

**RATIONALISED**  
FOR **ENHANCED**  
**PERFORMANCE**



**KUMPULAN GUTHRIE BERHAD**  
(4001-P)



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**KUMPULAN GUTHRIE BERHAD**  
(4001-P)

**Cover Rationale**

**Rationalised For Enhanced Performance**

Clean and distinctive, a well-encapsulated form engineered for maximum purpose of function. The seamless integration of the stylised oil palm fruits signify Highlands & Lowlands' and Guthrie Ropel's assimilation process into Kumpulan Guthrie Berhad. Conceived to meet global competition whilst drawing on the enormous benefits, the cover outlines the progressive phase of strategic initiatives and a focussed direction.

With renewed vigor and firmly entrenched businesses in plantations and property, the Kumpulan Guthrie Group is rationalising for enhanced performance.

# o u r v i s i o n

**The Kumpulan Guthrie Group** aspire to become a world class multinational corporation in core businesses the Group can excel.

- ETHICAL
- EFFICIENT & EFFECTIVE
- QUALITY
- CARING
- TRUST & COOPERATION

# o u r v a l u e s

# o u r m i s s i o n

We are committed to:

- Exceeding **CUSTOMERS'** expectations through innovative and high quality products and services.
- Providing career development opportunities for **EMPLOYEES** to realise their potential.
- Continuously enhancing **SHAREHOLDERS** value.
- Being a responsible corporate citizen towards the environment and contributing to the socio-economic development of the **COUNTRIES** in which we operate.

# 183 years

The origin of the Guthrie Group can be traced as far back as 1821 when Alexander Guthrie set up a proprietor enterprise in Singapore, the first British trading enterprise in South East Asia. Kumpulan Guthrie Sendirian Berhad (“KGSB”), which was incorporated on 25 November 1960, was initially formed to serve as the local agent for Guthrie Estates Agency Limited (“GEAL”). In 1965, The Guthrie Corporation Limited (“GCL”) was formed by merger of thirteen plantation companies which were previously under the management of GEAL. In the same year, GCL obtained a listing on the International Stock Exchange of London (“London Stock Exchange”) and then embarked on a diversification programme into the trading and manufacturing sectors in the United Kingdom, Europe and United States of America.

In order to accelerate the Malaysianisation of the plantation interests, Malaysian interests acquired GCL from British interests on the London Stock Exchange in 1981. In 1982, GCL’s plantation and related interests were transferred to KGSB. In 1987, KGSB was converted to a public company and renamed Kumpulan Guthrie Berhad (“Guthrie”). Guthrie was listed on the Kuala Lumpur Stock Exchange [now known as Bursa Malaysia Securities Berhad (“Bursa Malaysia”)] on 29 August 1989 in what was then the largest public issue of shares in Malaysia. Two subsidiary companies of Guthrie, Highlands & Lowlands Berhad (“H&L”) and Guthrie Ropel Berhad (“Ropel”), are also listed on Bursa Malaysia. H&L is also listed on the London Stock Exchange.



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

The Kumpulan Guthrie Group today is a leading producer of palm oil with plantation operations spanning across South East Asia from Kedah to Sabah in Malaysia and from Sumatera to Sulawesi in Indonesia. In Malaysia, the Group's land bank measures 106,048 hectares while that in Indonesia, measures 216,023 hectares. In March 2001, Kumpulan Guthrie Berhad acquired interest in 20 oil palm operating companies from PT Holdiko Perkasa and PT Gemahripah Pertiwi (the plantations of which are now known as Minamas Plantation), enhancing the Group's land bank by two-fold. The Group has also developed 15,672 hectares of oil palm plantation in Palembang, South Sumatera, positioning the Group among the largest plantation conglomerates in South East Asia.

Headquartered in Kuala Lumpur, the Kumpulan Guthrie Group also has operations in the United Kingdom, United States of America and Thailand. Its other businesses are manufacturing (rubber-wood products, rubber products and fabrication), production and sale of planting materials, agricultural consultancy, trading in furniture and healthcare products, landscaping and computer services.

The Group ventured into property development in 1994, a move aimed at establishing a second core business for the Group. The property division of the Group in Malaysia still has more than 16,000 acres of land bank in the Klang Valley of which the Guthrie Corridor Planned Communities (Bukit Jelutong, Bukit Subang, Elmina and Bukit Lagong) account for 11,650 acres.

The property development operation is managed primarily via Guthrie Property Development Holding Berhad ("GPDH"), the developer of the Bukit Jelutong and Bukit Subang planned communities, covering an area of 2,200 acres and 1,900 acres of freehold land in Shah Alam respectively. Future developments will be in Elmina and Bukit Lagong, creating new urban growth centres in Sungai Buloh and Rawang respectively.

Its signature communities reflect development that emphasises low density of only four units per acre, lush greenery with numerous recreational parks, an extensive road system with multiple accesses and underground cabling utilities. Strategically located in the Klang Valley region and enjoys easy access to the New Klang Valley Expressway (NKVE), Elite Highway, Shah Alam Expressway (Kesas) and Federal Highway, these planned communities will be further enhanced by the completion of the 25-kilometre Guthrie Corridor Expressway, expected for completion in early 2005. The Group's other property developments include those in Sungai Kapar Indah (Klang) and Bedong (Kedah).

During the year 2003, the listed companies in the Group, namely Guthrie, H&L and Ropel, announced the proposed rationalisation exercise to undertake a proposed merger of Guthrie and Ropel, and a proposed merger of Guthrie and H&L, and the subsequent listing of GPDH on Bursa Malaysia ("Proposed Rationalisation Exercise"). The Proposed Rationalisation Exercise also involved the disposal by H&L of 1,609.47 acres of land to GPDH.

Upon completion of the exercise, H&L and Ropel will become wholly-owned subsidiary companies of Guthrie. The objective of the Proposed Rationalisation Exercise is to streamline the Malaysian operations of the Guthrie Group into two core businesses under two listed companies, namely plantation under Kumpulan Guthrie Berhad, and property development under GPDH, in order to achieve greater operational efficiency and better management of the Group's resources, which will simultaneously address the issue of liquidity and, thus, the public shareholding spread of Guthrie as well as the inter-company borrowings.



*Wisma Guthrie, the Head Office of the Guthrie Group, was acquired in February 1984.*

## THE HISTORY OF

## KUMPULAN GUTHRIE

**1821**

Alexander Guthrie established the Guthrie agency house in Singapore.

**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.

**1960**

Kumpulan Guthrie Sendirian Berhad ("KGSB") was incorporated on 25 November 1960. It was initially formed to serve as the local agent for Guthrie Estates Agency Limited ("GEAL"), a company incorporated in the United Kingdom ("U.K."). GEAL was the agent for 12 plantation companies, which were incorporated in U.K and owned plantations in Malaya.

**1965**

The abovementioned 12 plantation companies merged to form The Guthrie Corporation Limited ("GCL") which was listed on the London Stock Exchange in 1965.

**1977**

GCL, under a scheme of reorganisation, transferred its plantation interests from its 10 U.K-incorporated subsidiaries (holding approximately 153,000 planted acres) to six Malaysian-incorporated subsidiary companies. Following this reorganisation, GCL further expanded its plantation interests to the Philippines, China and Africa.

**1981**

On 7 September 1981, Permodalan Nasional Berhad ("PNB") acquired the entire ordinary share capital of GCL.

**1982**

GCL's plantation interests came home to Malaysia. In a reconstruction scheme effective 18 November 1982, GCL's plantation assets situated both in Malaysia and overseas (Philippines, China and Africa), together with the marketing/distribution network companies situated in the U.K and United States of America ("USA"), were transferred to KGSB. A new U.K company, Guthrie Holdings Limited, a wholly-owned subsidiary company of PNB, was formed to hold the share capital of GCL.

As a result of the aforesaid reconstruction scheme, Guthrie Ropel Berhad, which officially commenced its business in 1970, became a subsidiary company of KGSB.

**1984**

KGSB acquired the entire issued share capital of Uniroyal Malaysian Plantations Sdn. Berhad ("Uniroyal") from Uniroyal Incorporated, a company incorporated in the USA, for a total cash consideration of RM198,943,560. The principal assets of Uniroyal (renamed Kumpulan Jerai Sdn. Berhad) comprised five estates planted then mainly with rubber.

**1985**

In January 1985, KGSB, through its wholly-owned subsidiary, Kumpulan Jelei Sdn. Berhad, entered into an agreement with Kuala Lumpur Kepong Berhad ("KLK") to purchase KLK's 26.23% holding in Highlands & Lowlands Berhad ("H&L"). The acquisition gave KGSB, together with PNB's 19.36% interest in H&L, 45.59% control of H&L. Following the purchase of KLK's 26.23% holding in H&L, KGSB made a cash offer to acquire all the shares of H&L not already controlled by itself or PNB. This resulted in KGSB acquiring a further 5.41% interest in H&L. Following this cash offer, PNB rationalised its interest in H&L by transferring its interest in H&L to KGSB. With the completion of this exercise, H&L became a subsidiary of KGSB.

**1987**

KGSB was converted to a public company, known as Kumpulan Guthrie Berhad ("Guthrie").

**1989**

Guthrie was listed on the Kuala Lumpur Stock Exchange (now renamed as Bursa Malaysia Securities Berhad) on 25 August 1989 following an offer for sale by PNB of 100,000,000 ordinary shares of RM1.00 each, representing 10% of the issued and paid-up share capital of Guthrie, to the Malaysian public and Guthrie's employees at a price of RM2.10 per share.



Malaya's first palm oil mill, built in 1935 at Ulu Remis Estate, Johore.

# BERHAD

## 1990

The relevant reconstruction agreements pertaining to a reconstruction scheme ("the Scheme"), involving Guthrie, H&L and certain subsidiary companies of Guthrie and H&L, were executed on 19 October 1990. The objective of the Scheme was to rationalise the operations of the Guthrie Group which ultimately resulted in the creation of a property development holding company, Guthrie Property Development Holding Sendirian Berhad [now known as Guthrie Property Development Holding Berhad ("GPDH")]. GPDH, together with its group of companies, would gradually undertake all property development activities of the Guthrie Group.

## 1994

The Guthrie Group launched strategic diversification of core businesses into plantation, property development and manufacturing. The Group commenced its property development activity in Bukit Jelutong by the sale of bungalow lots.

## 1995

Guthrie, through its wholly-owned subsidiary company, Guthrie Tapis Sdn. Berhad, entered into joint-venture agreement with PT Pecconina Baru to form a joint-venture company, PT Guthrie Pecconina Indonesia, to develop an oil palm plantation in Palembang, South Sumatra, Indonesia. Planting of oil palms commenced in 1997.

## 1996

The official laying of the foundation stone for the Guthrie Pavilion – Building for the future.

## 1997

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

## 1998

The Guthrie Pavilion was completed. It now houses the office of GPDH, the property arm of the Guthrie Group.

## 1999

Syarikat Pembangunan Hartanah Guthrie Sdn. Berhad launched the Guthrie Group's second property flagship, Sungai Kapar Indah in Kelang – a 570-acre integrated township.

## 2000

Guthrie Corridor Expressway Sdn. Berhad was awarded the Guthrie Corridor Expressway, a 33-year concession highway project.

## 2000

Guthrie 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

Guthrie signed an agreement to issue USD395 million (RM1.5 billion) Islamic bond – the first US dollar denominated international Islamic bonds tradeable on the Labuan Financial Exchange to refinance its Indonesian acquisition and operations.

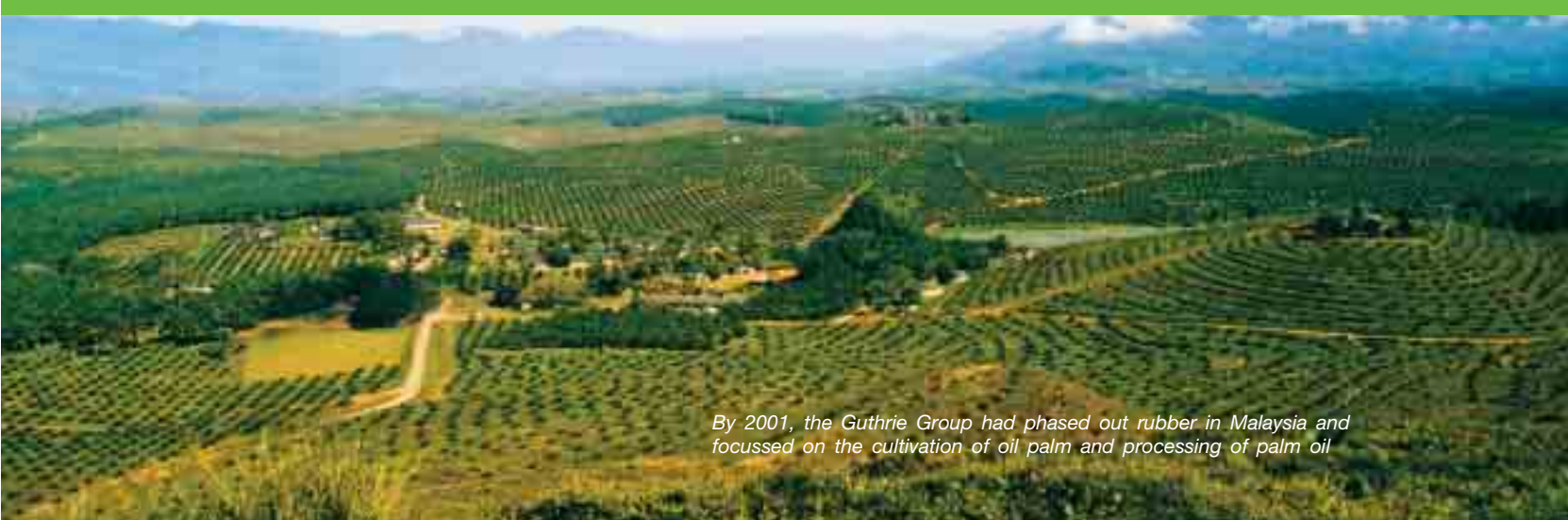
## 2002

Ladang Jeleta Bumi's Oil Extraction Rate (OER) of 24.5% in March 2002 was the highest extraction rate registered in the Malaysian palm oil industry. The achievement was endorsed by the Malaysian Palm Oil Board (MPOB).

## 2003

On 29 May 2003, Guthrie, H&L, Guthrie Ropel Berhad ("Ropel") and GPDH entered into conditional agreements in relation to the proposed rationalisation exercise ("the Proposed Rationalisation Exercise") and the proposed disposal of land by H&L to GPDH. The Proposed Rationalisation Exercise, if all the relevant approvals are obtained, will result in the merger of Guthrie and H&L and the subsequent listing of GPDH on Bursa Malaysia, as well as the merger of Guthrie and Ropel, and the eventual delisting of H&L from Bursa Malaysia and the London Stock Exchange, as well as the delisting of Ropel from Bursa Malaysia.

The Proposed Rationalisation Exercise, which is expected to be completed in the second half of 2004, will result in H&L and Ropel becoming wholly-owned subsidiary companies of Guthrie.



*By 2001, the Guthrie Group had phased out rubber in Malaysia and focussed on the cultivation of oil palm and processing of palm oil*

# *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, 17 June 2004 at 10.30 a.m. for the following purposes:*

## **Ordinary Business:**

1. To receive and adopt the Report of the Directors and the audited Financial Statements for the year ended 31 December 2003 and the Auditors' Report thereon.
2. To approve the payment of a final dividend of 5% (5 sen per RM1.00 share) less 28% Malaysian income tax.
3. To approve the Directors' fees and remuneration as disclosed in the audited Financial Statements for the year ended 31 December 2003.
4. To re-elect the following Directors who retire by rotation in accordance with Article 102 of the Company's Articles of Association:
  - YBhg. Tan Sri Dato' Abdul Khalid Ibrahim
  - YBhg. Datuk Mohamed Adnan Ali
  - YBhg. Dato' Muhammad Nawawi Haji Mohd. Arshad
5. To consider and, if thought fit, to pass the following Resolutions:
  - "That pursuant to Section 129(6) of the Companies Act, 1965, YBhg. Tan Sri Dato' Musa Hitam be reappointed a Director of the Company to hold office until the next Annual General Meeting."
  - "That pursuant to Section 129(6) of the Companies Act, 1965, Y.M. Raja Tan Sri Muhammad Alias Raja Muhammad Ali be reappointed a Director of the Company to hold office until the next Annual General Meeting."
6. To appoint Auditors of the Company and to authorise the Directors to fix their remuneration.
7. To transact any other ordinary business of the Company of which due notice shall have been received.

