presently, there are two (2) Directors of the Company who are subject to such retirement and reappointment. One of them, however, does not wish to seek reappointment at the forthcoming AGM of the Company.

‘ Guthrie has been in the industry for almost 181 years and all these years we believe in transparency, promoting good business and good corporate governance. These policies have stood us in good stead over the years. ’



YBhg Tan Sri Dato' Abdul Khalid Ibrahim receiving the KLSE Corporate Sector Award 2001 on the Main Board Plantations Category for Kumpulan Guthrie Berhad from the Prime Minister of Malaysia, Yang Amat Berhormat Dato' Seri Dr. Mahathir Mohammad. This is the second consecutive year the Company has won the award.

REMUNERATION OF DIRECTORS

The Level and Make-up of Remuneration

The remuneration levels of the Executive Directors are competitively set to attract and retain the most qualified and experienced Directors to successfully run the businesses of the Group. The remuneration packages of the Divisional Directors, Advisers and other senior executives of the Group commensurate with their responsibilities as Executives or Advisers of the Company. The remuneration of each of the non-executive Directors of the Board is now being reviewed in order to reflect their experience, level of responsibilities and commitments as members of the Board, which take into cognizance the Directors' explicit duties and responsibilities under the Code.

Procedure

The Remuneration Committee of the Board of Directors of KGB has established a formal and transparent procedure, to review and determine the remuneration packages and policies of the Executive Directors, Advisers and senior executives of the Company and the Group.

Disclosure

During the financial year ended 31 December 2001, the appropriate components of the Directors' remuneration paid or payable or otherwise made available from the Group are in the following manner:-

- (a) Aggregate remuneration of Directors categorised into appropriate components:-

	Executive Directors	Non-Executive Directors
Fees RM'000	–	235
Salaries & Allowances RM'000	1,139	–
Bonus RM'000	585	–
Benefits-in-kind RM'000	79	9
Other Emoluments RM'000	–	–
Total RM'000	1,803	244

- (b) The number of Directors of the Company during the year under review whose total remuneration falls within the following bands are as follows:-

Range of remuneration	Number of Directors	
	Executive	Non-Executive
RM50,000 and below	–	7
RM50,001 to RM100,000	–	1
RM500,001 to RM550,000	–	–
RM550,001 to RM600,000	1	–
RM1,100,001 to RM1,150,000	–	–
RM1,200,001 to RM1,250,000	1	–

NUMBER OF DIRECTORSHIPS IN OTHER COMPANIES

Each of the Directors of the Company holds not more than ten (10) directorships in any public listed companies and not more than fifteen (15) in other companies (other than listed companies) which are either incorporated or registered under the Companies Act, 1965. This ensures the Directors' commitment, resources and time for an effective input to the Board. Details of the directorships of each Director are set out in the announcement of the Semi-Annual Returns of the Company to the KLSE.

TRAINING OF DIRECTORS

It is the policy of the Group to continuously educate its Directors, so as to keep them abreast of relevant new laws and regulations which could have an impact on the Group's businesses, and to enhance their business acumen and skills to meet challenging commercial risks.

During the financial year, all the ten (10) Directors and two (2) Alternate Directors have attended and successfully completed the Mandatory Accreditation Programme ("MAP") conducted by the Research Institute of Investment Analysis Malaysia (RIIAM), the training arm and affiliate company of the KLSE. The Directors will attend the Continuing Education Programme ("CEP") on an annual basis once RIIAM commences the training programmes for CEP. The newly appointed Directors will attend the MAP if they had not done so prior to joining the Board of Directors of KGB.

The newly appointed Directors would participate in an induction programme to facilitate their understanding of the operations and businesses of the Group. The new Directors would be briefed on the nature of the Group's businesses, current issues, corporate strategy and their principal duties and responsibilities as members of the Board. Visits to certain operating centres of the Group would also be arranged to enable the new Directors gain a better understanding of the business operations of the Group.

COMMITTEES

The Board of KGB has delegated specific responsibilities to the Board Committees and Management Committees which operate within clearly defined terms of reference.

BOARD COMMITTEES

The present Committees of the Board of Directors of the Company are the Executive Committee, the Audit Committee, the Nomination Committee, the Remuneration Committee, the Share Option Committee and the Main Tender Committee. The present members of the various Committees, following the recent resignations of Directors, are set out on page 21 of this Annual Report. As at 31 May 2002 (being the latest practicable date prior to the printing of this Annual Report) the Board has yet to appoint new members of the various Committees.

EXECUTIVE COMMITTEE

The Executive Committee which meets, at least, every quarter in a year, examines in depth strategic matters, policies and business risks which may affect the Group, such as any new substantial investment proposed to be undertaken by the Group and reviews the business risks and performance of those investments which have been approved. It also reviews terms and conditions of service and policies affecting the employees of the Group, as a whole.

AUDIT COMMITTEE

The composition and functions of the Audit Committee are laid down on pages 28 to 29 of this Annual Report.

REMUNERATION COMMITTEE

The Remuneration Committee, whose members during the year 2001 were all non-executive Directors, meets on a need basis, and is entrusted, among others, with examining the remuneration packages of Executive Directors, Divisional Directors and Advisers of the Group in all its forms. However, the ultimate responsibility to approve the remuneration of these Directors and Advisers rests on the KGB Board, as a whole. As the Executive Directors are not members of the Committee, they do not play any part in decisions of their own remuneration.

Subject to shareholders' approval in general meeting, the Board as a whole determines the level of remuneration of the non-executive Directors of the Company. The remuneration of the non-executive Directors is being reviewed in order to take into cognizance their principal duties and responsibilities under the Code.

NOMINATION COMMITTEE

The Nomination Committee meets as required but shall hold at least one meeting a year.

