

CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS,

On behalf of the Board of Directors, it is my pleasure to present the Annual Report of Kumpulan Guthrie Berhad for the financial year ended 31 December 2003.



TAN SRI DATO' MUSA HITAM
Chairman

BUSINESS ENVIRONMENT

The business environment in 2003 was characterised by the favourable crude palm oil (CPO) market and the strengthening economic momentum generally.

The robust demand for oils and fats helped sustain the uptrend in the prices of CPO in the year under review. The price of CPO exceeded RM1,800 per tonne as at the end of 2003, against about RM1,600 per tonne in the preceding year end. For the year, CPO price averaged RM1,540 per tonne according to the Malaysian Palm Oil Board, recording a 13.8% increase compared with the rate realised in the preceding corresponding period.

The Malaysian economy grew 5.2% in 2003 compared to 4.1% in 2002. The catalyst included a series of stimulative measures unveiled by the Government during the period under review. These were measures aimed at helping Malaysians mitigate the impact of the Severe Acute Respiratory Syndrome (SARS) outbreak, the Iraq War and the lethargic state of the world economy. Measures were also emplaced to strengthen the capital market, corporate rationalisation and the general economy that ranged from increasing liquidity to improving the efficiency of capital raising process, facilitating the merger of government-linked companies within common sectors to be more streamlined and effective, and encouraging rationalisation of the business sector for greater efficiency.



CORPORATE DEVELOPMENT

On the corporate development front, Kumpulan Guthrie Berhad embarked on a rationalisation exercise during the period under review. This exercise is aimed at streamlining our structure as well as to enhance the development of our resources for growth.

The Group announced on 30 May 2003 that it had entered into conditional restructuring agreements in relation to the Proposed Rationalisation Exercise of Kumpulan Guthrie Berhad, Highlands & Lowlands Berhad, Guthrie Ropel Berhad and Guthrie Property Development Holding Berhad. The Proposed Rationalisation Exercise refers to schemes of arrangement under Section 176 of the Malaysian Companies Act, 1965.

The Proposed Rationalisation Exercise is aimed at consolidating Highlands & Lowlands Berhad and Guthrie Ropel Berhad into wholly-owned subsidiary companies of Kumpulan Guthrie Berhad. The exercise offers the Group the fundamental economies of scale in plantation operations that will simultaneously address the lingering issues of liquidity, inter-company borrowings and earnings equilibrium amidst the prospects of enhancing earnings diversification, via the Kumpulan Guthrie Group, of the companies' broader business interests.

The Securities Commission had, on 3 March 2004, approved the scheme. The proposed rationalisation exercise is expected to be completed in the second half of 2004.

GROUP PERFORMANCE

Group revenue was RM3,047 million in the year under review. This compares to RM3,078 million achieved in the preceding year. The moderation in Group revenue reflected the more modest proceeds realised from the disposal of land held for development. Proceeds were from the sale of Bukit Tinggi and Emerald Estates, which totalled RM269.1 million, substantially lower compared to the proceeds of RM534.3 million realised in 2002 from the disposal of Haron Estate.

The Proposed Rationalisation Exercise offers the Group the fundamental economies of scale in plantation operations that will simultaneously address the lingering issues of liquidity, inter-company borrowings and earnings equilibrium.

Group operating profit was RM557.6 million in 2003 compared to RM712.8 million realised in the previous year. Group profit before taxation (PBT) was RM461.8 million in the year under review against RM557.5 million recorded in 2002. The moderation reflected the more modest gains generated from the sale of land held for development, amounting to RM221.7 million against RM432.2 million recorded in the year before, and the provisions made for the year.



chairman's statement

GROUP OPERATIONS

Plantation

The improved Group performance in 2003 was driven by the plantation operations, specifically, the superior contribution generated from the Group's plantation operations in Malaysia. The enhanced plantation profile and the benign market environment characterised the healthier operational landscape during the period under review.

Group revenue from plantation operations rose to RM1,324 million for the year under review, a 28.2% increase against RM1,033 million realised in the preceding year. Malaysia plantation operations accounted for 50.8% of the Group's total plantation revenue in 2003, equivalent to RM673.2 million. It contributed RM550.4 million in the preceding year. The Group's Indonesia plantation operations revenue rose by 34.9% to RM650.9 million in 2003.

Group operating profit from plantation operations increased to RM283.2 million in 2003, a 29.3% increase compared to RM219 million realised in the preceding year. Malaysia plantation operations contributed most, generating RM201.4 million in the period under review, recording a 44.7% increase from a year ago. The operating profit of the Indonesia plantation operations rose to RM81.7 million during the same period under review, registering a 2.5% increase from the level realised in the preceding year. The small increase generated by Minamas operations and the continued albeit smaller loss of Guthrie Pecconina operations reflected the marginal rise in contribution from Indonesia operations.





Looking ahead, our focus will be to continue to build our business for the future and further improve what we have. We will focus on our core activities, what we do best; we will strive to be excellent.

Property

Property operations revenue was RM393.2 million in the year under review, recording a 12.8% increase compared to the RM348.5 million realised in the preceding year. Operating profit was RM86.2 million in 2003, increasing 9.1% compared to the RM79 million recorded in the previous year. Performance mirrored the strengthening domestic economy that was driven by the improving business and consumer sentiments, which was most evident in the latter half of 2003 when the bulk of our property launches were made.

The Group's property operations remained focussed on the planned communities, including the Guthrie Corridor Planned Communities (GCPC). The anchor developments at the GCPC are located in Bukit Jelutong and Bukit Subang in Shah Alam, neighbouring communities developed along the 25-kilometre expressway, the Guthrie Corridor Expressway, which is scheduled to commence operations from 2005.

Others

The plantation and advisory services contributed most with an operating profit of RM9 million compared to RM8 million realised in the preceding year. The improved trend reflected the enhanced performance of Guthrie Plantation & Agricultural Services Sdn. Berhad, the Group's producer of oil palm planting materials and provider of plantation advisory and consultancy services.