**NOTICE IS ALSO HEREBY GIVEN** that the final dividend, if approved by the shareholders, will be paid on 2 August 2004 to shareholders whose names appear in the Register of Members (for those exempted from mandatory deposit) and the Record of Depositors on 2 July 2004.



**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 30 June 2004 (in respect of shares which are exempted from mandatory deposit);
- Shares transferred into the Depositor's Securities Account before 4.00 p.m. on 2 July 2004 in respect of ordinary transfers; and
- Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order of the Board

**HALIMATUS SAADIAH ABDUL RABAH (LS 01389)**

**MEGAT NAZIRUDIN MEGAT SHAMSUDDIN (LS 00139)**

*Joint Secretaries*

26 May 2004

Kuala Lumpur, Malaysia

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

A total of sixteen (16) Board of Directors' Meetings were held during the financial year ended 31 December 2003.

The Directors who are standing for re-election and re-appointment, and details of their attendance at the Board Meetings are as follows:

- **YBhg. Tan Sri Dato' Abdul Khalid Ibrahim**, who is standing for re-election, attended fifteen (15) of the sixteen (16) Board Meetings held in 2003.
- **YBhg. Datuk Mohamed Adnan Ali**, who is standing for re-election, attended fifteen (15) of the sixteen (16) Board Meetings held in 2003.
- **YBhg. Dato' Muhammad Nawawi Haji Mohd. Arshad**, who is standing for re-election, attended all the sixteen (16) Board Meetings held in 2003.
- **YBhg. Tan Sri Dato' Musa Hitam**, who is offering himself for reappointment, attended all the sixteen (16) Board Meetings held in 2003.
- **Y.M. Raja Tan Sri Muhammad Alias Raja Muhammad Ali**, who is offering himself for reappointment, attended all the sixteen (16) Board Meetings held in 2003.

#### **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, Level 26, Menara Multi-Purpose, Capital Square, No. 8, Jalan Munshi Abdullah, 50100 Kuala Lumpur, Malaysia not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof. A Proxy Form is enclosed in this Annual Report. The lodging of the proxy form will not preclude shareholders from attending and voting in person at the meeting should they subsequently wish to do so.*

**APRIL03** SEVENTH (7TH) PLANTATION EXECUTIVE SEMINAR

Guthrie planters nationwide had the opportunity to share their extensive experience and knowledge when they took to the stage during the 7th Plantation Executive Seminar held on 24 to 26 April 2003 at the Plantation Training Centre in Sua Betong Estate, Port Dickson. The three-day seminar, organised by the Plantation Division, also gave Guthrie's management the chance to make available the latest information and techniques in plantation management.



Y.B. Datuk Seri Dr. Lim Keng Yaik, the then Minister of Primary Industries, Malaysia, who was the Guest of Honour at the seminar, presented awards to the best performing estates in 2002. Ladang Sabak Bernam clinched the Best Estate award while Ladang Jabor walked off as the winner of the award for Best Replant. The Best Mechanised Estate award went to Ladang Chenor while the Jeleta Bumi Estate/Mill-Liaison (EML) Group made off with the Best EML Group award. Such awards were given yearly to encourage estates and mills to continuously enhance their performance.

**MAY03** PROPOSED RATIONALISATION EXERCISE OF KUMPULAN GUTHRIE BERHAD (GUTHRIE), HIGHLANDS & LOWLANDS BERHAD (H&L), GUTHRIE ROPEL BERHAD (ROPEL) AND GUTHRIE PROPERTY DEVELOPMENT HOLDING BERHAD (GPDH)

On 30 May 2003, the Guthrie Group announced that Guthrie, H&L, Ropel and GPDH, a subsidiary and associated company of Guthrie and H&L respectively, had entered into the following agreements in relation to the Proposed Rationalisation Exercise and the Proposed Disposal of Land by H&L:

- a conditional restructuring agreement entered into by Guthrie, H&L and GPDH to undertake a proposed merger of Guthrie and H&L, and the subsequent listing of GPDH on the Main Board of Bursa Malaysia Securities Berhad;
- a conditional restructuring agreement entered into by Guthrie and Ropel to undertake a proposed merger of Guthrie and Ropel; and
- a conditional sale and purchase agreement entered into by H&L and GPDH for the disposal by H&L of 1,609.47 acres of land to GPDH.

# Corporate Highlights

**KUMPULAN GUTHRIE BERHAD'S AGM****JUNE03**

Kumpulan Guthrie Berhad held its Annual General Meeting on 18 June 2003 which was well attended by shareholders. YBhg. Tan Sri Dato' Abdul Khalid Ibrahim, the then Group Chief Executive briefed the shareholders on the operations of the Group, and a presentation on "Progress & Prospects" was made by En. Othman Walat, Head of Plantation.

**AUGUST03** GUTHRIE RAISED US\$230 MILLION LOAN

Kumpulan Guthrie Berhad raised US\$230 million Five-year Fully-Underwritten Syndicated Transferable Loan Facility from nine banks. Besides the joint-lead arrangers, DBS Bank Ltd., Labuan and CIMB (L) Ltd./Bumiputra-Commerce Bank (L) Ltd., the other members of the syndicate are Public Bank (L) Ltd., HSBC Labuan, Maybank International (L) Ltd., OCBC Bank, Labuan, RHB Bank (L) Ltd., The Bank of Tokyo-Mitsubishi Ltd. and KBC Bank NV, Labuan.

The loan was raised to refinance the remaining of the Al-Ijarah Al-Muntahiyah Bit Tamlik Facility which was used to finance the Group's acquisition of Minamas Plantation.

**AUGUST03** A VISIT FROM LAOS DELEGATION

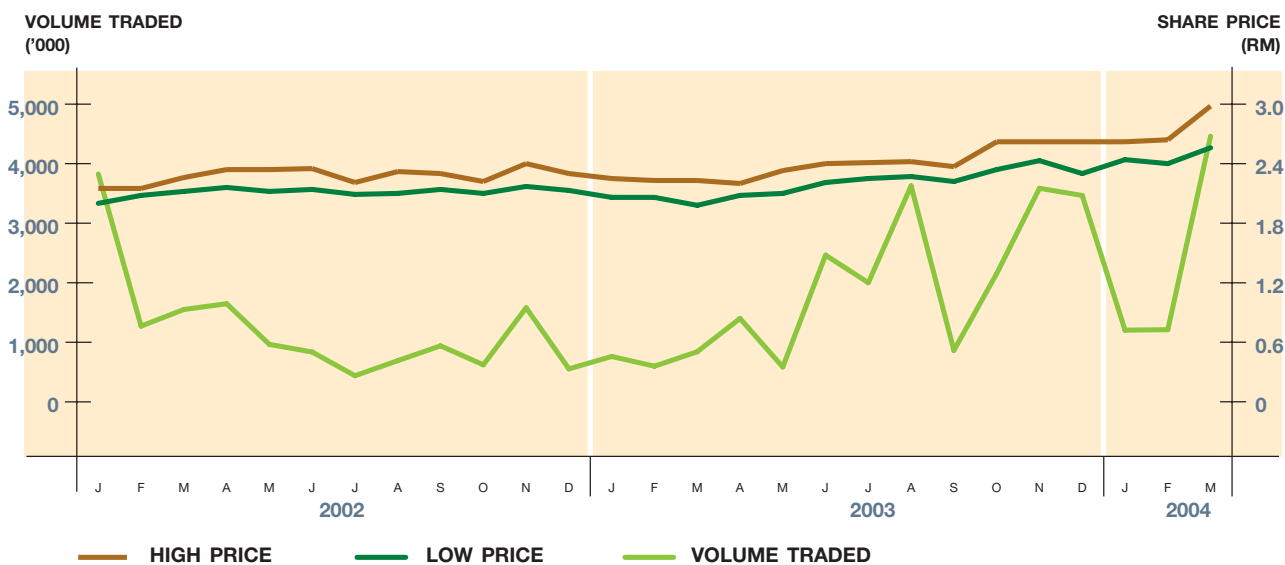
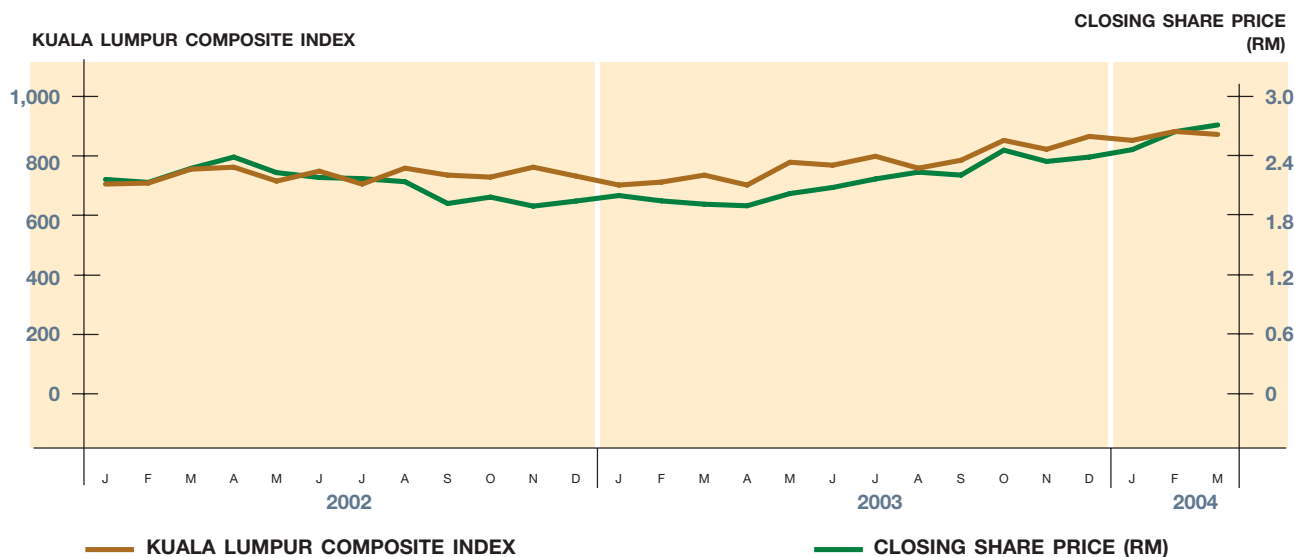
The Governor of Brolikhamxy Province in Laos, Thongbauth Sengaphonh, and his delegation visited Planting Material Unit at Ladang Ulu Remis, Layang-Layang, Johor on 27 August 2003 and Tanah Merah Mill on 25 August 2003. The objective of the visit was to better understand Guthrie's palm oil mill's operations and developments.



## share prices and volume traded

on Bursa Malaysia Securities Berhad – January 2002 to March 2004

	Jan-Mar 2004	2003	2002
<b>Share Prices (RM)</b>			
- Closing	2.61	2.59	2.19
- High	2.98	2.62	2.40
- Low	2.40	2.61	2.00
Volume traded ('000)	6,878	22,349	14,927
Dividend yield (%)	3.07	3.49	3.63
Price-earnings ratio (times)	18.90	18.75	6.40



## group performance highlights

	2003 RM'000	2002 RM'000	% +/(–)
<b>FINANCIAL PERFORMANCE</b>			
Revenue	3,046,927	3,077,863	(1.0)
Operating profit	557,612	712,816	(21.8)
Profit before taxation	461,758	557,519	(17.2)
Profit attributable to shareholders	138,277	308,470	(55.2)
Total assets	9,142,731	8,571,884	6.7
Total borrowings	2,766,940	2,809,162	(1.5)
Total shareholders' equity	3,073,963	2,808,872	9.4
Operating profit on revenue (%)	18.3	23.2	(21.1)
Pre-tax profit on total assets (%)	5.1	6.5	(21.5)
Pre-tax profit on average shareholders' equity (%)	15.7	21.2	(25.9)
Profit attributable to shareholders on average shareholders' equity (%)	4.7	11.7	(59.8)
Total borrowings to average shareholders' equity (%)	94.1	106.7	(11.8)
Earnings per share (sen)	13.8	30.8	(55.2)
Dividend per share – gross (sen)	8.0	8.0	–
Dividend cover (number of times)	2.1	5.4	(61.1)
Debt to equity ratio (number of times)	0.9	1.0	(10.0)
Net tangible assets per share (RM)	2.7	2.5	8.0
Revenue per RM of employment cost (RM)	7.7	8.7	(11.5)
Value added per RM of employment cost (RM)	2.7	3.1	(12.9)

	2003	2002	% +/(–)
<b>PLANTATION PERFORMANCE</b>			
<b>Oil Palm – Malaysia</b>			
Crop – FFB (tonnes) – own	1,434,211	1,243,344	15.4
– outside	343,297	230,017	49.2
Yield per mature hectare (tonnes FFB)	19.6	17.9	9.5
Mill production (tonnes) – palm oil	348,210	303,683	14.7
– palm kernel	100,561	84,868	18.5
Extraction rates (%) – palm oil	20.1	20.7	(2.9)
– palm kernel	5.8	5.8	–
Average selling prices (RM per tonne ex-mill) – palm oil	1,526	1,238	23.3
– palm kernel	711	652	9.0
Profit per mature hectare (RM)	2,673	1,226	118.0
<b>Oil Palm – Indonesia</b>			
Crop - FFB (tonnes) – own	1,667,888	1,502,899	11.0
– outside	190,036	144,811	31.2
Yield per mature hectare (tonnes FFB)	11.0	10.4	5.8
Mill production (tonnes) – palm oil	374,987	329,524	13.8
– palm kernel	68,569	60,465	13.4
Extraction rates (%) – palm oil	23.0	22.7	1.3
– palm kernel	4.2	4.2	–
Average selling prices (RM per tonne ex-mill) – palm oil	1,460	1,273	14.7
– palm kernel	568	576	(1.4)
Profit per mature hectare (RM)	1,037	778	33.3

## group quarterly performance

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year 2003
<b>FINANCIAL PERFORMANCE</b>					
Revenue (RM'000)	763,496	868,409	638,195	776,827	<b>3,046,927</b>
Operating profit (RM'000)	188,257	271,451	38,295	59,609	<b>557,612</b>
Profit before taxation (RM'000)	158,094	248,506	12,952	42,206	<b>461,758</b>
Profit/(Loss) attributable to shareholders (RM'000)	62,146	127,546	(19,890)	(31,525)	<b>138,277</b>
Earnings/(Loss) per share (sen)	6.2	12.7	(2.0)	(3.1)	<b>13.8</b>
Dividend per share – gross (sen)	–	3.0	–	5.0	<b>8.0</b>

**PLANTATION PRODUCTION****Oil Palm – Malaysia**

Crop – FFB (tonnes)	– own	315,936	411,883	393,168	313,224	<b>1,434,211</b>
	– outside	62,683	87,380	99,549	93,685	<b>343,297</b>
Mill production (tonnes)	– palm oil	74,894	96,444	95,724	81,148	<b>348,210</b>
	– palm kernel	21,226	28,642	27,491	23,202	<b>100,561</b>

**Oil Palm – Indonesia**

Crop – FFB (tonnes)	– own	419,907	339,825	335,151	573,005	<b>1,667,888</b>
	– outside	42,833	45,144	41,536	60,523	<b>190,036</b>
Mill production (tonnes)	– palm oil	91,286	83,468	79,063	121,170	<b>374,987</b>
	– palm kernel	16,350	15,774	14,638	21,807	<b>68,569</b>

**FINANCIAL CALENDAR**

FINANCIAL YEAR END	31 December 2003
ANNOUNCEMENT OF RESULTS	
First Quarter	27 May 2003
Second Quarter	27 August 2003
Third Quarter	19 November 2003
Fourth Quarter	25 February 2004
PUBLISHED ANNUAL REPORT AND FINANCIAL STATEMENTS	
Despatch Date	26 May 2004
ANNUAL GENERAL MEETING	17 June 2004

**DIVIDENDS****Interim**

- Declaration  
27 August 2003
- Record Date  
10 October 2003
- Payment Date  
7 November 2003

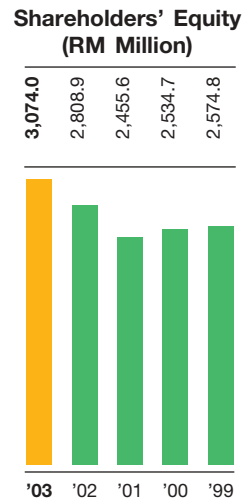
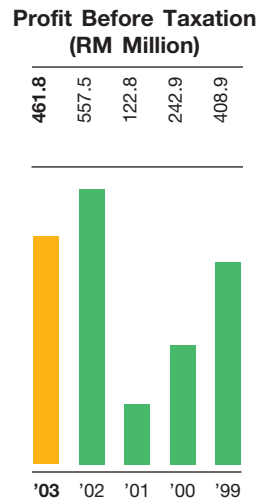
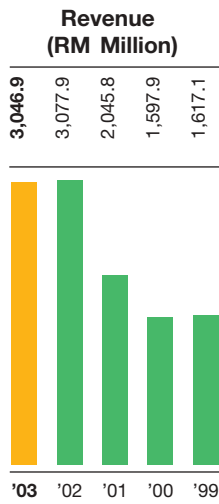
**Final**