Scope of Responsibilities

The Nomination Committee's responsibilities include the following and such other responsibilities as may be determined by the Board from time to time:

- To consider and make recommendations to the Board on the suitability of candidates nominated for appointment to the Board;
- To review and make recommendations to the Board, on an annual basis, the required mix of expertise and experience, including core competencies of the non-executive Directors;
- To make recommendations to the Board for the implementation of a process for the annual assessment of the effectiveness of the Board as a whole, the Committees of the Board and for assessing the contribution of each individual Director, on an on-going basis.

The Nomination Committee may, as it deems fit, call for any appropriate person or persons to be in attendance to make presentations or furnish reports or provide independent advice to the Nomination Committee on any matters within its scope of responsibilities.

On 10 May 2002 and 29 May 2002, the Nomination Committee considered and recommended the appointments of seven (7) new Directors, comprising five (5) non-independent non-executive Directors and two (2) independent non-executive Directors on the Board of KGB. The Board approved the appointment of the seven (7) new Directors. However, as at 31 May 2002, the appointment of one (1) of the independent non-executive Directors has yet to be effected, as it was pending the submission of the relevant forms for the appointment. The profile of the six (6) new Directors are set out on pages 24, 25 and 27 of this Annual Report.

EMPLOYEES' SHARE OPTION SCHEME("OPTION") COMMITTEE

The Option Committee, whose members during the year 2001, comprised two (2) members of the Board and two (2) members from Management, meets at least every quarter.

Primary purpose

The Option Committee's responsibilities are as follows:

- To administer the Employees' Share Option Scheme ("ESOS" or the "Scheme") in accordance with the Bye-Laws of the ESOS and, in such manner, as it shall in its discretion deem fit and, within such powers and duties as are conferred upon it by the Board of Directors.
- To review and amend, at any time and from time to time, any provisions of the Scheme and the ESOS Bye-Laws, provided that the amendments are not prejudicial to the eligible employees and with the prior approval of the shareholders of the Company. Such modification/variation shall be subject to the approvals of the Board and the relevant authorities.

FUNCTIONS

The functions of the Option Committee shall be governed by the Bye-Laws of the Scheme which, *inter alia*, include :

- To select employees of the Company and its eligible subsidiary companies who are eligible to participate in the initial offer and subsequent offers of the Scheme and, determine the number of new shares to be allocated to the eligible employees according to the category/grading of employees and each band of years of service;
- To determine the number of options exercisable by the eligible employees for each year during the duration of the Scheme, the date of the initial offer and subsequent offers and the exercise price for each offer at which the eligible employees are entitled to subscribe under an option and, the period during which the option may be exercised;
- To formulate guidelines/procedures for the administration/operation of the Scheme.

TENDER COMMITTEES

The purchase of goods and services which exceed the prescribed limit are approved by two sets of Committees, namely the Regional Tender Committee at the respective regions and the Main Tender Committee at the Head Office. A minimum number of three(3) quotations are called for and tenders are awarded based on factors such as quality, track record and speed of delivery. The Tender Committees, therefore, ensure transparency in the award of contracts.



Accountability & Audit

FINANCIAL REPORTING

The Board is responsible to ensure that the financial statements of the Company and of the Group are in accordance with the applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965 which presents a true and fair view of the state of affairs of the Company and of the Group.

During the financial year under review, the Board has undertaken several measures to ensure quality financial reporting to its shareholders, investors and regulatory authorities in order to present a balanced, clear and comprehensive assessment of the Company's and the Group's performance and prospects. As part of the Company's continuing disclosure obligation under the Listing Requirements of the KLSE, the Board ensures timely, accurate and up-to-date financial information relating to the Company's and the Group's quarterly financial results are announced to the KLSE and published in the daily newspapers. The timely distribution of the Company's Second-Quarterly Reports and Annual Report to the shareholders and investors have ensured that all those who invest in the Company's securities are kept abreast of the Company's and the Group's performance throughout the financial year.

The Chairman's Statement and the Operations Review of the Group, contained in this Annual Report, also provide an insight into the performance of the Company and the Group throughout the financial year and, on the Company's and the Group's future prospects.

The Board is assisted by the Company's Audit Committee in the discharge of its fiduciary responsibilities relating to corporate accounting and reporting practices of the Group.

RELATIONSHIP WITH AUDITORS

The Board maintains an active, transparent and professional relationship with its Auditors, through the Audit Committee which has been conferred with the authority to interface directly with both the External and Internal Auditors of the Group.

During the financial year, the Group's External Auditors, conducted an audit of the Company and the Group, to obtain information and explanation so as to provide reasonable assurance that the financial statements present a true and fair view of the Group's performance and are free from material misstatements. After the completion of the audit, a Management Letter was presented by the Auditors to the Board to raise significant issues arising from the audit of the Group. The Board, through the Audit

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE AUDITED FINANCIAL STATEMENTS

Directors are required by Company Law to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the Group at the end of the financial year and of the results of the Company and of the Group for the financial year then ended.

In preparing those financial statements, the Directors have:

- adopted suitable accounting policies and then applied them consistently;
- made judgements and estimates that are prudent and reasonable;
- ensured applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepared the financial statements on the going concern basis unless it is inappropriate to presume that the Company and the Group will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and of the Group and to enable them to ensure that the financial statements comply with the Companies Act, 1965. The Directors are also responsible for safeguarding the assets of the Company and of the Group and, hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Committee, also seeks the External Auditors' professional advice in ensuring compliance with the appropriate accounting standards in Malaysia and the provisions of the Companies Act, 1965. The functions of the Audit Committee and its relations with the Auditors are set out on pages 28 and 29 of this Annual Report.

The activities of the Internal Auditors relating to the operation of the Group during the financial year are set out on page 42 of this Annual Report.