The Group's other operations contributed marginally in the year under review. The Group's manufacturing activities recorded an operating loss of RM22.3 million in the year under review, largely attributed to the losses from the Group's rubber glove and fabrication and production of transport and agriculture equipment operations. Contributions from other operations were similarly adverse, especially overseas operations, of which the losses realised for the period under review included the closure cost of Guthrie Symington Ltd, the Group's rubber merchandising operations based in the United Kingdom, the closure of which is expected to be completed within the next 12 months.

DIVIDENDS

The Board of Directors has recommended for the approval of the shareholders a final dividend of 5 sen per share, less 28% tax, and is proposed to be paid on 2 August 2004. A tax exempt interim dividend of 3 sen a share was paid on 7 November 2003. The total gross dividend for 2003 would amount to 8 sen per share, unchanged compared to the rate distributed for 2002. The total dividend to be paid out for the financial year ended 31 December 2003, net of tax, is RM66.1 million, a 14.6% increase from a year ago.

chairman's statement



PROSPECTS

For the year ahead, the economy is expected to continue to achieve a good level of economic growth. Our principle produce, which is a food-based oil and fats, will continue to have sustainable demand especially with the continued improvement in the demand of the major consuming countries like China and India.

Similarly, the property market for affordable residential in good locations and addresses will continue to be attractive.

Looking ahead, our focus will be to continue to build our business for the future and further improve what we have. We will focus on our core activities, what we do best; we will strive to be excellent. As we focus on strengthening our operations, we will also review our non-core business operations and will reposition businesses that fail to meet our performance requirements or that are sub-scale, which we will then consider to discontinue or divest such operations.





The progress made is testament to the diligence, creativity and commitment of our employees, which also illustrate our coming of age as a corporation. Our presence is beyond the national borders, having emerged to the ranks of the world's leading producer of edible oil. We have much to do to ensure that we realise the immense potential of our vast resources. Hence, we will continue to reshape our operations going forward as we strive towards sustainable strength.

We look forward with confidence. While the macro-economic front will almost always remain precarious in light of the increasingly volatile geopolitical landscape, the underlying trend suggests that both domestic and external developments will remain conducive in 2004, which appears to be shaped by potent trends; particularly, the continued steady demand for palm products and broadly, the rising private consumption and accommodative monetary policy.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to offer my appreciation to the Management for their dedication and contribution to the Company during the year. I wish to also acknowledge the sense of collective responsibility, professionalism and the wisdom of my fellow directors on the Board.

The Board and I are pleased to welcome YBhg Dato' Abd Wahab Maskan, our new Group Chief Executive, who took office on 1 January 2004. The Board would also like to extend our vote of thanks and appreciation to YBhg Tan Sri Dato' Abdul Khalid Ibrahim, who completed his contract of service as Group Chief Executive on 31 December 2003, for his contributions to the Group.

Last but not least, I would like to thank our valued shareholders, business associates, customers, friends, and the authorities for their continued trust, support and guidance. Your partnership has been instrumental to our success.

TAN SRI DATO' MUSA HITAM
Chairman

30 April 2004

MALAYSIA: Economic Brief



The Malaysian economy accelerated in 2003, recording its sharpest rise since 2000. Economic growth, as measured by Gross Domestic Product (GDP), grew 5.2% in 2003 compared to 4.1% in the preceding year.

The enhanced expansion was led by the robust manufacturing sector, the nation's engine of growth. The manufacturing sector, which accounted for about one third of total GDP, soared 8.2% in 2003 compared to the 4% growth recorded in the preceding year. The sharp expansion in manufacturing activities reflected the strengthened domestic and external demands. The export-oriented industries contributed most, increasing 11.9% in 2003 from 5% previously while the domestic-oriented industries rose 6.1% during the same period from a mere 3.4% growth in 2002.

The agriculture sector recorded a similar sturdy trend in 2003, expanding a stronger 5.5% compared to the 3% growth realised in the preceding year. The primary catalysts were the surge in the production of the nation's primary commodities such as crude palm oil (CPO) and rubber. The production of CPO soared 12.1% in 2003, a multi-fold increase compared to the mere 0.9% growth registered in 2002.

Meanwhile, the mining sector growth improved to 4.8% from 3.7% in 2002, broadly tracked the uptrend in the production of crude oil and natural gas. The services sector growth was sustained at 4.1% in 2003 while the construction sector growth moderated to 1.9% from 2.3% in 2002, attributed to the modest rise in sector investments, as reflected in such indicators as the 3.3% increase in housing approvals and the 2.7% decline in the issuance of new sales and advertising permits.

Important supporting factor remains Malaysia's continued accommodative fiscal and monetary policies, the main thrusts behind the broad based expansion in 2003; sustainable policies that emphasised enhancement of productivity and competitiveness, specifically in the development of the prime private sector. Significantly, the economy benchmarked by demand aggregates portrayed a promising investment trend, revealed a steady recovery in 2003, increasing almost 3% from a year ago compared to the flat growth registered in the preceding year.

The improved business and consumer sentiment in 2004 was also characterised by quiescent inflation risk amidst the continued benign price level. The increase in core consumer prices, as gauged by the consumer price index, eased to 1.2% in 2003 from 1.8% previously.

The strengthened economic environment evident in the preceding year augurs positively for the prospects ahead. Economic momentum appears strengthening and the improved macro backdrop points to sturdier pace in 2004. The enhanced consumer and business confidence, and the prospects of sustained soft monetary stance, of which benchmark interest rates such as the commercial banks' base lending rate likely to remain little changed from the present historical low of 6%, are indications of continued good economic performance for Malaysia going forward. Bank Negara Malaysia has projected a 6% to 6.5% growth for 2004.





INDONESIA:

Economic Brief

Indonesia's economic momentum strengthened in 2003. The economy, in an environment of increased macroeconomic stability and consistent monetary and fiscal policies, had expanded by 4.1% during the period under review. It was also its sharpest rise in GDP since 2000. Its growth had previously increased to 3.7% in 2002 from 3.4% in the preceding year.