- Recommendation  
25 February 2004
- Record Date  
2 July 2004
- Payment Date  
2 August 2004

## group five-year financial review

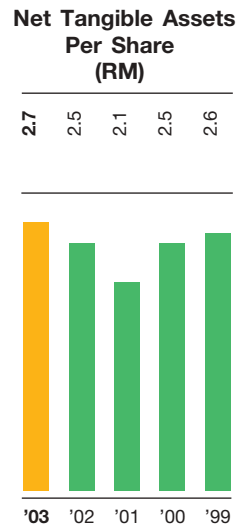
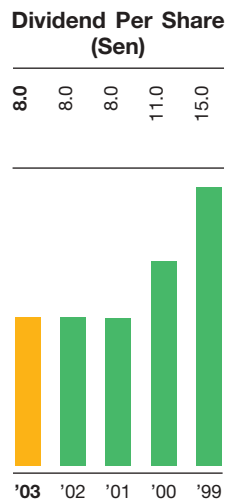
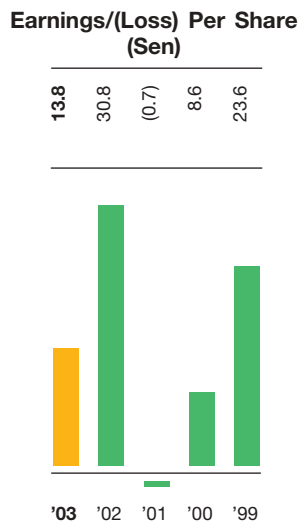
	2003 RM'000	2002 RM'000	2001 RM'000	2000 RM'000	1999 RM'000
<b>REVENUE</b>					
Plantation	1,324,112	1,033,008	593,415	469,128	722,099
Agricultural services	17,696	14,832	11,104	19,087	25,463
Property development	393,200	348,507	338,122	299,198	181,026
Land held for development	269,128	534,307	203,292	178,832	140,342
Manufacturing	131,965	130,430	119,818	124,078	81,033
General trading	854,809	967,412	758,142	476,873	426,796
Other activities	56,017	49,367	21,930	30,664	40,301
	<b>3,046,927</b>	<b>3,077,863</b>	<b>2,045,823</b>	<b>1,597,860</b>	<b>1,617,060</b>
<b>RESULTS</b>					
Plantation	283,166	218,967	(43,785)	53,893	231,938
Agricultural services	9,018	8,005	4,345	10,603	16,549
Property development	86,240	79,035	90,379	74,959	62,046
Land held for development	221,739	432,168	194,878	148,788	132,920
Manufacturing	(22,259)	(6,719)	(10,746)	(4,769)	(14,741)
General trading	(33,480)	(3,806)	1,641	1,641	12,440
Other activities	13,188	(14,834)	(20,665)	(8,224)	(5,721)
Operating profit	557,612	712,816	216,047	276,891	435,431
Profit before tax	461,758	557,519	122,795	242,946	408,876
Profit after tax	301,571	373,016	86,582	164,553	403,268
Profit/(Loss) attributable to shareholders	138,277	308,470	(6,765)	85,621	235,704
<b>ASSETS EMPLOYED</b>					
Property, plant and equipment	5,874,598	5,545,555	5,262,840	3,245,373	3,179,764
Land held for development	321,859	382,348	477,364	444,477	475,284
Associated companies	11,261	9,628	176,047	12,172	15,949
Concession asset	451,276	157,349	28,937	11,400	—
Other investments	2,550	4,550	4,550	4,550	5,813
Long-term trade receivables	123,936	50,166	97,208	94,083	—
Advances for plasma plantation projects	37,724	33,632	22,499	—	—
Deferred expenditure	—	—	—	—	26,548
Deferred exchange differences	—	—	—	5,791	14,929
Deferred tax assets	180,882	219,816	222,886	227,952	247,247
Goodwill on consolidation	324,510	341,111	366,310	—	—
Net current assets/(liabilities)	470,202	335,287	(366,015)	1,759,777	273,623
	<b>7,798,798</b>	<b>7,079,442</b>	<b>6,292,626</b>	<b>5,805,575</b>	<b>4,239,157</b>
<b>CAPITAL EMPLOYED</b>					
Share capital	1,001,207	1,001,125	1,000,292	1,000,292	1,000,003
Reserves	2,072,756	1,807,747	1,455,290	1,534,430	1,574,845
Shareholders' equity	3,073,963	2,808,872	2,455,582	2,534,722	2,574,848
Minority interest	1,690,904	1,592,150	1,496,584	1,246,912	1,226,039
Long-term borrowings	2,061,729	1,977,972	1,760,682	1,770,246	172,662
Long-term payable	287,392	127,263	14,467	—	—
Deferred tax liabilities	659,329	563,555	548,503	236,753	238,168
Deferred income	15,748	1,498	10,099	9,483	18,644
Retirement benefits	9,733	8,132	6,709	7,459	8,796
	<b>7,798,798</b>	<b>7,079,442</b>	<b>6,292,626</b>	<b>5,805,575</b>	<b>4,239,157</b>
<b>PER SHARE STATISTICS</b>					
Earnings/(Loss) – net (sen)	13.8	30.8	(0.7)	8.6	23.6
Dividend – gross (sen)	8.0	8.0	8.0	11.0	15.0
Dividend cover (number of times)	2.1	5.4	(0.1)	1.0	2.0
Net tangible assets (RM)	2.7	2.5	2.1	2.5	2.6

\* Certain comparative figures have been restated to conform with current year's presentation.



## Group Financial

## Highlights



## group five-year plantation review

	2003	2002	2001	2000	1999
<b>OIL PALM – MALAYSIA</b>					
Crop – FFB (tonnes) – own	1,434,211	1,243,344	1,455,903	1,563,847	1,580,902
– outside	343,297	230,017	224,531	266,616	273,072
Mature hectares	73,214	69,313	70,928	74,932	74,322
Immature hectares	27,237	30,937	25,722	20,677	14,143
Total planted hectares	100,451	100,250	96,650	95,609	88,465
Yield per mature hectare (tonnes FFB)	19.6	17.9	20.5	20.9	21.3
Mill production (tonnes)					
– Palm oil	348,210	303,683	327,542	323,231	306,295
– Palm kernel	100,561	84,868	96,218	107,113	101,384
Extraction rates (%)					
– Palm oil	20.1	20.7	19.7	18.4	18.3
– Palm kernel	5.8	5.8	5.8	6.1	6.1
Average selling prices (RM per tonne ex-mill)					
– Palm oil	1,526	1,238	830	1,012	1,473
– Palm kernel	711	652	433	714	1,066
Profit/(Loss) per mature hectare (RM)	2,673	1,226	(73)	641	3,124
<b>OIL PALM – INDONESIA</b>					
Crop – FFB (tonnes) – own	1,667,888	1,502,899	918,525	–	–
– outside	190,036	144,811	93,608	–	–
Mature hectares	151,024	145,168	140,801	–	–
Immature hectares	11,728	17,372	21,875	–	–
Total planted hectares	162,752	162,540	162,676	–	–
Yield per mature hectare (tonnes FFB)	11.0	10.4	6.5	–	–
Mill production (tonnes)					
– Palm oil	374,987	329,524	208,572	–	–
– Palm kernel	68,569	60,465	39,737	–	–
Extraction rates (%)					
– Palm oil	23.0	22.7	22.4	–	–
– Palm kernel	4.2	4.2	4.3	–	–
Average selling prices (RM per tonne ex-mill)					
– Palm oil	1,460	1,273	867	–	–
– Palm kernel	568	576	396	–	–
Profit per mature hectare (RM)	1,037	778	198	–	–

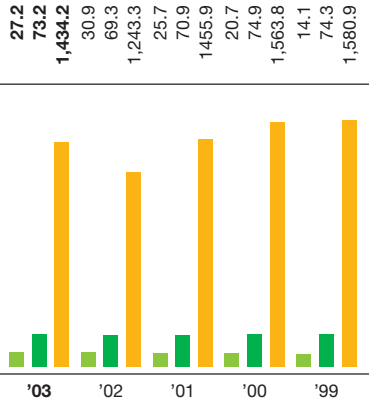
**Notes:**

- Area statistics shown are weighted average figures
- Profit/(Loss) per mature hectare is stated before amortisation of plantation development expenditure
- The statistics for Indonesia for 2001 are for nine (9) months only

## group plantation highlights

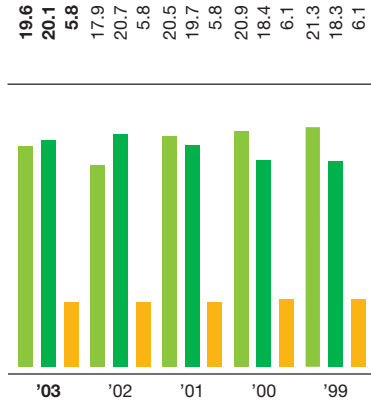
### MALAYSIA

**Oil Palm Planted Area/  
FFB Production**  
(’000 Hectares/’000 Tonnes)



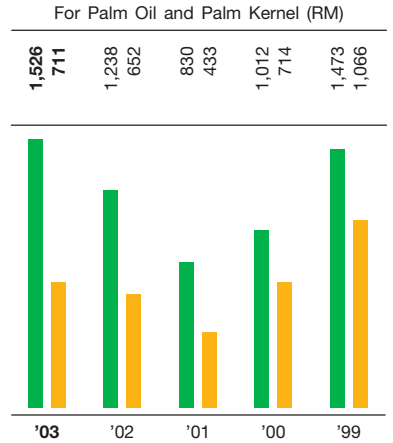
● Immature Area ('000) Hectares ● Mature Area ('000) Hectares ● Production ('000) Tonnes

**Yield Per Mature Hectare/  
Extraction Rates**  
(Tonnes FFB/%)



● Yield Per Mature Hectare (Tonnes FFB) ● Extraction Rate (%) - Palm Oil ● Extraction Rate (%) - Palm Kernel

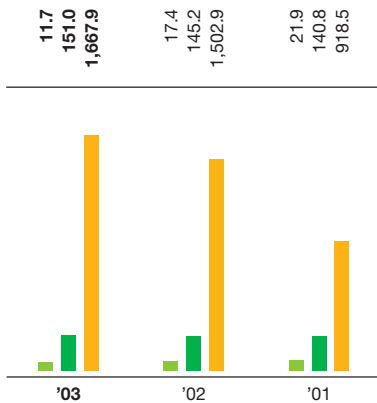
**Average Selling Prices  
(Ex Mill)**



● Palm Oil (RM Per Tonne) ● Palm Kernel (RM Per Tonne)

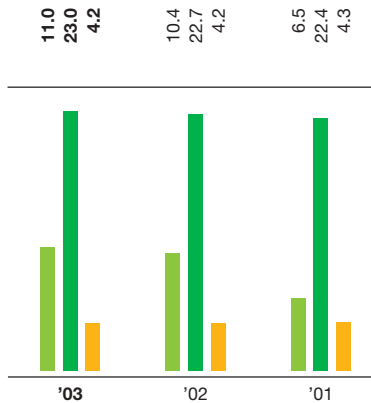
### INDONESIA

**Oil Palm Planted Area/  
FFB Production**  
(’000 Hectares/’000 Tonnes)



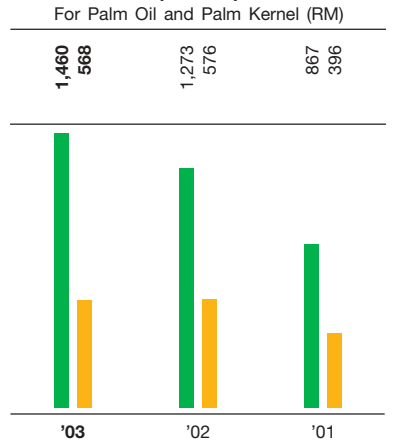
● Immature Area ('000) Hectares ● Mature Area ('000) Hectares ● Production ('000) Tonnes

**Yield Per Mature Hectare/  
Extraction Rates (%)**  
(Tonnes FFB/%)



● Yield Per Mature Hectare (Tonnes FFB) ● Extraction Rate (%) - Palm Oil ● Extraction Rate (%) - Palm Kernel

**Average Selling Prices  
(Ex Mill)**



● Palm Oil (RM Per Tonne) ● Palm Kernel (RM Per Tonne)

## statement of value added

	2003 RM'000	2002 RM'000
<b>VALUE ADDED</b>		
Revenue	3,046,927	3,077,863
Purchase of goods and services	(1,897,858)	(1,825,874)
Value added by the Group	1,149,069	1,251,989
Investment income	1,042	639
Finance income	25,477	13,594
Finance expense	(123,206)	(167,907)
Exceptional items	—	(43,455)
Share of results in associated companies	833	41,832
Value added available for distribution	1,053,215	1,096,692
<b>DISTRIBUTION</b>		
To Employees		
Employment cost	393,514	354,187
To Government		
Taxation	160,187	184,503
To Shareholders		
Dividends	66,076	57,661
Minority interest	163,294	64,546
Retained for re-investment and future growth		
Depreciation/Amortisation	197,943	184,986
Retained profit	72,201	250,809
	1,053,215	1,096,692

## DISTRIBUTION OF VALUE ADDED (RM'000)

2003

- To Employees – Employment cost 393,514
- To Government – Taxation 160,187
- To Shareholders – Dividends 229,370
- Retained for re-investment and future growth – Depreciation/Amortisation and Retained Profit 270,144



2002

- To Employees – Employment cost 354,187
- To Government – Taxation 184,503
- To Shareholders – Dividends 122,207
- Retained for re-investment and future growth – Depreciation/Amortisation and Retained Profit 435,795



Employees by Classification



● Executive Staff ● Non-Executive Staff ● Workers

Employees by Ethnic Composition



● Bumiputra ● Chinese ● Indian ● Others

## Employees and

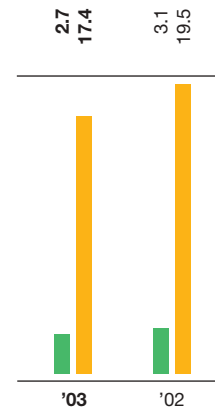
## Productivity

Productivity – Revenue



● Per RM Employment Cost (RM)

Productivity – Value Added



● Per Employee (RM'000)

group structure



\* Converted to a public company on 2 October 2003

33%	67%	Guthrie Rubber Processing Sdn. Bhd.	
33%	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.	51%
	49%	Guthrie MDF Sdn. Bhd.	
	100%	Right Class Sdn. Bhd.	
	62%	Integrated Brickworks Sdn. Bhd.	38%
	100%	Guthrie Medicare Products (NS) Sdn. Bhd.	
	100%	Guthrie Polymer Sdn. Bhd.	
	100%	Guthrie Industries Malaysia Sdn. Bhd.	
	100%	Guthrie Industries (Indonesia) Sdn. Bhd.	
	100%	Guthrie Dimensional Stones Sdn. Bhd.	
	100%	Guthrie Solutions Sdn. Bhd.	
	100%	Guthrie Technologies Sdn. Bhd.	
	100%	Guthrie Furniture Sdn. Bhd.	
	100%	Harvard Jerai Development Sdn. Bhd.	
	99%	Harvard Golf Resort (Jerai) Bhd.	
	100%	Harvard Hotel (Jerai) Sdn. Bhd.	
	50.7%	Malaysia Land Development Co. Bhd.	
	100%	Genting View Resort Management Sdn. Bhd.	
	60%	Genting View Resort Development Sdn. Bhd.	