Relationship of the **Board** to Management

The Board sees itself as the vital link between the shareholders and Management, entrusted by the shareholders for the strategic development, planning and financial direction of the Group, the management of the Group's assets in the best possible manner, the effective control of the Group's business operations and enhancement of performance of the Group's businesses, which in turn maximizes returns to the Group.

THE IMPORTANCE OF KEEPING SHAREHOLDERS INFORMED OF DEVELOPMENTS CONCERNING THE GROUP IS HIGH ON THE AGENDA. In this respect, the Board has always maintained an active and constructive shareholder communication policy. Whilst major shareholders have their nominees on the Board, the minority shareholders are kept abreast of all developments concerning the Group through the distribution of the Company's Annual Reports, Second-Quarterly Reports and publication of the Company's and the Group's quarterly financial results in the leading newspapers. Much effort is undertaken by the Company to produce an Annual Report which is not only informative with facts and figures, and statutory reports and disclosures, but also reader-friendly. The Annual Report, including the Financial Statements sections of the Annual Report, are printed in English as well as in Bahasa Malaysia.

The Company ensures that timely announcements are made to the KLSE to disseminate material information which are clear, unambiguous, succinct, accurate and contain sufficient information to enable investors to make informed investment decisions, as part of the Company's continuing disclosure obligation under the Listing Requirements of the KLSE.

THE ANNUAL GENERAL MEETING

The Annual General Meeting (AGM) is the principal forum for dialogue with all shareholders, irrespective of their shareholdings, and gives all shareholders direct and public access to the Board. A full business presentation was made by the Group Chief Executive Officer before the adoption of the audited Financial Statements and shareholders are encouraged to ask questions on any issues in the Annual Report and audited Financial Statements, corporate developments in the Group, the resolutions being proposed and on the business of the Group in general at every AGM and Extraordinary General Meeting (EGM) of the Company.

While the Board retains overall responsibility for and control of the Group, including through the various committees that it had established, management of the Group's businesses is conducted by the Group Chief Executive Officer and Senior Management of the various Divisions, which implement the policies and strategies adopted by the Board within the limits of authority laid down by the Board.

QUALITY OF INFORMATION

The Board ensures that it receives information which are not just historical or bottom-line and financial oriented, but overall, sufficient, up-to-date and all encompassing information from Management, which assesses the performance of the Group, customer satisfaction, product and service quality, market share, market reaction, environmental performance and other performance factors, which are essential for the Board to deliberate on any specific item on the agenda.

Representatives of the Management are also in attendance to answer questions. This ensures a high level of accountability, transparency and identification with the Group's business operations, strategy and goals.

BRIEFING TO ANALYSTS AND INSTITUTIONAL SHAREHOLDERS

The Group recognizes the need for an independent third party assessment of the KGB Group. Towards achieving this end, the Management of KGB conducts, on annual basis, several dialogues and briefings with financial analysts, brokers and



Relationship with **SHAREHOLDERS** and **INVESTORS**



Briefing to analysts

institutional fund managers and investors on the Group's financial results, performance and the potential of new developments/business of the Group. This is to ensure that the investing community receives a balanced and complete view of the Group's performance and, the current issues faced by the business in the regional and global economic climate. These briefings enable a direct and frank dialogue to be established on the affairs of the Group with persons who are highly focused on business affairs of corporations.

The briefings are conducted at the Company's premises and the Group Chief Executive Officer who maintains a regular dialogue with major institutional investors, responds to queries on issues relating to the Group's business and affairs. These dialogue ensure the mutual understanding of objectives of the interested parties.

During the financial year under review, special presentations were made to representatives from the KLSE and financial analysts of the Group's activities and financial performance. Special presentations on corporate developments in the Group and their progress to date were also made to the shareholders at the AGM and EGM of the Company held in June 2001 and December 2001, respectively.

As Malaysia enters into the globalization era, the awareness of the shareholders is heightened and their expectations greater. As such, the Board continues to seek various measures to address the increasing needs of its shareholders and investors, through:

VISITS AND PRIVATE MEETINGS

Pre-arranged private meetings with the Management and/or private visits to certain operating centres of the Group, upon requests, are also available to enable shareholders and investors to have a better understanding of the Group's activities.

SHAREHOLDERS' CORRESPONDENCES

The Group Company Secretary may arrange for correspondence from shareholders to receive a reply from the Company Secretary, the Chairman, Directors or other designated senior executives, in cases of relevant queries which are not sensitive to the Group's business or have the effect of providing price-sensitive information, which has not already been generally made available to the Company's shareholders and regulatory authorities.

CORPORATE WEB-SITE

The KGB Group has established its corporate web-site at www.kumpulanguthrie.com which has improved the availability and accessibility of published material, corporate information, financial and other pertinent information to all its shareholders, at all times.



Shareholders' participation at the EGM in December 2001

INTERNAL CONTROL

RISK MANAGEMENT

During the financial year, the Board has been able to identify existing and potential business risks and ensure the implementation of appropriate measures to manage these risks. As the business risk profile changes, new areas are being introduced for assessment.

The Company has established a Risk Management Unit in July 2001, to further strengthen the Group's risk management process and to assist the Board of Directors in the discharge of its risk management and control responsibilities. The Risk Management Unit's functions are to develop a risk management framework, coordinate and monitor the effectiveness of the Group's risk management activities, coordinate the identification of the Group's key business risks through the Budgetary Process together with the mitigating action plans.

The Risk Management Unit is also in the midst of finalising the Group's written Risk Management Policy and Guidelines Manual, which would set out the Group's underlying approach to risk management

and clearly define the Group's Risk Management framework and reporting structure.

Risk awareness training programme will also be conducted for key employees to explain the Group's risk management policies. This is imperative as the Board believes that people are the key constituent of the Group's sound system of internal control and, thus, employees at every level of the Group must be empowered to understand the Group's business activities and their entailing responsibilities to ensure smooth operation of the Group's businesses as a whole.