The sustained recovery in domestic consumption and the improved external demand contributed to the better performance in 2003. Total consumption grew almost 5% in the year under review following a 5.5% and 4.8% increase in the preceding two years. Indonesia's exports of goods and services expanded strongly in 2003, increasing 4% from a year ago following a 1.2% decline previously.

Meanwhile, the supply side perspective revealed that the construction sector emerged as the most robust sector in 2003, recording a 6.7% growth in 2003 compared to 4.1% in 2002. Agriculture and services sectors registered equally sturdy growth in the year under review, increasing 2.5% and 5.5% from 1.7% and 5% in the preceding year, respectively. The manufacturing sector growth, however, moderated in 2003, increasing 3.5% compared to 4% in the preceding year.

The accommodative monetary policy in 2003 had underscored the economic progress made, reflecting the enhanced price conditions and stable exchange rate. The nation's inflation moderated further in 2003, easing to an estimated average of 7% from almost 12% in the preceding two years. The Rupiah ("Rp") was similarly sustained at favourable levels in 2003, averaging Rp 8,559 compared to Rp 9,261 in 2002. The improved macro conditions resulted in a steady reduction in interest rates with the benchmark one-month SBI (*Sertifikat Bank Indonesia*) rate falling to about 8% as at the end of 2003 from almost 13% in the preceding year.

Outlook is promising, with the official as well as multilateral institutions, such as the Asian Development Bank and the International Monetary Fund, projecting continued economic progress in 2004. The consensus view remains positive notwithstanding the potential rise in political risks amidst the forthcoming Presidential election, considering the increasingly enhanced business and consumer confidence that is seen characterised by the strengthening external sector and internal drivers such as the prospects of continued low interest rates and stable prices and currency conditions. The official GDP growth forecast for 2004 is 4.8%.

MALAYSIA PLANTATIONS

pages 63-64

INDONESIA PLANTATIONS

pages 65-66

OPERATIONS REVIEW

PROPERTY

pages 67-69

MANUFACTURING AND GENERAL TRADING

pages 70-71

MALAYSIA PLANTATIONS

The Group owns and operates 55 oil palm estates in Malaysia, encompassing titled area totalling 104,749 hectares, of which the bulk is located in Peninsular Malaysia. The remaining estates are cultivated in Sabah, referring to three oil palm estates with titled area totalling 4,498 hectares. The Group also owns and operates a total of 14 palm oil mills.

PERFORMANCE

Plantation sector contributed significantly in 2003, underpinned by the increasingly favourable plantation profile and the steady market environment. The former reflected the increase in the area of mature hectareage, increasing to a three-year high of 73,214 hectares in 2003, in terms of weighted average basis. It was also the first annual increase in four years, broadening the 2003 mature hectareage by 5.6% from a year ago. Effectively, the share of mature hectareage rose from 69.1% in the preceding year to 72.9% of the Group's total planted hectareage in 2003.

The improved trend during the period under review marked the end of the multi-year aggressive replanting exercise when the initiative then had emphasised on the enhancement of the Group's oil palm age profile, which previously had a sizeable share of aged oil palms, cluster of trees past their prime productivity levels. During the same period, the Group had also embarked on fresh planting of oil palm trees, adding further to its share of immature hectareage, referring to plantings at area previously cultivated with rubber. This was following the Group's shift in strategy, the move towards the cultivation of a single crop operation. The Group had ceased rubber estate operations in 2002 when the last of the rubber trees were felled and replanted with the more productive oil palms.

The Group's immature hectareage moderated to 27,237 hectares in 2003, in terms of weighted average basis, after having reached its peak of 30,937 hectares or equivalent to almost one-third of the Group's total planted hectareage in 2002.

The Group performance was similarly propelled by the conducive market environment, of which world demand for vegetable oil was sustained at high levels during most of 2003, primarily attributed to the demand from China and India that grew at a faster rate than the world supply, resulting in lower ending stocks. The acute world oil stocks were further compounded from the middle of 2003 onwards amidst poor weather condition in the northern hemisphere region. Specifically, the major heat wave in Europe and dry climate in North America had resulted in irreversible damaged crops. This production setback triggered strong market rally for virtually all major oils including for palm oil.

Consequently, prices of edible oil hovered at high levels in 2003 and the Group gained substantially on its sales of palm products. The realised price for CPO averaged RM1,526 per tonne in 2003, the Group's highest realised price since 1998, which represented a 23.3% increase from a year ago. Correspondingly, the price realised for the Group's palm kernel improved to RM711 per tonne, increasing 9% compared to RM652 per tonne in 2002.

Revenue from the Malaysian plantation operations increased considerably in 2003, amounting to RM673.2 million, a 22.3% increase from RM550.4 million previously. Meanwhile, operating profit from the Malaysian plantation operations increased by 44.7% in the year under review to RM201.4 million, compared to an operating profit of RM139.2 million in the preceding period.



operations review

**OPERATIONS**

The Group's own production of fresh fruit bunches (FFB) rose to 1.4 million tonnes in 2003, a 15.4% increase from a year earlier. The improved productivity, combined with the rise in mature hectareage as highlighted earlier, had underpinned the enhancement in FFB production in 2003. Productivity, as measured by the FFB yield per mature hectare, increased to 19.6 tonnes in 2003, recording a 9.5% growth compared to the 2002's ratio of 17.9 tonnes per hectare.

The Group's mill operations remained at steady levels in 2003, with the Group's oil extraction rate (OER) averaging 20.1% compared to the 20.7% rate recorded in the preceding year. In comparison, the Group's kernel extraction rate (KER) had averaged 5.8% during the same period under review, unchanged from the rate realised in 2002.