100%	Guthrie Landscaping Sdn. Bhd.
100%	Haron Estate Development 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%	PT Guthrie Pecconina Indonesia - Indonesia
100%	Guthrie Siam Sdn. Bhd.
49%	Muang Mai Guthrie Co, Ltd. - Thailand
100%	Guthrie Overseas Limited - UK
100%	Guthrie Symington Limited - UK
100%	Guthrie Furniture Products Limited - UK
100%	Healthline Products Limited - UK
100%	Guthrie Medizinische Produkte GmbH - Germany
100%	Guthrie SARL - France
100%	Guthrie Symington Overseas Investments Inc. - USA
100%	Guthrie Latex Inc. - USA
100%	Guthrie Symington Overseas Investments (USA) Inc. - USA
100%	Guthrie Plantations Liberia Inc. - USA
100%	Guthrie International Investments (L) Ltd. - Labuan
100%	Laverton Holdings Ltd. - Mauritius

99.999% **PT MINAMAS GEMILANG** 0.001%  
(Indonesia)

PT Minamas Gemilang and PT Anugerah Sumbermakmur have direct interest of between 50% and 100% in 24 companies in Indonesia.

99.999% **PT ANUGERAH SUMBERMAKMUR** 0.001%  
(Indonesia)

# CORPORATE INFORMATION

## Board of Directors

### Chairman

- Tan Sri Dato' Musa Hitam

### Directors

- Raja Tan Sri Muhammad Alias Raja Muhammad Ali
- Tan Sri Dato' Dr. Wan Mohd. Zahid Mohd. Noordin
- Tan Sri Dato' Abdul Khalid Ibrahim
- Datuk Nik Mohamed Affandi Nik Yusoff
- Datuk Mohamed Adnan Ali
- Datuk Alladin Mohd. Hashim
- Datuk Khoo Eng Choo\*
- Dato' Muhammad Nawawi Haji Mohd. Arshad\*
- Sreesanthan s/o Eliathamby\*

\* Independent Directors

## BOARD COMMITTEES

### Executive Committee

Tan Sri Dato' Musa Hitam (Chairman)  
Raja Tan Sri Muhammad Alias Raja Muhammad Ali  
Tan Sri Dato' Dr. Wan Mohd. Zahid Mohd. Noordin  
Datuk Mohamed Adnan Ali

### Audit Committee

Datuk Khoo Eng Choo (Chairman)  
Datuk Mohamed Adnan Ali  
Dato' Muhammad Nawawi Haji Mohd. Arshad  
Sreesanthan s/o Eliathamby

### Finance & Tender Committee

Datuk Mohamed Adnan Ali (Chairman)  
Datuk Nik Mohamed Affandi Nik Yusoff  
Dato' Muhammad Nawawi Haji Mohd. Arshad  
Sreesanthan s/o Eliathamby

### Remuneration Committee

Raja Tan Sri Muhammad Alias Raja Muhammad Ali (Chairman)  
Tan Sri Dato' Dr. Wan Mohd. Zahid Mohd. Noordin  
Datuk Khoo Eng Choo  
Datuk Alladin Mohd. Hashim

### Nomination Committee

Tan Sri Dato' Dr. Wan Mohd. Zahid Mohd. Noordin (Chairman)  
Datuk Khoo Eng Choo  
Datuk Alladin Mohd. Hashim

### ESOS\* Committee

Datuk Nik Mohamed Affandi Nik Yusoff (Chairman)  
Datuk Alladin Mohd. Hashim  
Sreesanthan s/o Eliathamby

\*(Employees' Share Option Scheme)

### Strategic Planning Task Force

Datuk Mohamed Adnan Ali (Chairman)  
Tan Sri Dato' Dr. Wan Mohd. Zahid Mohd. Noordin  
Datuk Khoo Eng Choo  
Datuk Alladin Mohd. Hashim  
Dato' Muhammad Nawawi Haji Mohd. Arshad

### COMPANY SECRETARIES

Halimatus Saadiah Abdul Rabah (LS 01389)  
Megat Nazirudin Megat Shamsuddin (LS 00139)

### REGISTERED OFFICE

Wisma Guthrie, 21 Jalan Gelenggang, Damansara Heights, 50490 Kuala Lumpur, Malaysia  
Telephone: 603-2094 1644  
Facsimile : 603-2095 7934  
Website : www.kumpulanguthrie.com

### SHARE REGISTRAR

Malaysian Share Registration Services Sdn. Berhad  
Level 26, Menara Multi-Purpose Capital Square  
No. 8, Jalan Munshi Abdullah  
50100 Kuala Lumpur, Malaysia  
Telephone: 603-2721 2222  
Facsimile : 603-2721 2530  
603-2721 2531

### 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 the Main Board of Bursa Malaysia Securities Berhad (formerly known as Malaysia Securities Exchange Berhad, the renamed Kuala Lumpur Stock Exchange) on 25 August 1989.

### AUDITORS

Ernst & Young  
Level 23A, Menara Milenium  
Jalan Damanlela  
Pusat Bandar Damansara  
50490 Kuala Lumpur, Malaysia  
Telephone: 603-2087 7000  
Facsimile : 603-2095 5333

### PRINCIPAL BANKERS

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

# PROFILE OF DIRECTORS



## **TAN SRI DATO' MUSA HITAM** Chairman

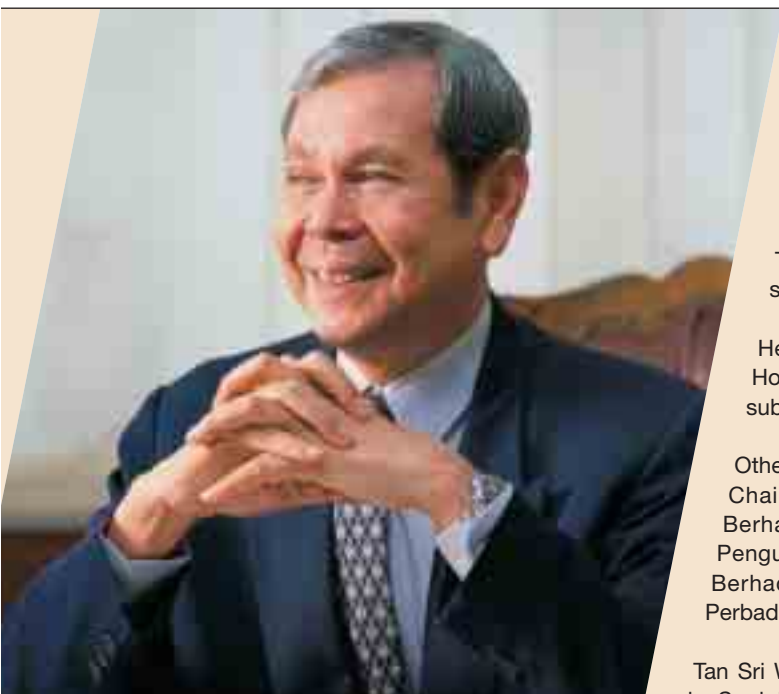
YBhg. Tan Sri Dato' Musa Hitam, 70, a Malaysian, is a Non-Independent Non-Executive Director and Chairman since 12 August 2002. He is Chairman of the Executive Committee of the Board of Kumpulan Guthrie Berhad. He attended all the sixteen (16) Board Meetings held in the financial year under review.

He is also Chairman of Lion Industries Corporation Berhad.

Tan Sri Musa received his Bachelor of Arts degree from the University of Malaya and Masters degree in International Relations from the University of Sussex, United Kingdom. He has since been awarded with various honours, including Honorary Doctorates from the University of Sussex, United Kingdom and Universiti Malaysia Sabah, and fellowships from the Malaysian Institute of Management and the Centre for International Affairs, Harvard University, USA. He served briefly as Senior Lecturer at the University of Malaya and, currently, is Adjunct Professor at the Universiti Utara Malaysia.

Before becoming Malaysia's fifth Deputy Prime Minister and Minister of Home Affairs in 1981 – 1986, Tan Sri Musa held a number of key government posts, including Chairman of Federal Land Development Authority (FELDA), Deputy Minister of Trade & Industry, Minister of Primary Industries (1974 – 1978) and Minister of Education (1978 – 1981). Between 1990 and 1991, he was Malaysia's Special Envoy to the United Nations and from 1995 to 2002 he was the Prime Minister's Special Envoy to the Commonwealth Ministerial Action Group. Tan Sri Musa also led the Malaysian delegation to the UN Commission on Human Rights from 1993 to 1998 and was elected Chairman of the 52nd Session of the Commission in 1995.

**Tan Sri Musa has no family relationship with and is 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, and does not have any conflict of interest with Kumpulan Guthrie Berhad.**



#### TAN SRI DATO' DR. WAN MOHD. ZAHID MOHD. NOORDIN

YBhg. Tan Sri Dato' Dr. Wan Mohd. Zahid Mohd Noordin, 64, a Malaysian, is a Non-Independent Non-Executive Director since 20 May 2002. He is Chairman of the Nomination Committee and a member of the Executive Committee, Remuneration Committee and Strategic Planning Task Force of the Board of Kumpulan Guthrie Berhad. He attended all the sixteen (16) Board Meetings held in the financial year under review.

He is the Non-Executive Chairman of Guthrie Property Development Holding Berhad and Director of Guthrie Ropel Berhad, both of which are subsidiary companies of Kumpulan Guthrie Berhad.

Other companies and institution in which Tan Sri Wan Mohd. Zahid is Chairman are Yayasan Guru Malaysia Berhad, Federal Power Sdn. Berhad, Furukawa Sdn. Berhad and Kolej Universiti Teknologi dan Pengurusan Malaysia. He is also a director of Permodalan Nasional Berhad, Amanah Saham Nasional Berhad, Yayasan Felcra Berhad, Perbadanan Usahawan Nasional Berhad and Universiti Tun Abdul Razak.

Tan Sri Wan Mohd. Zahid obtained his Bachelor of Arts (Honours) degree in Sociology and Anthropology from University of Malaya, Masters in Development Education from Stanford University, California, USA and

Doctorate (Ph.D) in Sociology of Education from University of California, Berkeley, California, USA. He also attended the Advanced Management Program at Harvard Business School, Boston, USA. Tan Sri Wan Mohd. Zahid 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. He 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.

**Tan Sri Wan Mohd. Zahid has no family relationship with and is 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, and does not have any conflict of interest with Kumpulan Guthrie Berhad.**

#### TAN SRI DATO' ABDUL KHALID IBRAHIM

YBhg. Tan Sri Dato' Abdul Khalid Ibrahim, 57, a Malaysian, is presently a Non-Independent Non-Executive Director. He was appointed to the Board on 24 August 1988 and held the position of Group Chief Executive of Kumpulan Guthrie Berhad from 1 July 1994 to 31 December 2003. He attended fifteen (15) of the sixteen (16) Board Meetings held in the financial year under review.

He is also a Director of Highlands & Lowlands Berhad and Guthrie Ropel Berhad, subsidiary companies of Kumpulan Guthrie Berhad.

Tan Sri Abdul Khalid is Chairman of Amanah Capital Malaysia Berhad and Amanah Smallcap Fund Berhad. Other public companies in which he is a director are Amanah General Assets Berhad (*formerly known as Amanah General Insurance Berhad*), Malaysia Discount Berhad, SIRIM Berhad and Titan Petrochemicals & Polymers Berhad. He is also on the Boards of Directors of Institute of Strategic and International Studies, Malaysia (ISIS) and National Productivity Centre. He is a member of Executive Committee of Unit Investment Fund, Islamic Development Bank, Jeddah (IDB) as well as a member of Financial Engineering Advisory Forum, IDB and the APEC Business Advisory Council (ABAC), and Alternate Chairman of the Malaysian delegation to ABAC. He is also Chairman of Universiti Utara Malaysia Senate.

Tan Sri Abdul Khalid obtained his Bachelor of Arts (Honours) degree in Economics from the University of Malaya and Masters in Business Administration from the University of Queensland, Australia. He attended the USA International Program in 1983 and the Eisenhower Exchange Fellowship Program in 1989. He 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.

Tan Sri 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 Sdn. Berhad. He was also honoured with the inaugural International Alumnus of the Year Award

### **RAJA TAN SRI MUHAMMAD ALIAS RAJA MUHAMMAD ALI**

Y.M. Raja Tan Sri Muhammad Alias Raja Muhammad Ali, 71, a Malaysian, is a Non-Independent Non-Executive Director since 20 May 2002. He is Chairman of the Remuneration Committee and a member of the Executive Committee of the Board of Kumpulan Guthrie Berhad. He attended all the sixteen (16) Board Meetings held in the financial year under review.

He is Chairman of Highlands & Lowlands Berhad, a subsidiary company of Kumpulan Guthrie Berhad.

Other public companies in which he is a director are Malayan Banking Berhad, Kuala Lumpur Kepong Berhad, Batu Kawan Berhad, Sime Darby Berhad, Mayban Fortis Holdings Berhad and Cerebos Pacific Limited (Singapore). He is also Chairman of Felda-Johore Bulkiers Sdn. Berhad. Raja Tan Sri Muhammad Alias obtained his Bachelor of Arts (Honours) degree in Geography from the University of Malaya, Singapore, and a Certificate in Public Administration from the Royal Institute of Public Administration, London. He also attended the Advanced Management Program at Harvard Business School, Boston, USA.



Raja Tan Sri Muhammad Alias 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.

**Raja Tan Sri Muhammad Alias has no family relationship with and is 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, and does not have any conflict of interest with Kumpulan Guthrie Berhad.**



2001 by the University of Queensland, Australia and Captain of Industry award from the Asian Academy of Applied Business and the School of Business & Economics from Universiti Malaysia Sabah.

**Tan Sri Abdul Khalid has no family relationship with and is 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 shareholder, holding 3.65% of the issued ordinary shares of Kumpulan Guthrie Berhad as at 19 April 2004.**

## profile of directors

### DATUK NIK MOHAMED AFFANDI NIK YUSOFF

YBhg. Datuk Nik Mohamed Affandi Nik Yusoff, 60, a Malaysian, is a Non-Independent Non-Executive Director since 20 May 2002. He is the Chairman of Employees' Share Option Scheme (ESOS) Committee and a member of the Finance & Tender Committee of the Board of Kumpulan Guthrie Berhad. He attended fifteen (15) of the sixteen (16) Board Meetings held in the financial year under review.

Datuk Nik Mohamed Affandi obtained his Bachelor of Arts (Honours) degree in History (International Relation) from University of Malaya, 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 Director of State Economic Planning Unit, Pahang State Government, Deputy Director of Supply and Contracts Division, Ministry of Finance, 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. His last post prior to retirement in February 1999 was as Director General of Majlis Amanah Rakyat (MARA).

**He has no family relationship with and is 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, and does not have any conflict of interest with Kumpulan Guthrie Berhad.**



### DATUK KHOO ENG CHOO

YBhg. Datuk Khoo Eng Choo, 61, a Malaysian, is an Independent Non-Executive Director since 4 June 2002. He is Chairman of the Audit Committee, and member of the Nomination Committee, Remuneration Committee and Strategic Planning Task Force of the Board of Kumpulan Guthrie Berhad. He attended all the sixteen (16) Board Meetings held in the financial year under review.

He is also a Non-Executive Director of Highlands & Lowlands Berhad and Guthrie Property Development Holding Berhad, subsidiary companies of Kumpulan Guthrie Berhad.

Datuk Khoo is Chairman of Tanjong Public Limited Company. Other public companies in which he is an independent non-executive director are Powertek Berhad, Kontena Nasional Berhad, MNI Holdings Berhad and Ranhill Berhad. He is currently the Chairman of

**DATUK MOHAMED ADNAN ALI**

YBhg. Datuk Mohamed Adnan Ali, 61, a Malaysian, is a Non-Independent Non-Executive Director since 31 May 2002. He is Chairman of the Finance & Tender Committee and Strategic Planning Task Force, and a member of the Executive Committee and Audit Committee of the Board of Kumpulan Guthrie Berhad. He attended fifteen (15) of the sixteen (16) Board Meetings held in the financial year under review.

He is also a Director of Highlands & Lowlands Berhad and Guthrie MDF Sdn. Berhad, subsidiary companies of Kumpulan Guthrie Berhad. Other companies in which he is a director are Bank Pembangunan & Infrastruktur Malaysia Berhad (as Chairman), Bintulu Port Holdings Berhad, Pos Malaysia & Services Holdings Berhad, Ladang Tabung Haji Sdn. Berhad, Amanah Raya Asset Management Sdn. Berhad and Timah Langat Holdings Sdn. Berhad.

Datuk Mohamed Adnan is a Fellow, Chartered Institute of Management Accountants, U.K.. He was formerly Accountant-General, Malaysia. He had served as Accountant with various ministries in Government Department such as Ministry of Trade and Industry, and Ministry of Energy and Public Works. He was also a Senior Manager, Investment with Employees Provident Fund, Malaysia; Treasurer, Universiti Islam Antarabangsa Malaysia and Bursar, Universiti Teknologi Malaysia.