During the financial year, the Risk Management Unit has undertaken a preliminary assessment of the key business risks within the Group's core business divisions and has submitted its report to the Audit Committee. The Risk Management Unit also facilitated appropriate communication between the Group Chief Executive Officer of the Company, members of the Audit Committee, Internal Auditors, Divisional Directors and other parties engaged in the Group's risk management activities.

R e s p o n s i b i l i t y

The Board has maintained appropriate measures relating to internal control to safeguard the shareholders' investment and assets of the Group. The Board recognises that because of the limitations inherent in any system of internal controls, a sound system of internal control is designed to manage rather than eliminate the risk of failure to achieve the Group's business objectives and can only provide reasonable rather than absolute assurance against material misstatements, fraud, loss or operational failures.

INTERNAL CONTROL ENVIRONMENT

The following elements exist in the Group's corporate environment which are conducive towards achieving a sound system of internal control:

- Clear written terms of reference on the functions of the Directors and the functions delegated to its standing committees;
- An organizational structure with clearly defined designated authorities and their respective responsibilities;
- The Group's Standard of Business Ethics which emphasizes the corporate values and the ethical code of conduct;
- Policies and procedures which are clearly documented in the Standard Operating Procedures of most of the Operating Units in the Group with which its operation must comply;
- The Financial Authority Limits which set the limit for revenue and capital expenditure for each level of management within the Group while the Financial and Operating Manuals set out the policies and procedures for day-to-day operations and act as a guideline as to the proper measures to be undertaken in a given set of circumstances;
- A computerized financial system that captures every single financial transaction which are collated and consolidated into the monthly management financial statements and quarterly forecast performances, which allow Management to focus on areas of concern;
- An efficient information technology system that provides ongoing identification and capture of relevant, reliable, up-to-date and secured information from internal and external sources. This includes a plan to retrieve data, in the event of any loss of data;
- Comprehensive monthly reporting designed to monitor actual performance compared with budget in which detailed explanations of any major variances are explained and forecasts for the current year are regularly updated;
- Strategic planning and budgeting process are used to set objectives, agree on action plans and allocate resources. Progress towards meeting business plan objectives is regularly monitored;
- An employees' database (excluding general workers) detailing their status and position description, acts as a guide in planning the manpower needs of the Group. The position description of employees had enabled the employees to understand what needs to be achieved within their scope of responsibilities. Employees' knowledge, skills and abilities are further enhanced through continued education, training and development activities which will enable them to operate and monitor the systems of internal control effectively;
- A Performance Management Programme to review and improve the methodology of assessing the performance of all the various units in the Group, with the objective of steering the Group in the proper direction to achieve its business objectives.

“The Board believes that the practice of **good corporate governance** is an **ongoing process** which is more than a once a year issue to be covered as compliance in the Annual Report. Based on this premise, the Board is committed to practising the **highest standards** of corporate governance and observing **best practices** throughout the Group, and will continue to improve on current practices within the Group to ensure full **compliance**, where appropriate, to the Code. ”



Overwhelming response from shareholders at the Company's general meetings.

INTERNAL AUDIT

The role of the Internal Audit Department of the Company is to review the adequacy, integrity and effectiveness of the Group's overall systems of internal control. During the financial year under review, the Internal Auditors carried out audit programmes which focused on the management of the Group's significant corporate risks and executed audit plans approved by the Audit Committee of each of the listed companies in the Group.

The Internal Auditors conduct regular visits to the various operational and financial areas within the Group to ensure compliance with the Group's policies, guidelines, procedures and internal control systems. The Internal Auditors will summarize and highlight in their audit reports, areas of non-compliance with the Group's policies, procedures and guidelines and any weaknesses in the internal control systems of the various operational and financial areas within the Group. Corrective actions are then agreed with the Management. Internal Auditors also carry out follow-up reviews to determine the extent of implementation of the agreed actions. Their findings and recommendations contained in the audit reports are circulated to the Group Chief Executive Officer, members of the Audit Committee and the relevant Heads of Divisions/Departments/Units.

The audit reports are tabled at Audit Committee meetings, which are held at least four times annually, for its review and recommendation to the Board. The Minutes of the Audit Committee Meetings are circulated to the Directors and are regularly reviewed by the Board for its noting and action, where necessary. Management is required to justify any purported lack of non-conformance pursuant to the audit visits and reports issued. During the financial year, the Internal Auditors presented their Internal Audit Planning Memorandum to the Audit Committee of the Company, which sets out the internal audit strategy of the Group for the subsequent year.

COMMITTEES

The Board reviews the adequacy and integrity of the Group's systems of internal control, through the various committees that it had established. The Board retains overall responsibility for the internal control systems of the Group through these Committees.

MANAGEMENT COMMITTEE

The Management Committee which comprises ten (10) senior members of the Management from the various divisions [with five (5) Advisers in attendance], meets monthly and examines in depth the performance of the various business units of the Group, agrees on recommendations to enhance and improve operational matters affecting the Group, makes appropriate recommendations to the Executive Committee and/or the Board of Directors on any major capital expenditure, major investments or divestments affecting the Group.

OTHER MANAGEMENT COMMITTEES

The other management committees which form part of Management and constitute components of the internal control process of the Group, include the Tender Committees, Consultants' Appointment Committee, Credit Committees and Mill/Estate Liason Committees.

STATEMENT ON GOING CONCERN

The Board, having reviewed the budgets and business plans of the Company and of the Group, has a reasonable expectation that the Company and the Group have adequate resources to continue in operation for the foreseeable future. Accordingly, the financial statements of the Company and of the Group have been prepared on a going concern basis.