The Group's production of crude palm oil (CPO), meanwhile, rose to record levels in 2003, totalling 348,210 tonnes, a 14.7% increase from a year ago. This compares to 303,683 tonnes produced in 2002 and an average of 307,636 tonnes per annum in the preceding five years. The surge in FFB purchased from outside contributed to the higher production of CPO in 2003, accounting for about one-fifth of the Group's total CPO produced during the period under review. Previously, CPO produced from FFB purchased outside accounted for 19.4% of the Group's total CPO produced. In comparison, the Group's CPO produced from its own FFB recorded an 8.9% increase in 2003 to 280,604 tonnes.

INDONESIA PLANTATIONS

The Group's Indonesia operations, underpinned by PT Minamas Gemilang ("Minamas"), PT Anugerah Sumbermaktur and PT Guthrie Pecconina Indonesia ("Guthrie Pecconina"), own and operate 53 plantation estates and 14 palm oil mills in Indonesia, with total agriculture land of 216,023 hectares. Geographically, the estates are located across the Indonesian archipelago from Sumatra to Sulawesi. The Group's total planted area, the bulk with oil palm, is 163,968 hectares.

PERFORMANCE

Total revenue generated by the Indonesian operations increased to RM650.9 million in 2003, a 34.9% increase from RM482.6 million recorded in the preceding year. Meanwhile, at the operating level, the Group gained a profit of RM81.7 million in 2003, which included an exchange gain of RM40 million, compared to RM79.8 million in the preceding year.

The improved performance, albeit modest, was primarily attributed to the higher prices realised for the Group's palm products, specifically the surge in prices of CPO. For Minamas operations, the sale prices realised for CPO had averaged RM1,455 per tonne in 2003, a 14.5% increase from a year ago. However, the average price realised for palm kernel moderated to RM561 per tonne from RM574 per tonne previously. At Guthrie Pecconina, the average price realised for CPO rose 13.8% to RM1,529 per tonne in 2003 while for palm kernel the average price realised was RM653 per tonne, a 3.8% increase from RM629 per tonne realised in 2002.



OPERATIONS

FFB production totalled 1,667,888 tonnes in 2003 with Minamas operations accounting for 89.8% of the Group's total FFB produced in Indonesia. On an annualised basis, FFB production grew 11% in 2003, yielding a ratio of 11 tonnes per mature hectare. In comparison, the yield per mature hectare had averaged 10.4 tonnes in 2002. The enhanced crop recovery and new areas coming into harvesting contributed to the higher production in 2003, which more than offset the reduced production at areas affected by the prolonged drought, operational constraints such as the lack of sufficient milling capacity and crop losses in the restive Aceh area.

The increase in the yield was also the result of the progressive efforts at applying the best developed practices, referring to the enhanced emphasis on efficiency and productivity as operations emerged from the consolidation phase of the initial years following the acquisition in 2001. A series of value-added initiatives have been introduced and implemented during the course of the year, including the Block Harvesting System to improve production efficiency and the Estate-Mill Liaison Committees to strengthen integration between estate and mill operations.

Indonesia mill operations were equally sturdy in 2003 with average oil extraction rate ("OER") increasing to 23% from 22.7% in the preceding year. The surge in OER was attributed to increased efficiency of Minamas' mill operations, which rose by 1.8% to 23.2% in 2003. The benign trend was evident almost across the board with two mills realising OER exceeding 24% in 2003, of which the Sekunyir Mill in Kalimantan recorded a robust OER of 24.9% during the period under review, increasing from 24.1% in 2002. At the same time, Minamas had another six mills with OER exceeding 23% in 2003 compared to a total of six that exceeded the 23% mark in 2002. Minamas' KER was little changed at 4.2% in 2003. In comparison, Guthrie Pecconina's mills achieved an OER and KER of 20.6% and 4.1% from 21.3% and 3.8% in 2002, respectively.



operations review



Meanwhile, CPO production totalled 374,987 tonnes in 2003, a 13.8% increase from a year ago. Minamas' operations accounted for 92.8% of total CPO produced in 2003, equivalent to 347,992 tonnes. Production of Guthrie Pecconina rose sharpest in 2003, increasing 110.7% to 26,995 tonnes, underpinned by the higher production of CPO from purchased crop. CPO produced from purchased crop increased to 13,622 tonnes in 2003 from 2,919 tonnes, previously. The production of palm kernel was similarly steady in 2003, rising 13.4% to 68,569 tonnes, of which 92.2% of the total produced came from Minamas' operations.

PROSPECTS

The prospects of enhanced productivity and the favourable market environment augur positively for the Group's plantation operations in 2004. The Group's Malaysia and Indonesia operations are projected to continue contributing significantly going forward.

The Group's Indonesia operations are expected to continue sustaining its role as the main thrust of plantation operations in 2004. Its enhanced oil palm age profile and strengthened foundation should underscore progress in the coming year. The young matured areas of Minamas operations coming into prime production is projected to rise to almost 60% of its total planted hectareage in 2004, with the 9- to 16-year age group increasing its share of total planted hectareage to about 40% compared to 31% in 2003 and 22% in 2002.

Similar promising prospects are anticipated from Malaysia operations. Its age profile has been progressively enhanced and its high-yielding age group, referring to the 6- to 20-year age group, is expected to increase further in 2004, extending the benign trend realised in 2003, which had risen to 41% of the Group's total planted hectareage from 38% as at end 2000.

The streamlined oil palm profile also meant that available resources are exclusively for yield enhancement going forward. The Group's Malaysia operations replanting ratio has returned to the desired ratio of about four percent (4.0%) per annum, with the replanting rate of less than three percent (3.0%) projected for 2004, even lower compared to the 4.3% recorded in 2003 and an average of 9.9% in the preceding three years during the height of the aggressive replanting initiative. The ratio refers to the total area for replanting and fresh planting compared to the Group's total planted hectareage.

Hence, the development programme outlined for the forthcoming year would note the broadening of enhancement programmes such as the increased emphasis on elevating operational logistics, referring to the introduction of the 'Hook-lift Bin' system for crop evacuation. Simply, the objective is to reduce the multiple handling of crop while in transit from the field to the mill. Importantly, the potential of the planned system is beyond logistical efficiency as it is also cost effective, considering the elimination of the conventional farm-tractors and trailers previously utilised for evacuation of crops from the fields to the estates' hopper, prior to transportation to the mills.