**Datuk Mohamed Adnan has no family relationship with and is 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, and does not have any conflict of interest with Kumpulan Guthrie Berhad.**



Malaysian Institute of Management. Datuk Khoo is a Chartered Accountant. For over a decade prior to 2002, Datuk Khoo had served in key leadership positions in Pricewaterhouse and PricewaterhouseCoopers in Malaysia, Asia and its World's Firm. He also held significant appointments that were made by the Malaysian Government. He served in senior capacities in councils of professional and management bodies in Malaysia and Asia, and was Chairman of the Asian Association of Management Organisations. He is the Chairman of eckhoo Associates Sdn. Berhad.

**Datuk Khoo has no family relationship with and is 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. Datuk Khoo holds 2,000 ordinary shares in the Company.**

## profile of directors

**DATUK ALLADIN MOHD. HASHIM**

YBhg. Datuk Alladin Mohd. Hashim, 65, a Malaysian, is a Non-Independent Non-Executive Director since 25 November 2002. He is a member of the Nomination Committee, Remuneration Committee, Strategic Planning Task Force and Employees' Share Option Scheme (ESOS) Committee of the Board of Kumpulan Guthrie Berhad. He attended thirteen (13) of the sixteen (16) Board Meetings held in the financial year under review.

He is the Non-Executive Chairman of Guthrie Ropel Berhad, a subsidiary company of Kumpulan Guthrie Berhad. Other public companies in which he is a Director are PK Resources Berhad, UAC Berhad and Timberwell Berhad.

Datuk Alladin obtained his Bachelor of Agricultural Science from the University of Malaya and Masters of Science (Agricultural Economics) from the University of Massachusetts, USA. He attended the Executive Development Program of the Harvard Business School, USA. He is a Fellow of the Academy of Sciences, Malaysia.

He had served Federal Land Development Authority (FELDA) from 1964 in various capacities, and was the Director General of FELDA from 1979 to 1989. He had also served as Chairman of the Malaysian Rubber Board.

**Datuk Alladin has no family relationship with and is 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, and does not have any conflict of interest with Kumpulan Guthrie Berhad.**



**DATO' MUHAMMAD NAWAWI HAJI MOHD. ARSHAD**

YBhg. Dato' Muhammad Nawawi Haji Mohd. Arshad, 65, a Malaysian, is an Independent Non-Executive Director. He was appointed to the Board on 31 May 2002. He is a member of the Finance & Tender Committee, Audit Committee and Strategic Planning Task Force of the Board of Kumpulan Guthrie Berhad. He attended all the sixteen (16) Board Meetings held in the financial year under review.

He is a Non-Executive Director of Guthrie Ropel Berhad, Guthrie Property Development Holding Berhad and Guthrie Corridor Expressway Sdn. Berhad (GCESB). He is also Chairman of GCESB.

Dato' Muhammad Nawawi is Chairman of M. Nawawi & Co. Sdn. Berhad, DTZ Debenham Tie Leung (M) Sdn. Berhad and DTZ Nawawi Tie Leung Sdn. Berhad, and was Director of JKP Sdn. Berhad. He had served as a Committee Member of International Assets Valuation Standards Committee and Committee Member and President of Institution of Surveyors Malaysia, President of International Real Estate Federation (FIABCI) Malaysia, and Deputy World President of FIABCI. He had also served as Vice President of the Asean Valuers Association.

Dato' Muhammad Nawawi is a Chartered Surveyor from College of Estate Management, London and Fellow, Institution of Surveyors, Malaysia. He was formerly the Director General, Valuation, Ministry of Finance, Malaysia and Director of CH Williams, Talhar & Wong Sdn. Berhad.

**He has no family relationship with and is not related to any director and/or major shareholder of Kumpulan Guthrie Berhad. He does not have any conflict of interest with Kumpulan Guthrie Berhad.**

**SREESANTHAN S/O ELIATHAMBY**

Encik Sreesanthan s/o Eliathamby, 43, a Malaysian, is an Independent Non-Executive Director since 31 May 2002. He is a Member of the Finance & Tender Committee, Audit Committee and Employees' Share Option Scheme (ESOS) Committee of the Board of Kumpulan Guthrie Berhad. He attended all the sixteen (16) Board Meetings held in the financial year under review.

He is also a Director of Chemical Company of Malaysia Berhad.

Encik Sreesanthan is an Advocate & Solicitor and a Partner with the legal firm of Messrs. Kadir, Andri Aidham & Partners. 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. Encik Sreesanthan obtained his degree in law from the University of Malaya and a Masters in Law from the University of Oxford, U.K.

He is a Member of the Investment Committee, Amanah Saham Wawasan 2020. He is also an accredited mediator of the Malaysian Mediation Centre, and a member of the Malaysian Central Depository Advisory Committee and Investigating Tribunal Panel of the Advocates & Solicitors' Disciplinary Board.

**Encik Sreesanthan has no family relationship with and is 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.**

## audit committee

YBhg. Datuk Khoo Eng Choo\* – Chairman  
 YBhg. Datuk Mohamed Adnan Ali  
 YBhg. Dato' Muhammad Nawawi Haji Mohd. Arshad\*  
 Encik Sreesanthan s/o Eliathamby\*

\* Independent Non-Executive Directors



### COMPOSITION

The Audit Committee of Kumpulan Guthrie Berhad ("Audit Committee") presently comprises four (4) Directors of the Board of Kumpulan Guthrie Berhad ("Board"), the majority of whom, including the Chairman, are Independent Non-Executive Directors.

### PRIMARY PURPOSES

The Audit 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 its subsidiary companies ("Group").
- Maintain, through regularly scheduled meetings, a direct line of communication between the Board and the Internal Auditors as well as the External Auditors.
- Avail to the Internal Auditors and External Auditors a private confidential audience at any time they desire and request through the Chairman, with or without the prior knowledge of Management.
- Act upon the Board's request to investigate and report on any issues or concerns with regard to the Group.

### FUNCTIONS

The functions of the Audit Committee include the functions set out below and such other functions as may be determined by the Board from time to time.

The Audit Committee shall review, appraise, report and make appropriate recommendations to the Board on:

- The quality and effectiveness of the entire accounting and internal control system of the Group.
- The adequacy of the annual audit programme by both the Internal Auditors and the External Auditors and the reports of the Internal Auditors and External Auditors relating thereto.

- The adequacy of the scope, functions and resources of the Internal Auditors and whether they have the necessary authority to carry out their work.
- The assistance given by the employees of the Group to the External Auditors.
- The propriety of accounting policies adopted by Management and accepted by the External Auditors, where alternatives are also acceptable.
- The effects of any change in accounting principles or of any development emanating from the accounting profession or any statutory authority.
- The adequacy of the disclosure of information essential for a fair and full presentation of the financial affairs of the Group.
- The quarterly results and year-end financial statements, prior to the approval by the Board, focusing particularly on:
  - changes in or implementation of major accounting policy changes;
  - significant and unusual events; and
  - compliance with accounting standards and other legal requirements.
- Material issues arising from the reports of the Internal Auditors and External Auditors and whether appropriate action is being or has been taken based on the recommendations of the Internal Auditors and External Auditors.
- Any significant difficulties encountered or material discoveries and findings made by the Internal Auditors or External Auditors.
- Any related party transaction and conflict of interest situation that may arise including any transaction, procedure or course of conduct that raises questions of management integrity.
- The firm of External Auditors retained by the Group and the fees payable to the External Auditors and any change in their fees, and recommendation, if any, to retain or replace such firm in the ensuing year.

## MEETINGS

The Audit Committee held six (6) meetings during the financial year ended 31 December 2003. The Chief Finance Officer and the Controller, Group Internal Audit, Kumpulan Guthrie Berhad, together with the Company Secretary were in attendance at the six (6) meetings. YBhg. Datuk Khoo Eng Choo, YBhg. Datuk Mohamed Adnan Ali and YBhg. Dato' Muhammad Nawawi Haji Mohd. Arshad attended all the meetings whilst Encik Sreesanthan s/o Eliathamby attended three (3) of the six (6) meetings of the Audit Committee held in 2003.

Representatives of the External Auditors and other officers of the Company were also invited to brief the Audit Committee on specific issues.

At the conclusion of each meeting, recommendations were made for the Management to improve on internal controls, procedures and systems of the Group, wherever appropriate.

## ACTIVITIES

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

- Reviewed the quarterly financial statements of the Group and ensured compliance with approved accounting standards and adherence to other legal and regulatory requirements.
- Evaluated the audit planning strategy of the Internal and External Auditors to confirm the groundwork for the annual audit of the Group.
- Assessed the risk management activities of the Group.
- Reviewed the significant issues and audit findings arising from the annual audit of the Group by the External Auditors.
- Reviewed and appraised the audit reports by the Internal Auditors.
- Reviewed the allocation of option shares pursuant to the Employees' Share Option Scheme of the Company.
- Reviewed the various internal control systems of the Group.
- Reviewed audit planning memorandum and budget for year 2004 and significant issues arising from the audit of operating units under Minamas Plantation.

## REPORTS/MINUTES

Detailed audit reports by the Internal Auditors, together with responses by Management, were circulated to the Group Chief Executive and Heads of the respective Divisions/Departments of the Company. Minutes of meetings of the Audit Committee were circulated to all members of the Board, and significant issues were discussed at Board Meetings.

## INTERNAL AUDITORS

In the discharge of its duties, the Audit Committee is strongly supported by the Internal Auditors of the Company. The Internal Auditors' role is to evaluate and report on the adequacy, integrity and effectiveness of the Group's overall system of internal control.

During the financial year under review, the Internal Auditors also carried out audit programmes which focussed on the management of the Group's significant corporate risks and executed audit plans approved by the Audit Committee. In conducting their independent audit, the Internal Auditors placed emphasis on a risk-based auditing approach which forms an integral part of the audit plans. The audit findings and recommendations, which also highlighted areas of non-compliance with the Group's policies, procedures and guidelines, were submitted to the Audit Committee for review.

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 system of internal control.

## STATEMENT ON EMPLOYEES' SHARE OPTION SCHEME (ESOS)

The Audit Committee hereby verify that during the financial year under review, the actual allocation of option shares pursuant to the Second ESOS of Kumpulan Guthrie Berhad ("Scheme") to eligible employees had been made in accordance with the criteria of allocation of option shares as set out in the Bye-Laws governing the Scheme and the guidelines of the Scheme.





# CORPORATE GOVERNANCE

**The Board of Directors of Kumpulan Guthrie Berhad (“Guthrie” or “the Company”) is pleased to report to shareholders that throughout the financial year ended 31 December 2003, it had generally practised good corporate governance in directing and managing the business and affairs of the Company and its subsidiary companies (“Kumpulan Guthrie Group” or “the Group”) and, thus, discharging its principal responsibility towards protecting and enhancing long-term shareholders’ value and investors’ interests consistent with the Malaysian Code on Corporate Governance (“Code”).**

#### **Composition of the Board**

The Board believes that effective corporate governance is premised on three important cornerstones namely, independence, accountability and transparency.

Based on those premises, the Board is of the opinion that an effective Board is determined by its composition. The Board has a well-balanced composition in which the substantial shareholders are adequately represented, whilst the interests of the minority shareholders are protected by the independent directors.

The Board presently comprises ten (10) Non-Executive Directors, three (3) of whom are independent Directors and, thus, the Company is in compliance with the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia”) (formerly known as *Malaysia Securities Exchange Berhad*) for the financial year under review. The profile of each member of the Board are set out on pages 23 to 29 of this Annual Report.

The Directors of the Company are professionals from diverse backgrounds with expertise and experience in various fields such as economics and investment, finance, public services, education, international relations, accounting, legal, plantation management and property development, which enable them to bring broader perspectives and depth in any Board’s discussion and deliberation.

The presence of three (3) independent Directors on the Board, namely YBhg. Datuk Khoo Eng Choo, YBhg. Dato’ Muhammad Nawawi Haji Mohd Arshad and Encik Sreesanthan s/o Eliathamby, confer a strong independent element on the Board. The independent Directors play an important role in objectively assessing the feasibility of business proposals and strategies, and examining the impact of such proposals on the Company’s stakeholders. The independent Directors ensure a balance of power and authority at the helm of the Group and provide a safeguard against the exercise of unfettered power in decision-making.

#### **Chairman and Group Chief Executive**

As a matter of good governance, the Chairman, who is a Non-Independent Non-Executive Director, has separate and distinct duties and responsibilities from those of the Group Chief Executive.

The Chairman of the Company plays a pivotal role in ensuring that Directors are properly briefed on issues arising at Board meetings, so that they can make effective contributions as Board members. As part of good governance, the Chairman encourages a healthy debate on issues on the agenda and provides a reasonable time for discussion on issues raised at meetings, gives opportunity to Directors who wish to speak on the motions, either for or against them. Every Board resolution is then put to a vote which would reflect the collective decision of the Board, and not the views of an individual or an interested group.

The Group Chief Executive 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 Kumpulan Guthrie Group's business to the Board. The Group Chief Executive'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 three (3) independent Directors, ensures a balance of power and authority and provides a safeguard against the exercise of unfettered power in decision-making.

The year 2004 saw a change at the helm of the Kumpulan Guthrie Group with the appointment of YBhg. Dato' Abd Wahab Maskan on 1 January 2004 as the new Group Chief Executive of Kumpulan Guthrie Berhad, succeeding YBhg. Tan Sri Dato' Abdul Khalid Ibrahim.

YBhg. Dato' Abd Wahab Maskan's experience in property development and investment, engineering and construction, estates and plantation management, trading and marketing, retailing and manufacturing, both in the public and private sectors, would contribute significantly in attaining the mission and vision of the Group.

#### **Senior Independent Non-Executive Director**

YBhg. Dato' Muhammad Nawawi Haji Mohd. Arshad is 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.

#### **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, at least once in every three years.

Directors who are over seventy (70) years of age are required to submit themselves for reappointment, annually in accordance with Section 129(6) of the Companies Act, 1965. Presently, there are two (2) Directors of the Company who are subject to such reappointment.

#### **Number of Directorship in Other Companies**

Each of the Directors of the Company hold not more than ten (10) directorships in public listed companies and not more than fifteen (15) in other companies (other than listed companies). This ensures the Directors' commitment, resources and time are focussed for an effective input to the Board. The directorships of each Director are set out in the Profile of Directors and in the Semi-Annual Returns to Bursa Malaysia.

#### **Continual Training of Directors**

The Directors of the Company have attended and completed the Mandatory Accreditation Programme conducted by Research Institute of Investment Analysis, Malaysia (RIIAM). They have also been attending the Continuing Education Programmes (CEP) which are necessary to ensure that Directors are kept abreast on various issues having relevance to the constantly changing environment within which the business of the Group operates. All Directors are required to obtain a total minimum number of 72 CEP points by 31 December 2004.

Directors were also informed and encouraged to attend various professional programmes endorsed by Bursa Malaysia and those conducted by various professional bodies.

## corporate governance

### ***Principal Duties and Responsibilities of the Board***

The Board plays a primary role in corporate governance. Guided by the Code, the Board is of the opinion that it is able to lead and control the Company and the Group through the discharge of the following responsibilities:

- Determine the Strategic Plan for the Group;
- Oversee the conduct of the Group's businesses;
- Identify and manage risks affecting the Group;
- Review adequacy and integrity of the Group's internal control systems;
- Implement succession planning for timely succession of management within the Group; and
- Maintain effective communication with shareholders and investors.

### ***Fiduciary Duties of Directors***

The relationship between a Director and the Company is one based on fiduciaries. The fiduciary duties owed by Directors to the Company, require them to act bona fide in the best interests of the Company, as a whole. In this respect, the Directors of the Company exercise their powers on behalf, and for the benefit, of all shareholders rather than the majority on whose vote they are ostensibly appointed to the Board. These fiduciary obligations are owed by the Directors to the Company on an individual basis.

The Board ensures that all its Directors declare their interests in any situations which could put the Directors in a position of conflict of interest with that of the Company. These include interests, whether direct or indirect, in contracts or proposed contracts with the Company or any of its subsidiary companies, related or associated companies, as soon as practicable after the relevant facts have come to his knowledge. The Director(s) concerned will abstain from any decision-making process in which they are interested in. Transactions involving directors which are deemed related party transactions are disclosed in the Annual Report.

### ***Board Meetings***

The Board meets on a scheduled basis, at least four (4) times a year. During the financial year ended 31 December 2003, there were sixteen (16) Board Meetings held and all the Directors in office attended more than 50% of the Board Meetings for the full financial year.

The attendance of the Directors at the Board Meetings in 2003 is set out in the Profile of the respective Directors on pages 23 to 29 of this Annual Report.