INTERNAL AUDIT ACTIVITIES

During the financial year under review, the most significant investment undertaken by the Group, was the acquisition of the Holdiko Palm Plantations (now known as "Minamas Plantation") in Indonesia. The Internal Audit Department of Minamas Plantation had conducted operating and compliance audits of Minamas Plantation's activities in 2001 and its findings were reported directly to the Management of Minamas Plantation. During the first quarter of 2002, the Group Internal Auditors at the Head Office in Kuala Lumpur had taken steps to streamline the internal audit activities of Minamas Plantation, which include standardization of the auditing processes, reporting format and enhancement of Internal Audit activities within Minamas Plantation, which include the relevant Head Office Departments of Minamas Plantation.

The Group Internal Auditors will summarize and highlight in their audit reports, any area of non-compliance with the Group's policies, procedures and guidelines, and the weaknesses in the present internal control systems in Minamas Plantation.

Internal audit has also been conducted in respect of activities engaged in by the Group's joint-venture entity, namely P.T Guthrie Pecconina Indonesia ("Pecconina") in Indonesia, to ensure its plantation activities were aligned to the internal control systems of the Group.

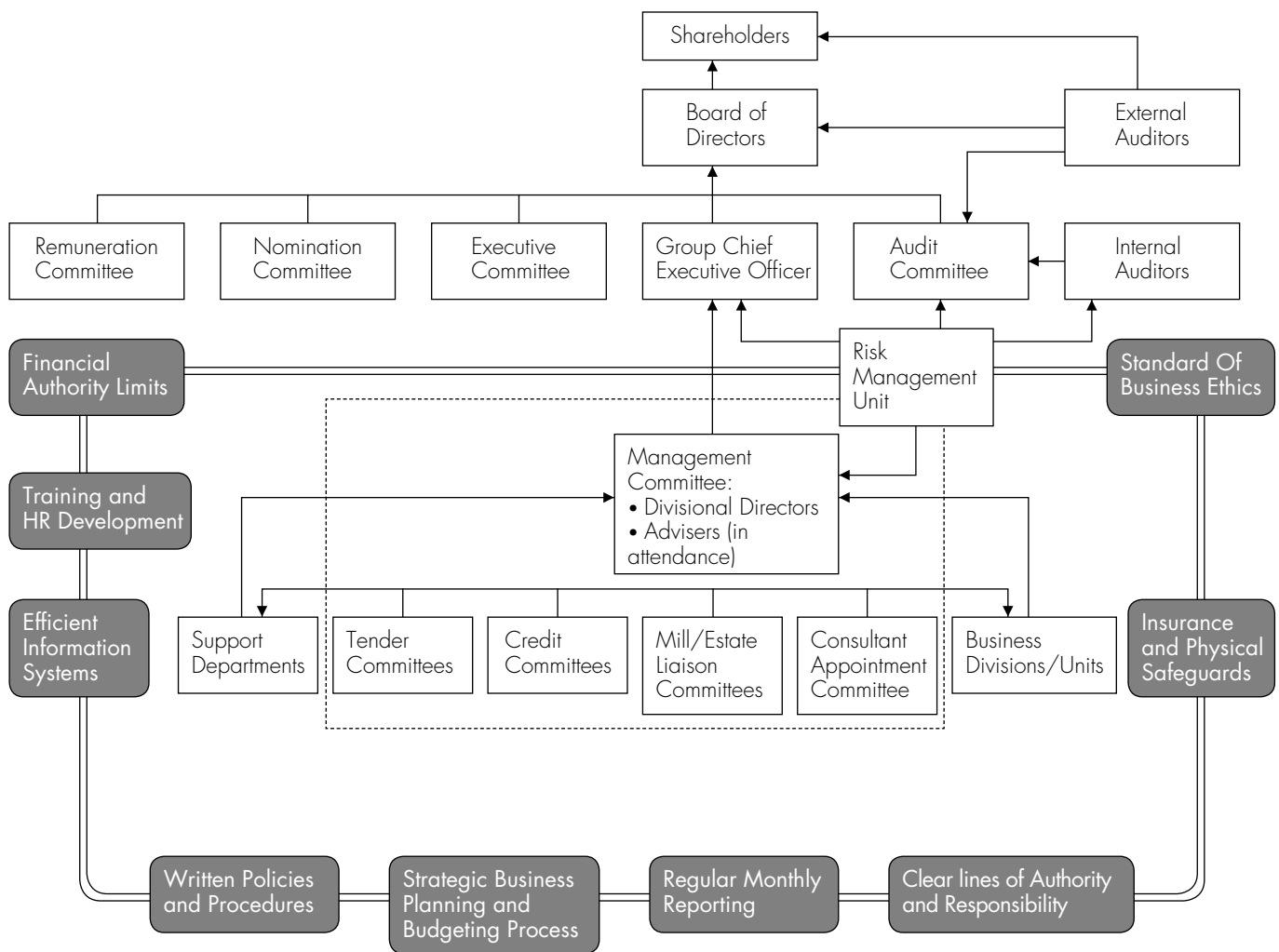
COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE

The Group was substantially in compliance with the Code throughout 2001, with the exception set out below:

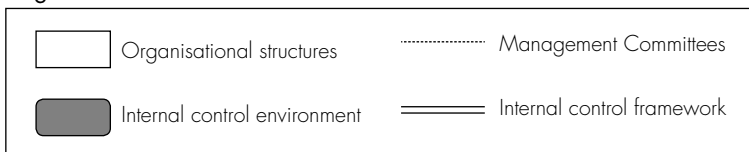
- The implementation of a more structured risk management process, which had commenced during the year under review, is expected to be completed by the end of 2002, through the implementation of various measures. The Risk Management Unit established by the Company in July 2001, had embarked on a written Risk Management Policy and Guidelines Manual which would underline the approach to risk management, risk framework and risk reporting structure of the Group.