Equally promising is the positive market environment, which has remained conducive in the initial months of 2004. Broadly, an environment characterised by low world carrying stocks, expected moderation of palm oil production growth, the continuous strong palm oil demand from China as well as the European Union-15, and the unusually large discount of palm oil over soybean oil, currently hovering at well above US Dollars 100; these are attributes that augur positively for producers of palm oil going forward, indicating that while the broad macro-fundamentals would remain fluid considering the precarious geopolitical conditions, the pivotal market trend to date points to continued firm price level in 2004 compared to 2003.



PROPERTY

The Group's property operations refer to contributions from Guthrie Property Development Holding Berhad and its subsidiary, Syarikat Pembangunan Hartanah Guthrie Sdn. Berhad.



PERFORMANCE

The property industry, particularly the residential sub-sector saw increased interest in 2003, of which the development of the industry mirrored the strengthening domestic economy that was driven by the intensifying business and consumer sentiments. The number of transactions in the country's property market was 243,376 in 2003 according to the 2003 Property Market Report released by the Valuation and Property Services Department of the Finance Ministry, recording a 5.2% increase compared to 231,394 transactions in 2002. The residential sub-sector remained the major sub-sector driving the property market in the year under review, contributing 67.7% to the total volume of transactions, equivalent to 164,723 transactions. Total loans for the purchase of residential properties were similarly robust in 2003, increasing by 16.2% to RM116.3 billion last year from RM100.1 billion in 2002.

Broadly, the Malaysian economy expanded at a more rapid pace in 2003 with the growth of the national Gross Domestic Product accelerating to 5.2% from 4.1% previously, recording its most rapid momentum since 2000. The strong private sector response to the pro-active Government measures, such as the waiver of stamp duty and real property gains tax and the reduction of Employees Provident Fund contributions by workers from 11% to 9% for a period of one year under the RM7.3 billion economic stimulus package unveiled on 21 May 2003, and a low interest rate environment contributed immensely to the strengthening of the growth momentum.

Significantly, the benign economic trend reflected positively on the Group with contribution from property development activities improved in 2003 with operating profit of RM86.2 million compared to the RM79 million realised in the preceding year.

operations review



OPERATIONS

The Group's property operations focussed on the development of planned communities – *Guthrie* planned communities, referring to unique living concept combining unrivalled designs and quality finishes that significantly utilises the best practices of environmental management. The concept of planned communities offered the Group greater reach and scope of development as well as enhanced flexibility in product offerings, ranging from residential to commercial developments.

The communities developed are strategically located in the Klang Valley region, which currently boast easy access to the New Klang Valley Expressway (NKVE), Elite Highway, Shah Alam Expressway and Federal Highway. The anchor developments are located in *Bukit Jelutong* and *Bukit Subang* in Shah Alam, neighbouring communities that form the primary phase of the *Guthrie Corridor Planned Community* (GCPC) development.

A 25-kilometre expressway, the *Guthrie Corridor Expressway* (GCE), which is currently under construction, forms the foundation of the GCPC, commencing from *Bukit Jelutong* in the south and stretching to *Bukit Lagong* in the north where the expressway is then connected to NKVE. Significantly, the GCE enhances access to the Group's vast land bank in the Klang Valley region, which incorporates *Bukit Jelutong* and *Bukit Subang* communities, and the forthcoming *Medan Elmina*, *Kota Elmina* and *Lagong Mas* development projects. The five development projects have a combined area exceeding 11,000 acres, offering the Group sustainable development for the next several decades.

Meanwhile, the distinct feature of the GCE includes its five (5) dedicated interchanges, solely for connection to GCPC. The dual 3-lane GCE, which is expected to commence toll operations from 2005, is essentially part of the Federal Capital's outer ring road network, the multi-billion Ringgit Kuala Lumpur Outer Ring Road (KLORR) system, aimed at enhancing the burgeoning Klang Valley infrastructure.

The steadier economic momentum saw the Group's property arm realising higher sales in 2003 with revenue totalling RM368.6 million, a 5.8% increase compared to the RM348.8 million recorded in the preceding year. The higher revenue was realised despite the reduction in the number of units launched.

The lower units sold in 2003 was attributed to the delay in the launches of selected residential units, in part due to construction delay amidst the temporary labour shortages that emerged in the preceding year, of which there was time lag for workers to return to the construction sites, particularly in the residential sub-sector. The deferred launches were also a consequence of market timing as the improved market sentiment was only more evident in the latter half of 2003, thus, the series of launches were mostly made in the second half of the year. A total of 1,082 units were sold in the year under review, down from 2,249 units sold in 2002.



The development of the 2,205-acre *Bukit Jelutong* community garnered the most sales, where 431 units were sold in 2003, of which the bulk comprised residential landed properties, primarily double-storey linked houses. This included the overwhelming response received for the super-link homes, in particular the *Lagenda* series of premium double-storey linked houses, of which about 60% of the 182 units on sale have been sold since the launch in August 2003, generating total sales to date of RM81.2 million. The development of Bukit Jelutong also saw the launching of the premier bungalow collection, the 63 units *De-Galleria* series that was priced from RM1.2 million to RM2.4 million per unit, during the period under review; only its third bungalow launch following the inaugural 86 units of *Gemstone* series in 2000.

Meanwhile, the remaining units were from the developments of the 250-acre *Bukit Subang 1* and the 1,002-acre *Sungai Kapar Indah 1* in Klang. The latter refers to the construction of affordable homes, mostly the low- and medium-cost residential units that included the RM122,000 *Ceria 2* apartments, which was launched in August 2003. The number of units sold at *Sungai Kapar Indah 1* increased to 252 units in 2003 from 246 units in the preceding year.