All matters arising, deliberation and conclusions of the meetings of the Board are clearly and accurately recorded in minutes of meetings by the Company Secretary, confirmed by the Board and signed as a correct record by the Chairman.

At each regularly scheduled Board meeting, the Board deliberates on a formal schedule of matters reserved specifically for the Board's deliberations and approval. This ensures that the Board retains full and effective control over the Company.

The Board approves, among others, the Group's financial statements for the period ended for each quarter, reviews the performance of the Group's businesses as against their budgets and targets. The Board also reviews policies and strategic issues affecting the Group's businesses and approves acquisition and disposal of assets of the Company and its subsidiaries that are material to the Group. At appropriate times, presentations on business developments/proposals are also made to the Board by Management and/or consultants/advisers.

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 quarters 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 risk. The External Auditors, also on annual basis, issue a Management Letter raising issues on risks affecting the operations of the Group. The Board, through its various committees, addresses and monitors the risks and concerns affecting the Group.

#### **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.

Prior to Board meetings, all Directors receive the agenda with a full set of Board papers containing not just historical and financial information but all other relevant information for the Board to deliberate and make decisions. A well structured agenda also allows the Chairman good control over the conduct of the meeting and the allocation of time for discussion of the various matters.

The papers for Board Meetings include, among others, the Management's reports on the Company's and the Group's financial results, performance on plantation operation, including marketing, as well as on property development, minutes of meetings of all Board Committees and other matters for the Board's noting, review, deliberation and approval or endorsement.

The Board recognises the enhanced role of the Company Secretary in ensuring good corporate governance. The Company Secretary is the liaison between the Board, the Management and individual Directors. All Directors have full access to the advice and services of the Joint Company Secretaries of the Group who advise the Board on the Company's policies and procedures, Directors' responsibilities under the respective legislations and regulations, and the Company's compliance with the relevant laws, regulations and regulatory requirements.

The Directors may, if necessary, obtain independent professional advice in the furtherance of their duties from external consultants, at the Company's expense. During the financial year under review, the Directors had sought independent professional advice on the Proposed Rationalisation Exercise of Kumpulan Guthrie Berhad, Highlands & Lowlands Berhad (H&L), Guthrie Ropel Berhad and Guthrie Property Development Holding Berhad (GPDH), and the Proposed Land Disposal by H&L to GPDH.

The Board also believes in adopting a hands-on approach to the Group's business activities, as part of the Board's assessment of its effectiveness as the decision-making body of the Group. When necessary, the Directors also visit locations of business units that provide an insight on operational matters which would assist the Board to make effective decisions relating to the Group.

## **REMUNERATION OF DIRECTORS**

### **Remuneration Policy**

The Board of Directors of Kumpulan Guthrie Berhad, has established a Remuneration Committee, which is responsible for making recommendations on the framework, policy and procedures to determine and review the specific remuneration packages of the Executive Directors and senior executives of the Kumpulan Guthrie Group.

The objectives of the remuneration policy are:

- to ensure that individual rewards and incentives fairly relate to the performance of the individual, the Company and the interests of shareholders; and
- to attract and retain the most qualified and experienced Executive Directors and senior executives with the necessary abilities to effectively run the businesses of the Kumpulan Guthrie Group which, in turn, maximize performance of the Group for the benefit of shareholders.

The aforesaid Remuneration Committee seeks independent professional advice, where appropriate, and has regard to information on compensation and salary levels of other companies in similar industry of comparable size, for executives with similar skills, qualifications and experience for the purpose of reviewing the salaries and benefits of staff of the Kumpulan Guthrie Group.

## corporate governance



### Level and Determination of Remuneration

In setting individual remuneration packages for Executive Directors and senior executives, consideration is given to appropriate basic salary, benefits-in-kind, performance related bonuses, participation in the Company's Employees' Share Option Scheme and long-term incentive plan which commensurate with their responsibilities, whilst taking into account corporate and individual performances.

The present level of remuneration of the Non-Executive Directors, as approved by shareholders at the last Annual General Meeting (AGM) of the Company held on 18 June 2003, had taken into consideration their increased duties and responsibilities under the Code, the Listing Requirements of Bursa Malaysia and under the Companies Act, 1965.

### Amount of remuneration

The fees allocated to each Non-Executive Director, which had been approved earlier by the shareholders of the Company at

its AGM held on 18 June 2003, is RM40,000 per annum for each Director. The fees for the non-executive Chairman of the Company, however, remains at RM60,000 per annum. In addition to these fees, the Chairman and the members (who are Non-Executive Directors) of each Committee of the Board are also entitled for a fee of RM10,000 and RM8,000 per annum (for each member) respectively.

The shareholders of the Company had also, in the aforesaid AGM, approved a meeting allowance of RM500 for each Director for attendance at each meeting of the Board and the respective Committees of the Board, and the provision of medical benefits for each of the Non-Executive Directors similar to those provided to executives of Kumpulan Guthrie Berhad.

During the financial year ended 31 December 2003, the appropriate components of the Directors' remuneration paid or otherwise made available from the Group are in the following manner:-

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

	Executive Director RM'000	Non-Executive Directors RM'000
Fees	—	1,050
Salaries & Allowances	1,208	—
Bonus	109	—
Benefits-in-kinds	50	28
Other Emoluments	—	—
<b>TOTAL</b>	<b>1,367</b>	<b>1,078</b>

- b) The number of Directors of the Company whose total remuneration falls within the following bands is as follows:

	Number of Directors	
	Executive Director	Non-Executive Directors
RM50,000 and below		
RM50,001 to RM100,000		9
RM450,001 to RM500,000		
RM900,001 to RM950,000		
RM1,350,001 to RM1,400,000	1	

## BOARD COMMITTEES

The Board has delegated specific responsibilities to the respective Committees of the Board which operate within clearly defined terms of reference. The Board Committees are the Executive Committee, Finance & Tender Committee, Audit Committee, Nomination Committee, Remuneration Committee, Employees' Share Option Scheme (ESOS) Committee and Strategic Planning Task Force.

The Committees of the Board comprise members of the Board, and each Board Committee holds separate meetings throughout the financial year. Meetings of Board Committees provide an avenue for members of the respective Committees to focus on specific issues and enable full and in-depth discussions of business operations of the Kumpulan Guthrie Group. Reviews, recommendations, findings and decisions reached at these Committee Meetings are reported directly to the Board for its deliberations, approvals and/or endorsements.

The members of the various Committees are set out on page 22 of this Annual Report.

### *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. The Executive Committee recommends to the Board the strategic direction for the Group's business and reviews the results of the direction that the Group has taken and considers changes to be made to the direction taken.

### *Finance & Tender Committee*

The Finance & Tender Committee ("F&T Committee") meets at least every quarter in a year. The F&T Committee considers and makes recommendations to the Board on the impact of any financial issues affecting the Group. It also reviews the monthly performance of the Group, the Group's borrowings and cash flow position.

### *Audit Committee*

The composition and functions of the Audit Committee are laid down on pages 30 to 31 of this Annual Report.

### *Nomination Committee*

The Nomination Committee of the Board provides a formal and transparent procedure for the appointments of new Directors to the Board of Kumpulan Guthrie Berhad and its subsidiary companies. The Nomination Committee meets as and when required but shall hold at least one (1) 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 on the Board, including that of the Group Chief Executive/ Managing Director and Executive Directors, and also for appointment of Directors on the Boards of Directors of the active subsidiary companies, including those of the two public-listed subsidiary companies, namely Guthrie Ropel Berhad and Highlands & Lowlands Berhad;
- To consider and make recommendation to the Board, Directors to fill the seats on Board Committees;
- To review and make recommendations to the Board, on an annual basis, the required mix of skills and experience and other qualities, including core competencies of the non-executive Directors; and
- 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 ongoing 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.

During the financial year, the Nomination Committee considered the nomination of YBhg. Dato' Abd Wahab Maskan as the new Group Chief Executive of the Company and the appointments of Directors on the significant subsidiary companies of Guthrie.

## corporate governance

Following the recommendation of the Nomination Committee, the Board approved the appointment of YBhg. Dato' Abd Wahab Maskan as the new Group Chief Executive of the Company effective 1 January 2004.

### **Remuneration Committee**

The Remuneration Committee, whose members comprises non-executive Directors, meets on a need basis, to review and recommend to the Board the framework of executives' remuneration and its costs and, the remuneration packages of Executive Directors and Heads of Divisions of the Group, in all its forms. As the Executive Directors are not members of the Committee, they do not play any part in the decisions of their own remuneration. However, the remuneration of the Executive Directors is the ultimate responsibility of the entire Board.

### **Employees' Share Option Scheme (ESOS) Committee**

The Company believes that people are its greatest assets. The ESOS was, thus, established with the objective to provide an opportunity for eligible employees of the Company and of the Group and, Executive Directors of the Company to participate in the equity of the Company. The objectives of ESOS are, among others, to motivate employees of the Group to excel and strive towards better performance for greater career achievement, increase the level of commitment, dedication and loyalty amongst employees, attract prospective employees to fill key positions and, reward and retain key employees whose services are vital to the overall business operations and continued growth of the Kumpulan Guthrie Group.

Following the expiration of the First ESOS of Kumpulan Guthrie Berhad on 15 November 2002, the Company established the Second ESOS ("the Scheme"), which had been approved by the shareholders of the Company at its Extraordinary General Meeting (EGM) held on 18 June 2003. The Second ESOS, which came into effect on 30 July 2003, will be in force for a period of five (5) years, until 29 July 2008 and can be extended or renewed for another maximum period of five (5) years, as prescribed in the Bye-Laws of the Scheme.

The Scheme is governed by the Bye-Laws which are administered by an ESOS Committee appointed by the Board. The ESOS Committee, comprising three (3) members of the Board, meets at least every quarter during the relevant financial year.

### *Primary purpose*

The ESOS Committee's responsibilities are as follows:

- To administer the Scheme in accordance with the Bye-Laws of the Second 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.
- To review and amend, at any time and, from time to time, any provision of the Second 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 regulatory authorities.

### **Strategic Planning Task Force**

The Strategic Planning Task Force, which was established by the Board in early 2003, comprised five (5) members of the Board. Its main function is to review the Guthrie Group's Strategy which includes business strategy, funding strategy, borrowing strategy and debt reduction strategy of the Group.



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

Company Law requires Directors 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 as at the end of the financial year, and of the profit or loss of the Company and of the Group for the financial year then ended.

In preparing those financial statements, the Directors have:

- a) adopted suitable accounting policies and then applied them consistently;
- b) made judgements and estimates that are reasonable and prudent;
- c) ensured applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- d) 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 taking reasonable steps to safeguard the assets of the Company and of the Group and, in that context to have proper regard to the establishment of appropriate systems of internal control with a view to prevent and detect fraud and other irregularities.

The Directors consider that they have pursued the actions necessary to meet their responsibilities as set out in this Statement.

## STATEMENT ON GOING CONCERN

The Board, having reviewed the budgets and long-term 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.

## corporate governance

# ACCOUNTABILITY AND AUDIT

### ***Financial Reporting***

The Board aims to present a balanced, clear and comprehensive assessment of the Company's and the Group's performance and prospects by ensuring quality financial reporting to its shareholders, investors and regulatory authorities.

Shareholders, investors and regulatory authorities are kept abreast of the Company's and the Group's performance during the financial year, through the timely announcement of the Company's and the Group's quarterly financial results and publication of the same in leading newspapers, and timely distribution of the Company's Annual Report.

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 Group throughout the financial year and on the Group's future prospects.

Quarterly financial results and annual financial statements are reviewed and deliberated upon by the Audit Committee of the Board to ensure the accuracy and adequacy of such information, prior to submission to the Board for its approval. Such information is released to the public upon approval by the Board.

### ***Relationship with Auditors***

The Board maintains an active, transparent and professional relationship with the Group's 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 its subsidiary companies, 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 is free from material misstatements. After the completion of the audit, a Management Letter was presented by the Auditors to the Board raising significant issues arising from the audit of the Group. The Board, through the Audit 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 30 to 31 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 31 of this Annual Report.

### ***Relationship of the Board to Management***

Whilst the Board retains overall responsibility for and control of the Group, it also effectively monitors Management. Management of the Group's businesses is conducted by the Chief Executive Officer and Senior Management of the various divisions and departments which implement the policies and strategies adopted by the Board within the limits of authority laid down by the Board. The Board also ensures the smooth running of the Company's and the Group's operations by establishing a succession plan for top Management.

The Board measures Management's performance against the Group's objectives and most importantly ensure that any implementation of policies and strategies are in the best interests of the shareholders of the Company.



## RELATIONSHIP WITH INVESTORS AND SHAREHOLDERS

The Board believes that disclosure is at the heart of good governance as it ensures that market credibility and investors' confidence are maintained. In discharging the obligations imposed by the Listing Requirements (LR) of Bursa Malaysia on listed companies, the Company discloses material information in a timely, complete, clear and accurate manner which enables shareholders and investors to make informed investment decisions, and assist investors and the market in the evaluation of the Company's securities. Disclosures also reflect the capability of Management and the fulfilment of Company's objectives and strategies.

As part of the Company's efforts to build good and constructive investor relations with the investing public, the Company continuously ensures that the dissemination of information is clear, unambiguous, succinct, accurate and contains sufficient information which avoids selective disclosure.

During the financial year under review, the Company had, among others, announced on the proposed rationalisation of the Kumpulan Guthrie Group and refinancing of the balance of the Al-Jarah Al-Muntahiyah Bit Tamluk Facility which was used to finance the Group's acquisition of the Minamas Plantation.

All formal queries by Bursa Malaysia, Securities Commission and other regulatory authorities are expeditiously responded to via written explanation. When necessary, Management conduct meetings with Bursa Malaysia's officials to clarify on any outstanding issues.

Directors are also continuously updated and advised of any new regulations or directives issued by Bursa Malaysia, Securities Commission and other regulatory authorities which must be adhered to by the Company.

In order to reach out to a wider audience of investors, the Annual Report, including the Financial Statements sections of the Annual Report, is printed in English as well as in Bahasa Malaysia.

### **Briefing to Analysts and Institutional Shareholders**

The Company recognises the need for an independent third party assessment of the Kumpulan Guthrie Group. Towards achieving this end, the Management of Kumpulan Guthrie Berhad conducts, on annual basis, dialogues and briefings with financial analysts, brokers and institutional fund managers, and investors on the Kumpulan Guthrie Group's financial results, performance and potential of new developments/business. This is to ensure that the investing community receives a balanced and complete view of the Kumpulan Guthrie 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 Kumpulan Guthrie Group with persons who are highly focussed on business affairs of corporations.

After the conclusion of the 2003 Annual General Meeting of the Company, the Board conducted briefings to the press, which amongst others, touched on the development of the Group's plantation operations in Malaysia and Indonesia, and an overall view of the businesses of the Company and the Group. In addition, following the announcement on the proposed rationalisation exercise of the Kumpulan Guthrie Group ("Proposed Rationalisation"), a press briefing was jointly held by the Company and the adviser of the Company on the Proposed Rationalisation where the then Group Chief Executive fielded questions from the press on the impact of the Proposed Rationalisation to the Group. The Company also conducts, on an annual basis, a 'Plantation Executive Seminar' (PES) at the Plantation Training Centre in Ladang Sua Betong, Port Dickson, attended by other plantation companies. In year 2003, the PES was attended by Y.B. Datuk Seri Dr. Lim Keng Yaik, Minister of Primary Industries, Malaysia.

As a matter of best practice in disclosure of material information, the Company continuously exercises due care and diligence in the dissemination of material information to the investing public and during briefings to analysts, institutional investors and the media.

The Management Information System & Knowledge Management Department, the Company's information technology arm, has also developed innovative methods in information technology in order to disseminate material information relating to the Company and the Group, via the Company's website at [www.kumpulanguthrie.com](http://www.kumpulanguthrie.com). The website contains, among others, the Company's corporate information, products and businesses of the Group, press releases and publications such as Annual Report, Circular to Shareholders and Announcements.

### **The Annual General Meeting**

The Annual General Meeting (AGM) is the principal forum in which the Board reports on its stewardship to shareholders and account for the performance of the Company and of the Group.

The AGM provides the opportunity for interaction among shareholders, Directors and Management, where issues pertaining to the Annual Report, interim and quarterly reports, announcements to Bursa Malaysia and Circulars to Shareholders could be raised and explained.

The AGM gives all registered shareholders, whatever the size of their shareholdings, direct and public access to the Board.