Internal Control Framework



Legends:



other information

MATERIAL CONTRACTS

Save as disclosed below, neither the Company nor any of its subsidiary companies had entered into any material contract which involved Directors' and/or major shareholders' interests, either still subsisting at the end of the financial year, or which were entered into since the end of the previous financial year.

Date	Parties	General Nature	Consideration (RM)	Mode of satisfaction of consideration	Relationship
24/10/2001	Haron Estate Development Sdn Bhd (HEDSB), a wholly-owned subsidiary company of KGB and Golden Hope Properties Sdn. Bhd, a wholly-owned subsidiary company of Golden Hope Plantations Berhad.	Conditional Sale and Purchase Agreement	565,278,120	Cash settlement	Golden Hope Plantations Berhad is a subsidiary company of Permodalan Nasional Berhad (PNB). PNB is also a major shareholder of KGB.

MATERIAL CONTRACTS RELATED TO LOAN

During the financial year under review, there were no material contracts related to loans, entered into by the Company and/or its subsidiary companies which involved Directors' and/or major shareholders' interests.

RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

During the financial year under review, the Company and/or its wholly-owned subsidiary companies had dealings with the non-wholly owned subsidiary companies within the KGB Group, namely Guthrie Ropel Berhad ("GRB") and/or its subsidiary companies ("the GRB Group"), Highlands & Lowlands Berhad ("HLB") and/or its subsidiary companies ("the HLB Group") and Guthrie Property Development Holding Sdn Bhd ("GPDHSB") and/or its subsidiary companies ("the GPDHSB Group").

Ratification

Pursuant to Practice Note 12/2001 issued by the Kuala Lumpur Stock Exchange and the transitional period referred to therein, the Company will seek ratification at the Extraordinary General Meeting (EGM) of the Company, in relation to transactions entered into by the Company and/or its subsidiary companies, after 1 June 2001, involving recurrent transactions of a revenue or trading nature with the related parties which are necessary for its day-to-day operations and in the ordinary course of business.

The aggregate value of the recurrent transactions of a revenue or trading nature conducted during the year under review, between the Company and/or its subsidiary companies with related parties are set out below:

Related Parties involved with the Company and/or its subsidiary companies	Nature of Relationship	Type of Transaction	Aggregate value of Transactions (RM'000)
Tan Sri Dato' Abdul Khalid Ibrahim	Chief Executive Officer of KGB and a shareholder of KGB.	Progress billings in respect of sale of development properties by the GPDHSB Group to Tan Sri Dato' Abdul Khalid Ibrahim.	72
Guthrie Ropel Berhad (GRB)	<p>a) KGB holds 57.85% of the issued and paid-up share capital of GRB as at 13 May 2002, and is the holding company and managing agent of GRB Group.</p> <p>b) Permodalan Nasional Berhad (PNB) is a substantial shareholder of KGB, whilst KGB is a substantial shareholder of GRB. Thus, PNB is deemed to have interests in GRB through the shareholding of KGB.</p> <p>c) Tan Sri Dato' Abdul Khalid Ibrahim is a Director of KGB and GRB. He is also a shareholder of KGB.</p>	<ul style="list-style-type: none"> Provision of managing agent's services by KGB to the GRB Group. Provision of research and development services by KGB to the GRB Group. Provision of marketing agent's services by KGB to the GRB Group. 	<p>4,623</p> <p>742</p> <p>1,258</p>

Related Parties involved with the Company and/or its subsidiary companies	Nature of Relationship	Type of Transaction	Aggregate value of Transactions (RM'000)
	<p>d) Haji Ghazali Awang is the Group Director, Finance & Corporate Services KGB. He is a Director of GRB and a minority shareholder of KGB and GRB.</p> <p>e) Norzilah Megawati Dato' Abdul Rahman is an alternate Director of KGB and a Director of GRB. She does not hold any shares in KGB or GRB.</p>		
Highlands & Lowlands Berhad (HLB) and its subsidiary companies	<p>a) KGB holds 54.53% of the issued and paid-up share capital of Highlands & Lowlands (HLB) as at 13 May 2002, and is the holding company and managing agent of HLB Group.</p> <p>b) Permodalan Nasional Berhad (PNB) is a substantial shareholder of KGB, whilst KGB is a substantial shareholder of HLB. Thus, PNB is deemed to have interests in HLB through the shareholding of KGB.</p> <p>c) Tan Sri Dato' Abdul Khalid Ibrahim is a Director of KGB, HLB and GRB. He is also a shareholder of KGB.</p> <p>d) Haji Ghazali Awang is the Group Director, Finance & Corporate Services of KGB. He is a Director of HLB and GRB and a minority shareholder of KGB, HLB and GRB.</p> <p>e) Siti Ramelah Yahya is a Senior General Manager of PNB and a Director of HLB. She does not hold any shares in HLB.</p> <p>f) Norzilah Megawati Dato' Abdul Rahman is an alternate Director of KGB and a Director of HLB and GRB. She does not hold any shares in HLB and GRB.</p>	<ul style="list-style-type: none"> Provision of managing agent's services by KGB to the HLB Group. 10,197 Provision of research and development services by KGB to the HLB Group. 1,610 Provision of marketing services by KGB to the HLB Group. 3,392 Provision of processing and forwarding services by the GRB Group to HLB. 1,064 Provision of processing and forwarding services by GRB to the HLB Group. 2,104 Provision of processing and forwarding services by HLB Group to GRB. 697 	
Kumpulan Kamuning Sdn Bhd (KKSB)	<p>a) KKSB is a wholly-owned subsidiary company of KGB.</p> <p>b) Ali Haji Ahmad and Tong Poh Keow, Directors of KKSB are also Directors of the GRB Group and the HLB Group.</p>	<ul style="list-style-type: none"> Provision of processing and forwarding services by KKSB to the GRB Group. 2,720 Provision of processing and forwarding services by KKSB to the HLB Group. 3,947 Provision of processing and forwarding services by the HLB Group to KKSB. 75 	
Kumpulan Linggi Sdn Bhd (KLSB)	<p>a) KLSB is a wholly-owned subsidiary company of KGB.</p> <p>b) Ali Haji Ahmad and Tong Poh Keow, Directors of KLSB are also Directors of the GRB Group and the HLB Group.</p>	<ul style="list-style-type: none"> Provision of processing and forwarding services by KLSB to the GRB Group. 8,866 Provision of processing and forwarding services by the GRB Group to KLSB. 3,699 Provision of processing and forwarding services by KLSB to the HLB Group. 1,489 Provision of processing and forwarding services by the HLB Group to KLSB. 570 	