PROSPECTS

The combination of the strengthening Malaysian economy and the increasingly steady external development points to sustained optimism going forward. The enhanced economic growth prospects augur positively for the growing business and consumer confidence, especially in settings of stable consumer and producer prices, ensuring the prospects of continued accommodative monetary policy.

The property industry, in particular, the residential sub-sector, is expected to continue to benefit from the intensifying economic momentum, which is characterised by the consumer and business friendly interest rate environment. The favourable macroeconomic landscape suggests greater contribution from the Group's property development activities going forward.

At the same time, the series of property launches scheduled for the forthcoming year would also increase considerably in 2004 with the upcoming launch of *Bukit Subang 2*, the Group's third community development project along the soon to be completed GCE. *Bukit Subang 2* was the recipient of the *Malaysian Institute of Planners' Planning Innovation Award* in 2003, an accolade in recognition of its signature *Denai* concept.

The concept refers to the development of residential community with design specifically aimed at promoting intra- and inter-neighbourhood interaction. Essentially, an extensive network of *Denai*, which is a 30-metre wide path that is developed within the community, offering an exclusive passageway for trekking without the need for crossing the path of vehicles, offering a fresh dimension to the concept of open space and superior community safety. More than two-thirds of the *Guthrie Homes* developed in *Bukit Subang 2* would be within 100 metres of the *Denai* trailed open space, which links the various residential homes, neighbourhood centres and public amenities, ensuring greater ease in social integration. *Bukit Subang 2* is scheduled to be launched in the middle of 2004.



MANUFACTURING AND GENERAL TRADING

PERFORMANCE

The Group's foray into manufacturing resulted in losses for the year under review, at RM22.3 million, compared to RM6.7 million loss recorded in 2002. With the exception of Guthrie MDF Sdn. Berhad ("Guthrie MDF"), Guthrie Polymer Sdn. Berhad and Integrated Brickworks Sdn. Berhad ("Integrated Brickworks"), most companies registered losses.

Guthrie MDF recorded an operating profit of RM7.5 million for the year under review compared to RM16.8 million recorded in 2002. Selling prices for medium-density fibreboard ("MDF") and printed MDF products softened during the first half of 2003 due to the US invasion in Iraq and the SARS outbreak which affected the Middle-East and Far East markets. In addition raw material scarcity of rubberwood has pushed up the prices of the raw material drastically, reducing gross margins.

In the manufacturing of concrete blocks and bricks, Integrated Brickworks recorded a marginal profit for the year under review, compared to a loss of RM1 million in 2002. This is a significant achievement for the company, which indicate better market conditions in the brick-making and retaining wall making industry.

Guthrie Industries Malaysia Sdn. Berhad ("GIM") recorded a loss of RM10.8 million for the year under review, compared to RM6.5 million loss in 2002. This loss is after taking into account two major provisions arising from a gas pipeline project in Riau, Sumatra and a palm oil mill construction project in West Sumatra, which have now been shelved.

In rubber-glove manufacturing, Guthrie Medicare Products (NS) Sdn. Berhad recorded a loss of RM22.2 million for the year under review, compared to RM13.3 million recorded in 2002. On the other hand, its marketing vehicle in Europe, Healthline Products Limited, recorded a profit before tax of RM378,000 in the year under review.

In the supply of oil palm planting materials, Guthrie Plantation & Agricultural Services Sdn. Berhad ("GPAS") and HRU Sdn. Berhad ("HRU") recorded commendable profits of RM6.6 million and RM2.2 million respectively as compared with RM5.5 million and RM2.2 million respectively recorded in 2002. Upsurge in demand for planting materials, arising from the increase in CPO prices have contributed to the better performance.



In the supply of furniture to Government Agencies, Guthrie Furniture Sdn. Berhad recorded an operating profit of RM6.3 million, compared to RM8.6 million recorded in 2002. The lower performance reflects the Federal Government's reduced allocation for school furniture expenditure in the year under review.

In landscaping and earthworks, Guthrie Landscaping Sdn. Berhad ("Guthrie Landscaping") recorded an operating profit of RM4.2 million, compared to RM6.0 million in 2002.

In information technology, Guthrie Technologies Sdn. Berhad recorded an operating profit of RM1.6 million, compared to RM0.4 million in 2002.

OPERATIONS

The Group's interests in manufacturing concerns involved the production of medium-density fibreboards, rubber gloves, brick making and keystone retaining wall systems, agricultural equipments and supplies as well as the construction of palm oil mills.

The Group also have interests in other businesses, such as furniture supply, landscaping and earthworks, information technology and operating hotel, and resort, amongst others.

Guthrie MDF achieved an annual production of 125 thousand metric tonnes, which was 3% lower than 2002. Unusually heavy rains from August to December 2003 contributed to insufficient raw materials for MDF production. In addition, selling prices in major markets for the first half of 2003 were lower than expectations, due to weak demand. However, market conditions improved in the second half of 2003.



Integrated Brickworks continues to support the Group's property development projects with decorative masonry, retaining walls and ready-mixed concrete. Production volumes have increased significantly compared to 2002, from higher demands from the various property development projects in the Klang Valley, including Putrajaya and Cyberjaya. In addition, the company has increased production by producing concrete blocks for third party.

GIM is involved in the supply of mechanised equipment to the Group's estates, the construction of specialised vehicles for Government agencies and more importantly, the construction of palm oil mills for the Group. For the year under review, GIM continued with its projects in mill construction at the Group's estates in Kalimantan, Indonesia.

In the supply of oil palm planting materials, rat baits and plantation consultancy, the Group's involvement in the industry is through GPAS and HRU. Together, these two companies wield a significant presence in the industry and command a market share in excess of 20%.

The Group's landscaping vehicle, Guthrie Landscaping is involved in landscaping works in the Klang Valley. The company wields a strong presence in the local landscaping industry, with a current market share of 20%. Besides landscaping for the Group's property development projects, Guthrie Landscaping is also involved in landscaping works in Putrajaya, Cyberjaya and Permodalan Nasional Berhad group of companies.