At each AGM, the Directors welcome the opportunity to gather the views of minority shareholders, who represent the largest proportion of shareholders attending the AGM. Shareholders (and proxies) may enquire, among others, on the resolutions being proposed at the AGM, business operations of the Group, the Group's past performance, its results and intended future performance. The Board provides adequate time for the shareholders' question-and-answer session, which the Board believes is paramount to the proper and efficient operation of the AGM.

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

## corporate governance

# COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE

The Kumpulan Guthrie Group was substantially in compliance with the principles of corporate governance and best practices in corporate governance throughout the financial year ended 31 December 2003.

## OTHER INFORMATION

### Material Contracts

The Company and/or its subsidiary companies had not 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.

### 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.

### Options, Warrants or Convertible Securities

As at 31 December 2003, one hundred eighty one thousand and two hundred (181,200) option shares were exercised under the Second ESOS.

The Directors had obtained a relief under Section 169A (1) of the Companies Act, 1965 exempting the Company from having to disclose the names of option holders granted less than 30,000 option shares each during the year in the Annual Report. This exemption is subject to a yearly renewal. All information regarding the allocation and exercise of the said option shares are registered in the Company's Register of Options.

The names of option holders who were granted with 30,000 or more option shares under the Second ESOS as at 31 December 2003 are as set out in the Directors' Report – Second Employees' Share Option Scheme, on page 93 of this Annual Report.

### Proposed Provision of Financial Assistance Mandate

At the last Extraordinary General Meeting (EGM) held on 18 June 2003, the Company had obtained the Financial Assistance Mandate from its shareholders to enable the financial assistance transactions to be effected between the Kumpulan Guthrie Group and Highlands & Lowlands Berhad (H&L) and Guthrie Ropel Berhad (Ropel), via a centralised treasury management system for an estimated net amount of RM40 million, subject to it not exceeding the 5% benchmark under the Listing Requirements of Bursa Malaysia.

Pursuant to the Management Agreements entered into by the Company with H&L and Ropel, the treasury functions for all the plantation companies within the Guthrie Group, are centralised and the services include remittances to the estates, mills, centralised receipt and payments, and placement of funds with financial institutions. As this centralised treasury system entails the provision of financial assistance between the Kumpulan Guthrie Group and the Company, the Board, thus, proposes to seek renewal of the Financial Assistance Mandate at the forthcoming EGM 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 at the last EGM of the Company.

### Non-Audit Fee

During the financial year ended 31 December 2003, apart from the annual audit fees, the Group had paid non-audit fees to the External Auditors amounting to RM897,000 for other services undertaken by the Auditors for and on behalf of the Group, during the financial year.

### Profit Estimation, Forecast or Projection

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

### Profit Guarantee

There was no profit guarantee 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 in Note 3 (d) of the Notes to the Financial Statements on page 107 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.

## Recurrent Related Party Transactions of a Revenue or Trading Nature

### i. Renewal of General Mandate

At the last EGM held on 18 June 2003, the shareholders of the Company had approved the renewal of the mandate to allow the Company and/or its subsidiary companies, in their normal course of business, to enter into recurrent transactions of a revenue or trading nature with related parties ("RRPT Mandate"), which are necessary for its day-to-day operations 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.

The Kumpulan Guthrie Group proposes to continue entering into recurrent related party transactions with its related parties, and, thus, proposes to seek renewal of the RRPT Mandate in the forthcoming EGM of the Company. This RRPT Mandate, if approved by shareholders, will be valid until the conclusion of the next AGM of the Company.

### ii. Aggregate value of RRPT

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

Company	Relationship	Nature of transactions	Aggregate value of transactions during the year under review RM'000
Highlands & Lowlands Berhad and Highlands & Lowlands Group	<ul style="list-style-type: none"> <li>As at 31 December 2003, Kumpulan Guthrie Berhad ("Guthrie") held 54.53% of the issued and paid-up share capital of Highlands &amp; Lowlands Berhad ("Highlands &amp; Lowlands"). Guthrie is the holding company and Managing Agent of Highlands &amp; Lowlands.</li> <li>Y.M. Raja Tan Sri Muhammad Alias Raja Muhammad Ali is a director and Chairman of Highlands &amp; Lowlands w.e.f. 12 June 2003. He is also a director of Guthrie.</li> <li>YBhg. Datuk Mohamed Adnan Ali is a director of Highlands &amp; Lowlands (w.e.f. 12 June 2003) and Guthrie.</li> <li>YBhg. Datuk Khoo Eng Choo is a director of Highlands &amp; Lowlands (w.e.f. 12 June 2003) and Guthrie.</li> <li>YBhg. Tan Sri Dato' Abdul Khalid Ibrahim is a director of Highlands &amp; Lowlands and Guthrie. He is also a shareholder of Guthrie and was the Group Chief Executive of Guthrie up to 31 December 2003. Prior to 12 June 2003, he was the Chairman of Highlands &amp; Lowlands.</li> </ul>	a. Provision of managing agent's services by Guthrie to the Highlands & Lowlands Group.	9,815
		b. Provision of marketing agent's services by Guthrie to the Highlands & Lowlands Group.	6,287

## corporate governance

Company	Relationship	Nature of transactions	Aggregate value of transactions during the year under review RM'000
Guthrie Ropel Berhad and Guthrie Ropel Group	<ul style="list-style-type: none"> <li>As at 31 December 2003, Guthrie, the holding company and Managing Agent of Guthrie Ropel Berhad ("Ropel"), held 57.85% of the issued and paid-up share capital of Ropel.</li> <li>YBhg. Datuk Alladin Mohd. Hashim, is a director and Chairman of Ropel w.e.f. 5 June 2003. He is also a director of Guthrie.</li> <li>YBhg. Tan Sri Dato' Dr. Wan Mohd. Zahid Mohd. Noordin is a director of Ropel (w.e.f. 5 June 2003) and Guthrie.</li> <li>YBhg. Dato' Muhammad Nawawi Haji Mohd. Arshad is a director of Ropel (w.e.f. 5 June 2003) and Guthrie.</li> <li>YBhg. Tan Sri Dato' Abdul Khalid Ibrahim is a director of Ropel and Guthrie. He is also a shareholder of Guthrie and was the Group Chief Executive of Guthrie up to 31 December 2003. Prior to 5 June 2003, he was the Chairman of Ropel.</li> </ul>	<ul style="list-style-type: none"> <li>c. Provision of managing agent's services by Guthrie to the Ropel Group</li> <li>d. Provision of marketing agent's services by Guthrie to the Ropel Group.</li> </ul>	<p>4,361</p> <p>2,536</p>
Guthrie Assets Management Sdn. Bhd. (GAMSB)	<ul style="list-style-type: none"> <li>GAMSB is a 67%-owned subsidiary of Guthrie and a 33%-owned associated company of Ropel.</li> <li>Madam Tong Poh Keow and Encik Mohamad Helmy Othman Basha, directors of GAMSMB, are also directors of the companies in the Ropel Group.</li> </ul>	Lease of plant and machinery to the Ropel Group	3,374
Guthrie Property Development Holding Berhad (GPDH) and GPDH Group.	<ul style="list-style-type: none"> <li>GPDH is a 54.77%-owned subsidiary company of Guthrie and a 45.23%-owned associated company of Highlands &amp; Lowlands.</li> <li>YBhg. Tan Sri Dato' Dr. Wan Mohd. Zahid Mohd. Noordin is the Chairman of GPDH (w.e.f. 21 May 2003). He is also a director of Guthrie.</li> <li>YBhg. Dato' Muhammad Nawawi Haji Mohd. Arshad is a director of GPDH (w.e.f. 21 May 2003) and Guthrie.</li> <li>YBhg. Datuk Khoo Eng Choo is a director of GPDH (w.e.f. 21 May 2003) and Guthrie.</li> <li>YBhg. Dato' Abd Wahab Maskan, the Group Chief Executive of Guthrie, is also a director of GPDH (w.e.f. 16 January 2004).</li> </ul>	Provision of Management's services by Guthrie to GPDH Group.	2,276
Guthrie Landscaping Sdn. Berhad (GLSB)	<ul style="list-style-type: none"> <li>GLSB is a wholly-owned subsidiary of Guthrie.</li> <li>Madam Tong Poh Keow and Encik Mohamad Helmy Othman Basha, directors of GLSB, are also directors of the companies in the Highlands &amp; Lowlands Group and Ropel Group.</li> </ul>	Provision of landscaping services and civil works by GLSB to GPDH Group.	21,578

The Kumpulan Guthrie Group endeavours to comply with all the best practices in corporate governance.

## STRUCTURED ENTERPRISE

# RISK

# MANAGEMENT

The Kumpulan Guthrie Group views Structured Enterprise Risk Management as the logical step in the pursuit of its corporate governance agenda and the fulfilment of its long-term corporate objective towards protecting shareholders' investment and safeguarding organisational's assets.

Ever since the 11 September 2001 incident coupled with various spate of high-profile financial and corporate crises, the landscape for managing corporate risk has changed permanently.

For Kumpulan Guthrie Group, practising Enterprise Risk Management ("ERM") offers a consolidated view of all types of risks and opportunities across the organisation, management processes and business activities. This strategic stance enable the Group to apply a risk-centric approach to internal controls with the prime objective of further improving and enhancing the Group's existing system of risk management and internal controls.

For the period under review, the Group has implemented an ongoing process for identifying, evaluating and managing the significant risks faced by the respective business units with heavier weightage given to risks that matters in its core business areas of plantation, property development and key corporate support units, namely finance, legal, information technology and human resource.

Risk management has increasingly gained acceptance within the organisation and the Group is well positioned to further advance its agenda of integrating the principles of risk management into day-to-day management processes and generating risk-information database as a basis for well-informed decision-making.

Measured against best practice Risk Management Maturity Framework, the Group has undertaken several risk management initiatives to strengthen its risk management practices and these are set out below, as follows:

### ■ Risk Management Policy and Strategy

The Kumpulan Guthrie Group is committed to practising risk management and this is endorsed by the Board of Directors. The Group believes that effective risk management is much about a culture shift through change management which encourages best ethics and values in each and every one of its employees. To this end, the Group provides adequate training and education to ensure its employees have the necessary knowledge and skills to practise risk management.

The Group's Risk Strategy is an integral component of its overall Group Strategy set within the context of its business operations. The scope of its risk management programme and efforts are aligned, and corporate resources integrate with its strategic and organisational structure, processes and business activities. It is flexible enough to fit the culture and management style of the Group.

## corporate governance

### ■ Risk Management Portfolio and Risk Profiling

A significant risk management initiative during the period under review was the integration of a uniform and consistent approach to risk identification and risk assessment processes, into the Group's strategic and annual budget planning processes.

- **Risk-based Strategic Planning process**

The Group prepares a three-year Strategic Planning document in which key business drivers are identified and operational goals and objectives clearly presented in standardised Balance Scorecarding perspectives. Potential risks and threats to the achievement of business objectives are assessed and prioritised based on business impacts in the Strategic Planning document and the Risk Registers are correspondingly updated.

This involved the environmental scanning for anticipated changes in both the internal and external risk-opportunity factors to identify and evaluate each division's strengths, weaknesses, opportunities and threats. The risk control effectiveness is assessed and the targeted levels of residual risks are set to be in line with business objectives and risk appetite.

- **2004 Budget Planning and Business plans**

Risk information gathered and documented in the Strategic Planning document is used as the basis to plan short-term tactics for 2004 budget initiatives. Correspondingly, risk control strategies are planned to mitigate the risk exposures assessed in the strategic planning document. This will be periodically monitored during the Budget year and tracked based on key performance and leading risk indicators for corrective actions.

The risk-based Budget Planning and structured risk management approach Business Plans are then presented to the Board for its attention and due process of approval.

### ■ Risk Organisational Structure

Risks are classified and prioritised based on its potential impacts to the business. These are further categorised into risk types based on the risk nature and characteristics. During the period under review, the Group relies on the following structures to manage its risks:

- **First line of Defence – day-to-day risk management**

Day-to-day risk management resides with the respective operating centres.

The Management of each operating centre is accountable for the comprehensiveness of the risks identified, their assessment, as well as their bottom-up reporting to the Group Management Committee ("GMC").

- **Second line of defence – strategic risk and overall risk oversight**

Currently, the GMC, which is chaired by the Group Chief Executive, provides on-line risk oversight through regular monthly reviews of the business units and the aggregated Group's risk profiles and organisational performance. The GMC also provides guidance on risk appetite and capacity which, when exceeded, will trigger obligatory reporting to the Board.

The Executive Committee, Strategic Planning Task Force and the Finance & Tender Committee provide additional layer of defence and risk oversight, in particular, when the risks cannot be predicted or monitored through systematic operational procedures but have significant impacts on strategic decisions, corporate business investments and significant activities.

- **Third line of defence – overall risk management responsibility**

The Board retains the overall risk management responsibility of identifying principal risks and ensuring the implementation of appropriate systems of internal controls with the Group Chief Executive being accountable to the Board for the effective and efficient risk management within the Kumpulan Guthrie Group.

- **Group Risk Facilitator**

The Kumpulan Guthrie Group has nominated a senior member of the Management team who is responsible for managing the implementation and development of the enterprise risk management programme throughout the Group. The Group Risk Facilitator also acts as a central contact and provides training and guidance for the ERM issues within the Group.

## ■ Risk Control Assurance

### • Audit Committee

The Audit Committee receives regular reports from both Internal and External Auditors on internal control matters.

### • Internal Audit

The Internal Audit Department is an independent, unbiased function and reports directly to the Audit Committee. The Internal Audit Department is involved in validating the results of the ERM processes and contributes by means of auditing and provision of consultancy to the independent assessment of the Group's risk situation and adequacy of its internal control system.

## ■ Measurement and Monitoring Performance

The Group uses a wide range of key performance indicators ("KPIs") and reports to track and monitor performance of the operating centres. Each reporting centre reports monthly, through the Performance Review Report, to the GMC. The Group-wide and business units KPIs and risk indicators function as early warning mechanisms upon which the Group's risk appetite and capacity are communicated.

Management is taking steps to ensure that progress is made towards meeting all the objectives of the Group's Risk Management Programme. The goals and objectives of the established Risk Management Programme include the following:

### – *Clearly documented Risk Glossary*

Risk glossary would streamline the communication process. This will promote the use of consistent terminology, aimed at increasing the effectiveness of exchanging information about risk across the enterprise.

### – *ERM Policy and Framework Guideline for applying the ERM process*

Established framework of procedures and internal controls to be embodied in a Group Policies and Procedures Manual with which the management of each business and support function unit is required to comply.

### – *Risk Awareness Training and Continuing Education*

Besides the earlier risk awareness training programme under the initial pilot scheme, risk awareness programmes had been extended to almost all the Group's estates. Each estate develops its own local Risk Register and Risk Profile upon which Estate Risk Mitigation Plans will be drawn. Throughout the Budget year, the Estate Risk Mitigation plans will be closely monitored and its control effectiveness will be reported to the Management.

### – *Internal Control Guidelines & Policies*

The Kumpulan Guthrie Group has issued an Internal Control Guideline document in which all business units are required to maintain systems of internal control which are appropriate to the nature and scale of their activities and address all significant operational and financial risks that they faced.

### – *Risk management as a core management competency standard requirement*

In order to develop a risk intelligent workforce, employees of the Group are expected to practise risk management within their own work areas as part of the Group's management competency standard and these will be monitored through the employees' performance appraisal process.

For the Kumpulan Guthrie Group, practising risk management is not designed to stop employees from taking risks but rather to create value by enhancing the chances of achieving corporate success and enabling managers and shareholders to understand the level of risks undertaken and to manage the risk-reward profile accordingly.

## statement on internal control

pursuant to Paragraph 15.27(b) of the Listing Requirements of Bursa Malaysia Securities Berhad

- The Malaysian Code on Corporate Governance requires the Board to maintain a sound system of internal control to safeguard shareholders' investment and the Group's assets. The Bursa Malaysia Securities Berhad ("Bursa Malaysia")'s "Statement on Internal Control: Guidance for Directors of Public Listed Companies" provides guidance for compliance with these requirements.
- Paragraph 15.24 of the Listing Requirements of Bursa Malaysia states that the external auditors must review the Statement on Internal Control made by the Board and report the results thereof to the Board of the Company.
- Paragraph 15.27(b) of the Listing Requirements of Bursa Malaysia has made it mandatory for the Board to make a statement in this Annual Report about the state of internal control in Kumpulan Guthrie Berhad as a Group.

**In compliance with the above obligation**, the Board is pleased to make the following disclosure statement in respect of the state of internal control in Kumpulan Guthrie Berhad as a Group.