Related Parties involved with the Company and/or its subsidiary companies	Nature of Relationship	Type of Transaction	Aggregate value of Transactions (RM'000)
Guthrie Export Sdn Bhd (GESB)	a) GESB is a wholly-owned subsidiary company of KGB.	• Provision of bulking services by GESB to the GRB Group.	50
	b) Mohamad Helmy Othman Basha, Ali Haji Ahmad and Tong Poh Keow, Directors of GESB are also Directors of the GRB Group and the HLB Group.	• Provision of processing and forwarding services by GESB to the HLB Group.	141
Guthrie Symington Limited (GSL)	a) GSL is a wholly-owned subsidiary company of Guthrie Overseas Limited-UK, which is in turn wholly-owned by KGB.	• Sale of palm oil by the GRB Group to GSL.	31,266
	b) There are no common Directors between GSL, the GRB Group and the HLB Group.	• Sale of palm oil by the HLB Group to GSL.	68,786
Guthrie Rubber Processing Sdn Bhd (GRPSB)	a) GRPSB is a 67% owned subsidiary company of KGB and a 33% owned associated company of GRB. b) Ali Haji Ahmad and Tong Poh Keow, Directors of GRPSB are also Directors of the GRB Group.	Sale of rubber by the GRB Group to GRPSB.	162
Guthrie Assets Management Sdn Bhd (GAMSB)	a) GAMSMB is a 67% owned subsidiary company of KGB and a 33% owned associated company of GRB. b) Tong Poh Keow and Mohamad Helmy Othman Basha, Directors of GAMSMB are also Directors of the GRB Group.	Lease of plant and machinery by the GRB Group to GAMSMB.	6,741
Kumpulan Jerai Sdn Bhd (KJSB)	a) KJSB is a wholly-owned subsidiary company of KGB.	• Provision of processing and forwarding services by KJSB to the HLB Group.	6,005
	b) Ali Haji Ahmad who is a Director of KJSB, is also a Director of the HLB Group.	• Provision of processing and forwarding services by the HLB Group to KJSB.	3,367
Accord Shipping & Forwarding Sdn Bhd (ASFSB)	a) ASFSB is a wholly-owned subsidiary company of Syarikat Perumahan Guthrie Sdn. Bhd., which, in turn, is wholly-owned by Guthrie Property Development Holding Sdn. Bhd. (GPDHSB), which is a subsidiary company of KGB. b) Mohamad Helmy Othman Basha and Megat Nazirudin Megat Shamsuddin, Directors of ASFSB are also Directors of the HLB Group.	• Provision of processing and forwarding services by the HLB Group to ASFSB.	189
Augsburg (M) Sdn. Bhd. (ASB)	a) ASB is a wholly-owned subsidiary company of Syarikat Pembangunan Hartanah Guthrie Sdn. Bhd. (SPHGSB), which, in turn, is wholly-owned by GPDHSB, which is a subsidiary company of KGB. b) Norzilah Megawati Dato' Abdul Rahman, Mohamad Helmy Othman Basha and Wan Abdullah Wan Ibrahim, Directors of ASB are also Directors of the HLB Group.	Provision of processing and forwarding services by the HLB Group to ASB.	29
Syarikat Pembangunan Hartanah Guthrie Sdn Bhd (SPHGSB)	a) SPHGSB is a wholly-owned subsidiary company of GPDHSB, which is a subsidiary company of KGB. b) Haji Ghazali Awang who is a Director of SPHGSB, is also a Director of the HLB Group.	Provision of processing and forwarding services by the HLB Group to SPHGSB.	208