PROSPECTS

The Malaysian manufacturing sector is budgeted to grow by 7.2% in 2004 and the Group's manufacturing concerns are expected to improve in this scenario.

For the Group's venture in medium-density fibreboard production, market conditions are expected to improve in China, Korea as well as in Middle East that will hopefully boost sales. The Group will strive to capture a bigger slice of the market in the domestic and Far East, as well as to tap new markets in India and elsewhere.

For brick-making and keystone retaining wall activities, the expected improvement in the construction sector will augur well for Integrated Brickworks. The company will concentrate more on keystone-wall system which yields a bigger margin.

For the supply of mechanised equipment and palm oil milling construction, GIM is in the process of rationalising its operations. Going forward, the company will be focusing on its palm oil milling construction business. The company is expected to obtain more contracts for construction of palm oil mills in Indonesia in the future.

In oil palm planting material supply business, the Group foresees that the market demand for oil palm planting material is expected to grow, both locally and overseas, propelled by the buoyant CPO prices and global oils and fats development. This will augur well for GPAS and HRU.

The Federal Government has cut down its 2004 expenditure allocation for landscaping projects and this scenario is expected to affect Guthrie Landscaping. Nevertheless, the company still projects profitability for 2004.

The Group is also currently in the process of reviewing/repositioning several of its non-core/non-strategic businesses. Towards this end, the Group is currently in the process of rationalising its operations in the United States of America and the United Kingdom (UK). The operations of Guthrie Symington Limited (in UK) is in the process of being wound down. The closure process is expected to be completed in the later part of 2004.

RESEARCH AND DEVELOPMENT



PLANTATION RESEARCH

Research and Development (“R&D”) in the Group is undertaken by Guthrie Research Chemara (“GRC”), a unit under the Agricultural Services Department. R&D remains an important focus particularly in the light of increasing production costs, shortage of labour, expansion of the Group’s oil palm hectareage into the marginal ex-rubber areas and the planting of third generation oil palms mainly in the Johor region.

The main thrust in R&D activities is in increasing oil yield per hectare to meet the Group’s vision. Towards this end, the key objectives of R&D activities undertaken are to mitigate yield limiting factors in the marginal soil areas through effective technical extension services, enhance yield through adoption of best developed practices, increase genetic yield potential of planting material through judicious plant breeding research, and reduce pest and disease losses through effective crop protection measures. Training of the Group’s personnel in enhancing technical competence in the various technical aspects of plantation management is also an important area undertaken by GRC. With the Group’s expansion to Indonesia, GRC has consolidated and realigned its research activities to meet the challenges.

PLANT BREEDING RESEARCH

The oil palm breeding research programmes continue to produce proven high-yielding material through exploitation of current breeding material and introgression of exotic material. The DxP planting material has undergone many generations of selection so that only the best progenies are planted. One of the main focus is also to supply these high-yielding material (ortets) to Guthrie Biotech Laboratory Sdn. Berhad, a wholly-owned subsidiary company of Kumpulan Guthrie Berhad (“Guthrie”), for clonal propagation.



OIL PALM AGRONOMY AND FERTILISER RESEARCH

Research activities in Oil Palm Agronomy and Fertiliser Research of the Group mainly focus on fertiliser efficiency studies and development of best management practices. The need to optimise fertiliser uptake and enhance yields become all the more important with the escalating costs of fertilisers and planting in marginal soils where efficient nutrient uptake is problematic. Agronomy Research programmes target at developing sound agronomic practices to enhance yields for

all types of soils in the Group. Micromanagement of site specific problems to increase yields is also undertaken. Exploring new market technologies in terms of empty fruit bunch ("EFB") mechanical spreader and slow release of fertilisers are also important areas of research.

CROP PROTECTION RESEARCH

Crop Protection Research programmes mainly focus in developing cost effective measures in mitigating the crop losses caused by pests and diseases ("P&D"). Exploring new control measures in the light of increasing P&D problems is a core activity in Crop Protection Research of Guthrie. Research in the biological of pests and disease control has also taken new dimensions. This is to be in line with the Group's corporate culture of being environmental friendly. The use of beneficial plants to control bagworms, virus for beetle control and barn owls for rat control are currently pertinent areas in crop protection research.



BIOTECHNOLOGY

The Group, through its wholly-owned subsidiary company, Guthrie Biotech Laboratory Sdn. Berhad, strives to achieve its vision of becoming the leading producer of superior clonal materials. Downstream strategy was focussed to exploit innovative technologies in developing an efficient and commercially reliable clonal palm production system.

Apart from the continuous effort made in the strategic research alliances with Universiti Kebangsaan Malaysia (UKM), Universiti Putra Malaysia (UPM) and University of Queensland to support its in-house research programme, year 2003 has seen a benchmark for the Group whereby a proven tissue culture technology was transferred from a well-known tissue culture expertise for mass propagation of clonal palm. The new technology has been successfully commercialised over the last 10 years. Implementation of the new technology would enable the Group to achieve less than 2% clonal abnormality rate and yield performance, on average of 35 tonnes per hectare yearly, starting from year 2008 onwards.

QUALITY ASSURANCE

Group Quality Assurance (“GQA”), a unit under Agricultural Services Department of Kumpulan Guthrie Berhad, continued to strengthen its operation by providing independent compliance assessment and process improvement for the Group’s plantation business in Malaysia and Indonesia.

During the year under review, GQA unit has accomplished the following tasks:

- Continually performed to improve productivity, oil extraction rate (“OER”) and quality for the Group’s plantation in Malaysia by introducing new systems such as traceability, tracking and process value chain.
- Formed Crop Assessment Teams to carry out extensive crop quality check at mills and estates for the Group’s plantation in Indonesia. A total of 24 Assistants has been trained to carry out this exercise. The objective was to enhance productivity, OER and quality by establishing performance indicators.
- Established performance indicators and targets for mill and estate operations to continually monitor the process operation.
- Introduced new laboratory process control system for palm oil mills.
- Documented a comprehensive system of control (Total Improvement System) at Guthrie Biotech Laboratory Sdn. Berhad to ensure that the cloned palms are produced as expected.
- Established Environmental Protection Policy for the plantations in Indonesia in line with the local regulatory requirements.
- Launched Food Safety Standard and Good Agricultural Practices for Tanah Merah Strategic Operating Unit.
- Provided technical assistance to Muang Mai Guthrie Company Limited, Thailand on product quality and addressed customer complaints from Europe and Malaysia.