- The Board of Directors of Kumpulan Guthrie Berhad ("the Board") acknowledges responsibility for maintaining a sound system of internal control to safeguard shareholders' investment and assets of the Kumpulan Guthrie Group.
- The Board has reviewed the adequacy and effectiveness of the system of internal control of the Kumpulan Guthrie Group.
- The Board believes that the review on the adequacy and effectiveness of the system of internal control of the Kumpulan Guthrie Group is an ongoing process. Such reviews are conducted through the various committees established by the Board and Management.
- The various element of internal control and the process of reviewing the system of internal control by the Board is recapitulated in the "Internal Control Framework & Environment" of the Kumpulan Guthrie Group, on page 50 of this Annual Report.

- The Board confirms that the system of internal control with the key element of internal control environment within the framework was in place during the financial year ended 31 December 2003. The system, however, is subject to regular reviews by the Board.
- The Board recognises that due to inherent limitations, the internal control systems in place can only provide reasonable assurance against material misstatements or losses rather than eliminate the risk of business failures.
- The Board confirms there were no material losses incurred during the financial year as a result of weaknesses in internal control.

### KEY ELEMENT OF INTERNAL CONTROL ENVIRONMENT

The Board of Directors is committed to maintaining a strong control structure and environment for the proper conduct of the Kumpulan Guthrie Group's business operation. The current system of internal control has within it, the following key elements:-

- **Standard of Business Ethics**  
Employees are required to sign and adhere to the Standards of Business Ethics, which emphasise corporate values and ethical code of conduct. The Standards of Business Ethics is currently in the process of standardisation to include certain overseas subsidiary companies.
- **Training and Human Resource (HR) Development**  
A structured performance management system (PMS) and training programme are being implemented where:-
  - the Group's goals, including its key performance indicators and strategic plans, are cascaded down to all its business units and employees.
  - the performance appraisal system is linked to strategic goals leading to a shift in the mindset, towards one which is focussed on performance, results and accountabilities, whilst promoting a sense of ownership and team synergy. The appraisal system is currently in the process of standardisation to include certain overseas subsidiary companies.

- the employees' competency are being enhanced through continuous training and education to maintain a high level of competency among personnel.

- **Strategic Business Planning, Budgeting and Reporting**  
A strategic business planning programme is in place where the Annual Budget will be linked to the business plan and reviewed regularly through monthly management reviews.

- **Policies, Procedures and Financial Authority Limits**  
The limits of delegated authority are clearly defined and set out in written policies and procedures, including financial authority limit, to ensure proper identification and segregation of duties.

- **Regular Monthly Reporting**  
Monthly meetings of the Group Management Committee are conducted to review and monitor on matters pertaining to the operations, business plans and other strategic issues.

- **Enterprise-wide Risk Management**  
An Enterprise-wide Risk Management ("ERM") Framework has been established and practised to assist the Board in managing its risks more effectively. This ERM Framework, which is subject to regular review, is designed to provide an ongoing process for identifying, evaluating and managing significant risks faced by the Kumpulan Guthrie Group.

- **Insurance & Physical Safeguards**  
An adequate insurance on major assets, i.e buildings and machineries in major operating subsidiary companies, is in place to ensure assets of the Kumpulan Guthrie Group are sufficiently covered against any mishap that will result in material losses to the Group.

- **Award of Tender System**  
A policy on tender awarding system has been established to achieve proper coordination and control on purchase of goods and services. The policy serve to gain effectiveness and efficiency in the system of internal control embedded in the process of awarding tenders.

- **Group Internal Audit**

The Group Internal Auditor, who reports directly to the Audit Committee, conducts reviews on the systems of internal control and the effectiveness of the processes that are in place to identify, manage and report risks. The routine reviews are being conducted on units under the Group's major core activities.

#### **MONITORING AND REVIEW OF THE EFFECTIVENESS OF THE SYSTEM OF INTERNAL CONTROL**

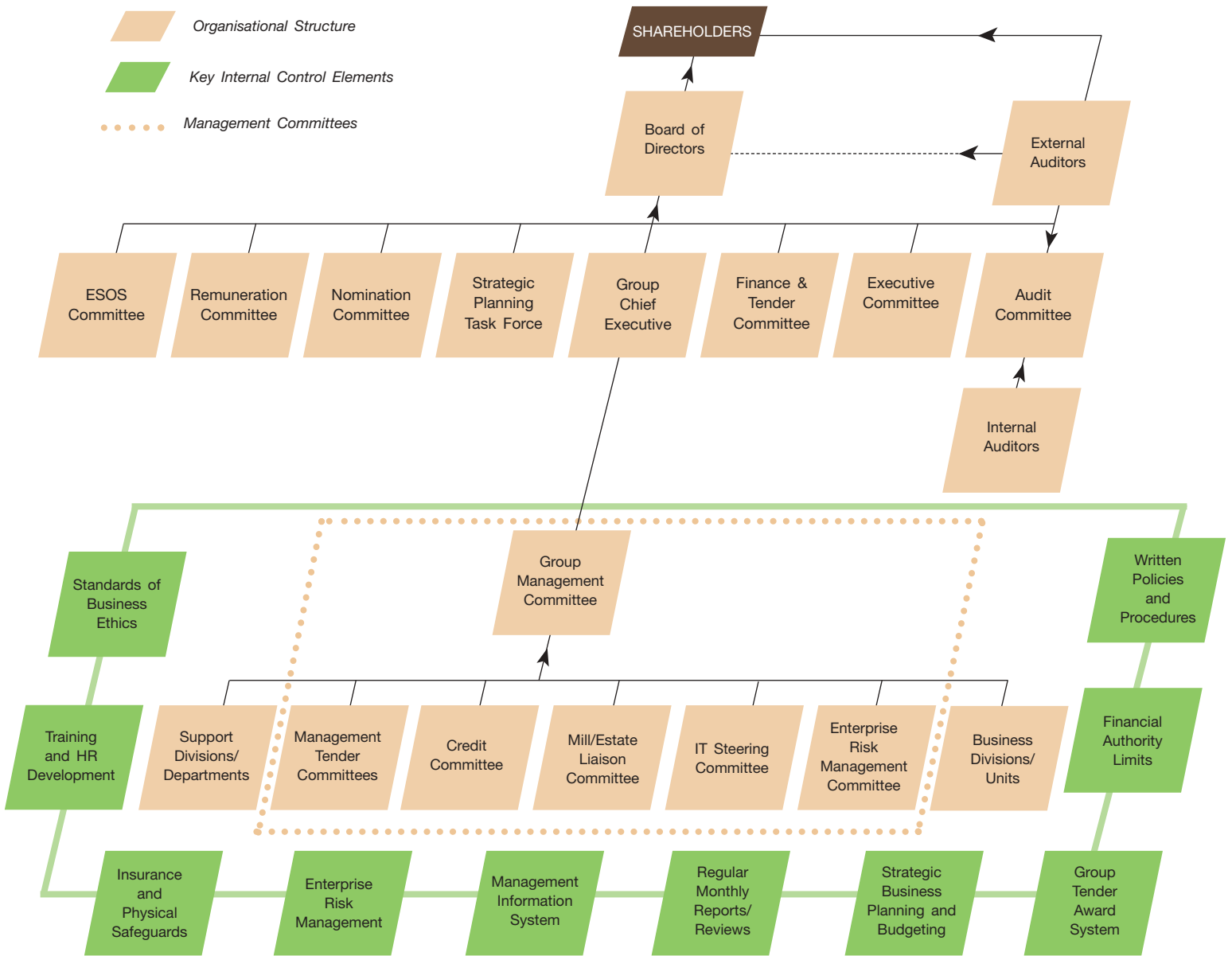
The processes adopted to monitor and review the effectiveness of the system of internal control are:-

- Periodic independent reviews carried out by the Group Internal Auditor to evaluate and report on the adequacy, integrity and effectiveness of the Group's overall system of internal control implemented in the Group's operating units.
- Establishment of Structured Enterprise Risk Management which offers a consolidated view of all types of risks across the organization, management processes and business activities. This strategic approach enable the Internal Auditor to apply a risk-based approach to internal controls with the prime objective of further improving and enhancing the Kumpulan Guthrie Group's existing system of internal control.

statement on internal control

pursuant to Paragraph 15.27(b) of the Listing Requirements of Bursa Malaysia Securities Berhad

# INTERNAL CONTROL FRAMEWORK & ENVIRONMENT of the Kumpulan Guthrie Group





Integrity

Accountability

Best Practices

Transparency

# MANAGEMENT TEAM

THE MEMBERS REPRESENTING THE VARIOUS OPERATING AND CORPORATE UNITS IN THE MANAGEMENT TEAM



**DATO' ABD WAHAB MASKAN** – *Group Chief Executive*

YBhg. Dato' Abd Wahab Maskan, 53, is the Group Chief Executive of Kumpulan Guthrie Berhad since 1 January 2004. He was subsequently appointed a Director of its subsidiaries, Highlands & Lowlands Berhad, Guthrie Ropel Berhad and Guthrie Property Development Holding Berhad. Other public companies in which he is a director are Pelaburan Hartanah Nasional Berhad and Pengurusan Danaharta Nasional Berhad.

Dato' Abd Wahab was formerly the Group Chief Executive Officer of Golden Hope Plantations Berhad. Prior to that he was Deputy Group Chief Executive Officer of Golden Hope Plantations Berhad, Managing Director cum Chief Executive Officer of Negara Properties (M) Berhad, General Manager of Island & Peninsular Berhad and Director of Development in Urban Development Authority (UDA).

Previously, he was also a director of Mentakab Rubber Company (Malaya) Berhad, Golden Hope Plantations (Peninsular) Sdn. Berhad, Cognis Oleochemicals (M) Sdn. Berhad, Golden Jomalina Food Industries Sdn. Berhad, Cyberview Sdn. Berhad, Golden Hope Fibreboard Sdn. Berhad and certain overseas companies in the European Union and Asia.

His working experience includes property development and investment, engineering and construction, estates and plantation management, trading and marketing, retailing and manufacturing, both in the public and private sectors.

Dato' Abd Wahab Maskan obtained his Bachelor of Science degree in Management (Real Estate) from the University of Reading, England. He is a Fellow of the Institution of Surveyors (Malaysia) and a Fellow of the Royal Institution of Chartered Surveyors (England and UK).

**TONG POH KEOW** – *Chief Finance Officer*

Age 50. Chief Finance Officer, Finance & Corporate Services since April 2003. Joined the Group in 1983 as Accountant cum Assistant Company Secretary, Highlands & Lowlands Berhad. Promoted to General Manager, Accounting & Financial Reporting in 1997 and Group General Manager, Finance (Group Accounting & Financial Reporting) in 2001. Member of the Malaysian Institute of Accountants, Fellow Member of the Association of Chartered Certified Accountants, U.K and member of the Institute of Chartered Secretaries & Administrators, U.K.

Prior to joining the Group, she was an Accountant cum Company Secretary with Shapadu Holdings Sdn. Berhad and Assistant Manager, Secretarial and Management Services, Messrs. Heng & Monteiro.



**OTHMAN WALAT** – *Head, Plantation*

Age 54. Head, Plantation since 1 November 2003. A graduate of Kolej Pertanian Malaya, Serdang (*now known as Universiti Putra Malaysia*) in Agriculture. Joined the Kumpulan Guthrie Group in 1974 as Estate Assistant, then as Senior Estate Assistant (from 1981 to 1984), Manager, Plantation Training Centre from 1984 to 1985 and, subsequently, as Estate Manager in various estates of the Group. Promoted to Regional Controller for Central Region in 1993, Group Controller, Plantation Advisory & Quality Assurance in 1995 and Director, Plantation Advisory & Management Services in 2001. Prior to joining the Group, he was Scheme Manager of Federal Land Development Authority. In total, he has more than thirty (30) years experience in plantation management.



**ABDUL AZIZ ABU BAKAR**

– *Head, Plantation Indonesia*

Age 54. Head, Plantation Indonesia since 1 September 2003. Prior to his current position, he was Director, Management Information Systems & Knowledge Management. A graduate of Kolej Pertanian Malaya, Serdang (*now known as Universiti Putra Malaysia*) in Agriculture. Joined the Group in 1975 as Estate Assistant. Seconded to Guthrie Research Chemara in 1988 as Senior Administration Executive. Promoted to Estate Manager in 1989 and to Plantation Advisor in 1999. Attended Management Development Programme at Asian Institute of Management in Manila, Philippines.



**HAJI ABU HANIPAH ABD. WAHID**

– *Head, Northern Region, Plantation Malaysia*

Age 55. A graduate of Kolej Pertanian Malaya, Serdang (*now known as Universiti Putra Malaysia*) in Agriculture. Joined the Group in 1970 and had served in a number of the Group's estates before moving to Head Office in 1998. Promoted to Assistant General Manager in 1990 and, subsequently, promoted to General Manager, Estates in charge of all the Group's estates in Malaysia and the plantation operation in Liberia. Attended Management Development Programme at Asian Institute of Management, Manila, Philippines.



**WAN ABDULLAH WAN IBRAHIM**  
– Director, Property

Age 46. Director, Property since January 2002. Joined the Group in 1996 as General Manager, Syarikat Pembangunan Hartanah Guthrie Sdn. Berhad. Formerly, Group Executive Director of MKN Holdings Sdn. Berhad. Prior to that, he was Managing Director of Pesama MK Furniture Sdn. Berhad, Project Manager/Chief Executive Officer of Rajo Sdn. Berhad, Group Accountant of MK Associates Sdn. Berhad and Accountant of Kumpulan Perangsang Selangor Berhad. Educated at Bolton Institute of Technology, Manchester, UK in Business Studies (Accounting).



**MOHAMAD HELMY OTHMAN BASHA** – Head, Marketing

Age 37. Head, Marketing since January 2004. Joined the Group in 1997 as Finance & Administration Manager of Property Division of the Group. Also served as General Manager, Guthrie Landscaping Sdn Bhd and General Manager, Finance, Property Division of the Group. Promoted to Group General Manager, Finance in 2001 in charge of Group Treasury and Minamas Plantation (Finance). Fellow Member of the Association of Chartered Certified Accountants, UK. Started his career as Trainee Accountant with Wallers Accountancy, Oxford, UK in 1988. Joined Shell Malaysia as Head of Accounts of Shell Refining Company in Port Dickson and after various postings, his last position was as Adviser in the Corporate Finance Department of Shell Malaysia Limited, Kuala Lumpur, in charge of Indirect Taxation for all Shell companies in Malaysia.

**ONG SEE BOON**

– Head, Engineering & Mill Services

Age 53. Head, Engineering & Mill Services since 1 April 2003. Joined the Group in 1995 as Controller, Engineering Services. He was promoted to Group Controller, Process & Engineering in 2001 and Group General Manager, Process & Engineering in 2002. Obtained his Bachelor of Engineering (Mechanical) degree from University of Malaya in 1976 and Masters in Business Administration from University of Hull, U.K. in 1993. Started his career as Project Processing Officer at Malaysian Industrial Development Authority (MIDA) in 1976, then joined Harisson & Crossfield (later known as Golden Hope Plantations Berhad) in 1977 as Trainee Engineer and became a Mill Design and Visiting Engineer in 1988. He left Golden Hope Plantations Berhad in 1992 to join Perkebunan Sinar Mas II as Head of Engineering Department in Indonesia until mid-1995.

He is a Member of the Institute of Engineers and registered with the Board of Engineers, Malaysia as a Professional Engineer.



**GEORGE MATHEW**

– Head, Agricultural Services

Age 54. Joined the Group in 1976 as Estate Assistant.

Holds a degree in Agriculture from the University of Udaipur (India).

Served on various estates of the Group with secondment to Manufacturing and Rubber Processing. Promoted to Estate Manager in 1990 and to Plantation Advisor in 1995. Became Head, Plantation Advisory (Malaysia) in 2002 and was appointed Head, Agricultural Services in November 2003.



**NORZILAH MEGAWATI DATO' ABDUL RAHMAN**

– Director, Corporate & Business Development

Age 44. Director, Corporate & Business Development. Joined the Group in 1994 as Manager, Group Chief Executive's Office. Promoted to Controller, Corporate Business Development & Monitoring in 1996 and Director, Corporate Business Development & Human Resource in 2001. Obtained her 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.



**SAADIAH HAJI HUSSIN**

– Group General Manager, Human Resource

Age 51, Group General Manager, Human Resource Management. A graduate of University of Malaya in Economics. Joined the Group in 1998. Formerly with Rothmans of Pall Mall (M) Berhad (now known as British American Tobacco) as Manager, Compensation/Benefits, Human Resource Department. Prior to that, worked for Perbadanan Kemajuan Negeri Selangor in investment, supply and procurement and in training and development.