Related Parties involved with the Company and/or its subsidiary companies	Nature of Relationship	Type of Transaction	Aggregate value of Transactions (RM'000)
Guthrie Property Development Holding Sdn Bhd (GPDHSB) and GPDHSB Group.	a) GPDHSB is a 55% owned subsidiary company of KGB and a 45% owned associated company of HLB.	• Provision of managing agent's services and marketing services by KGB to the GPDHSB Group.	30
	b) Tan Sri Dato' Abdul Khalid Ibrahim is a Director of KGB and GPDHSB. He is also a shareholder of KGB.	• Provision of Management's services by KGB to GPDHSB Group.	2,328
	c) Norzilah Megawati Dato' Abdul Rahman is an alternate Director of KGB and a Director of GPDHSB. She does not hold any shares in KGB or in GPDHSB.	• Lease of building by the GPDHSB Group from the KGB Group.	864
Guthrie Technologies Sdn Bhd (GTSB)	a) GTSB is a wholly-owned subsidiary company of KGB	Lease of building by GTSB from GPDHSB.	168
	b) Norzilah Megawati Dato' Abdul Rahman is an alternate Director of KGB and a Director of GTSB and GPDHSB. She does not hold any shares in GTSB and GPDHSB.		
Guthrie Landscaping Sdn Bhd (GLSB)	a) GLSB is a wholly-owned subsidiary company of KGB.	• Lease of building by GLSB from GPDHSB.	660
	b) There are no common Directors between GLSB and GPDHSB.	• Provision of landscaping services by GLSB to GPDHSB Group.	22,480
Guthrie Ropel Development Sdn Bhd (GRDSB)	a) GRDSB is a wholly-owned subsidiary company of GRB.	Provision of processing and forwarding services by the HLB Group to GRDSB	33
	b) Norzilah Megawati Dato' Abdul Rahman and Mohamad Helmy Othman Basha, Directors of GRDSB are also Directors of the HLB Group.		
Ladang Cenas Sdn Bhd (LCSB)	a) LCSB is a wholly-owned subsidiary company of GRB.	Provision of processing and forwarding services by the HLB Group to LCSB.	1,058
	b) Ali Haji Ahmad who is a Director of LCSB, is also a Director of the HLB Group.		
Kumpulan Temiang Sdn Bhd (KTSB)	a) KTSB is a wholly-owned subsidiary company of GRB.	Provision of processing and forwarding services by KTSB to the HLB Group.	5,241
	b) Ali Haji Ahmad who is a Director of KTSB, is also a Director of the HLB Group.		
Kumpulan Sua Betong Sdn Bhd (KSBSB)	a) KSBSB is a wholly-owned subsidiary company of HLB.	• Provision of processing and forwarding services by KSBSB to the GRB Group.	1,788
	b) Ali Haji Ahmad and Mohamad Helmy Othman Basha, Directors of KSBSB are also Directors of the GRB Group	• Provision of processing and forwarding services by the GRB Group to KSBSB.	57
Kumpulan Tebong Sdn Bhd (KTSB)	a) KSBSB is a wholly-owned subsidiary company of HLB.	Provision of processing and forwarding services by the GRB Group to KTSB.	6,223
	b) Ali Haji Ahmad and Mohamad Helmy Othman Basha, Directors of KTSB are also Directors of the GRB Group		

The above recurrent related party transactions of a revenue or trading nature were undertaken on terms not more favourable to the related party than those generally available to the public and are not to the detriment of the minority shareholders of KGB.

Business Ethics

GENERAL MANDATE

The Company had on 23 April 2002, announced to the KLSE that it proposed to seek its shareholders' mandate at the forthcoming EGM to enable the Company and/or its subsidiaries to enter into recurrent transactions of a revenue or trading nature with related parties which are necessary for its day-to-day operations and in the ordinary course of business, which would be valid until the conclusion of the next AGM of the Company.

SHARE BUY-BACK

During the financial year under review, the Company has not exercised any share buy-back permitted by Section 67A of the Companies Act, 1965 of which mandate was given by the shareholders.

OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

As at 13 May, 2002, three hundred and eight thousand (308,000) options had been exercised by the eligible employees under the Employees' Share Option Scheme (ESOS).

The Directors' had obtained a relief under Section 169A(1) of the Companies Act, 1965 exempting the Company from including a list of the share options granted and exercised during the financial year, in the Annual Report. This exemption is subject to a yearly renewal. All information regarding the allocation and exercise of the said share options by the Directors are registered in the Company's Register of Options.

NON-AUDIT FEE

The Company had, in addition, paid non-audit fees to the External Auditors of the Group amounting to RM1.378 million for special services undertaken by the Auditors, for and on behalf of the Company, during the financial year.

PROFIT ESTIMATION, FORECAST OR PROJECTION

There were no profit estimation, forecast or projection made or released by the Company during the financial year under review.

PROFIT GUARANTEES

There were no profit guarantees given by the Company during the financial year under review.

REVALUATION POLICY OF LANDED PROPERTIES

The revaluation policy of the Group in relation to its landed properties is set out on pages 101 and 102 of Note 3(d) of the Notes to the Financial Statements of this Annual Report.

IMPOSITION OF SANCTIONS AND/OR PENALTIES

There were no sanctions and/or penalties imposed on the Company and/or its subsidiary companies, Directors or Management arising from any significant breach of rules/guidelines/legislation by the relevant regulatory bodies.

The Kumpulan Guthrie Group is committed to maintaining the highest standards of integrity and professionalism in its business dealings. The Group strives to comply with the laws of the Country where it maintains its operations and the employees are exhorted to conduct themselves with the highest standards of ethical behavior. Every employee is expected to be familiar with, understand and comply with the Group's Standards of Business Ethics which have been provided to each and every employee.

Non-compliance with the Standards of Business Ethics will be deemed a misconduct which may result in disciplinary action being taken.

The Standards of Business Ethics imposes an obligation for every employee to uphold the following code of conduct:

- Employees shall not cause the reputation of the Group to be damaged or be in jeopardy by their actions or statements.
- Employees should avoid situations where personal interests appear to be in conflict with the Group's interest.
- Employees shall not solicit or accept benefits, rewards or kickbacks in any form from any person or enterprise that has business dealings with the Group.
- Employees shall not make payment in connection with any commercial transaction except to those legally entitled to such payments.
- Employees shall not indulge in entertainment using the Group's funds unless for the purpose of improving customer relations.
- Employees shall not use the Group's funds to contribute to political parties or social/non-governmental organizations unless authorised by the Company.
- Employees shall not indulge in insider trading in respect of the listed shares of the Group.
- Employees shall not indulge in any form of harassment in the working environment.
- Employees shall not disseminate any illicit materials during their working hours.
- Employees shall not make statements which could lead to rumours about the Group.
- Employees shall not consume drugs or alcohol or any form of intoxicating substance within the Company's premises or during working hours.
- Employees shall not conspire to commit acts of fraud.
- Employees shall not aid or abet any evasion of exchange control or tax legislation.
- Employees shall treat all information concerning the Group as confidential.
- Employees shall conform strictly to all applicable laws and regulations.