In addition to the above, the Kumpulan Guthrie Group’s Property Division has undertaken a key initiative towards the development of a Quality Management System (“QMS”) framework in conformance with ISO 9001:2000 requirements. Launched in July 2003, the system was audited and confirmed for adequacy by SIRIM (Standards and Industrials Research Institute of Malaysia) in November 2003 and being implemented effective from January 2004. QMS has provided a framework for effective management of departmental business processes as well as a platform for the evaluation and improvement of these processes.

PLANTATION ADVISORY



Plantation Advisors' role are now undertaken by the General Manager of each Strategic Operating Unit ("SOU"), who is responsible for the performance of the SOU. Plantation Advisory Services provided value-added services to the Group's estates until October 2003. With the implementation of the SOU structure for Plantation Operations, Plantation Advisory Services were discontinued from November 2003.

For most part of 2003, annual visits were made to all estates for Agricultural Audit of non-conformance and non-compliance to best developed practices and for advice on process improvement. Areas covered included harvesting operations and crop recovery, upkeep standards for mature and immature oil palm cultivation, environmental and OSHA (Occupational, Safety and Health Act) concerns and security. Plantation Advisors were also involved as resource personnel in the annual and long-range replanting programmes, Estate/Mill Liaison support and review of the annual crop, capital and revenue budgets for plantation operations.

Process improvement advice, on a need basis, was centred on yield enhancement activities, micro-management of trends to establish site/yield potentials and management of systematic harvesting rounds (at intervals of every 12 days known as "D12") and machine-assisted in-field collection ("MAIC") of fresh fruit bunches ("FFB") for efficiency and effectiveness. Advice was also given on quality management of harvested produce in relation to oil per hectare and oil extraction rate ("OER"). Cost reduction strategies were also evaluated in respect of cultivation expenditure, collection costs and transport to factory expenses.

Precision agriculture with improved technologies for empty fruit bunch application with Giltrap, palm circle/row spraying with mechanical boom sprayers and sub-soil furrow application of fertilisers on steep terrain were considered for implementation.

Technical Consultancy Services support for Plantation Operations involved project management for bunds and water management on coastal soils, salinity and acid-sulphate soil management, and crop evacuation on hilly terrain.



ENVIRONMENT CONSERVATION FOR SUSTAINABLE DEVELOPMENT



OVERVIEW

THE KUMPULAN GUTHRIE GROUP IS COMMITTED TO SUSTAINABLE AGRICULTURE AND, ACCORDINGLY, ENSURES THAT THE CONDUCT OF ALL ITS OPERATIONS ARE CONSISTENT WITH GOOD AGRICULTURAL PRACTICE AND FOOD SAFETY REQUIREMENTS. THE GROUP SUBSCRIBES TO THE PRINCIPLE THAT ANY ECONOMIC ACTIVITY MUST NEVER BE UNDERTAKEN AT THE EXPENSE OF THE ENVIRONMENT AND THE FUTURE GENERATION. EFFORTS ARE CONTINUOUSLY BEING CARRIED OUT TO ENHANCE CURRENT BUSINESS PROCESS FROM PLANTATION, PROPERTY AND MANUFACTURING ACTIVITIES TO MEET STRINGENT ENVIRONMENTAL GUIDELINES IMPOSED BY THE GROUP AND/OR THE GOVERNMENT.



The Kumpulan Guthrie Group's Environmental Protection Policy was first documented in 1993. In 1997, Kilang Kelapa Sawit Tanah Merah was awarded the ISO 14001 Environmental Management System Certification. This served as a platform to create awareness on the importance of development on environment to employees and other stakeholders of the Kumpulan Guthrie Group.

The proposed Group-wide adoption of EUREPGAP (European Retailers Good Agriculture Scheme and HACCP (Food Safety Certification Scheme) in the Group's plantations in Malaysia and Indonesia, beginning with Kilang Kelapa Sawit Tanah Merah and all its contributing estates, is an important initiative to show the Group's commitment to the environment, food safety and sustainable development.

OUR ENVIRONMENTAL POLICY

The Kumpulan Guthrie Group's environmental policy is a commitment to the environment, including meeting the objective of complying with the relevant legislation/regulations, for the prevention of pollution and continuous improvement of processes.

The Group currently complies with the relevant legislation and other regulatory requirements such as:

- Environmental Quality Act, 1974
- Occupational Safety and Health Act, 1994
- Factories and Machinery Act, 1967
- Local Government Act, 1976
- Department of Environment's Additional Environmental Terms
- Pesticides Act, 1974
- Poisons Act, 1952
- Indonesian Environmental Impact Assessment

ORGANISATION AND INFRASTRUCTURE PERSPECTIVE

Recognising the need for a more structured approach towards environmental management for its operations in Malaysia and Indonesia, the Group actively participates in the Environmental Management System (EMS) Committee at the national level. An independent department in the Group, Agricultural Services Department, initiates and monitors compliance and implementation of all the identified environmental measures undertaken by the Group's estates and mills. This special department has established an in-house Environmental Protection Policy with the objectives of:

- Improving the existing activities for total compliance of all relevant environmental and safety laws, regulations and standards.
- Conduct regular monitoring and audit of all possible source of pollution.
- Introduce new processes that are cleaner, safer and more cost effective.

environment conservation for sustainable development



LEADERSHIP AND ACHIEVEMENT

The focus and driving force of the Group's initiatives and practices are based on the principle that sustainable development, biodiversity, safety and environmental management need not be mutually exclusive. The Group believes that it is its duty, as a good corporate citizen, to ensure economic activities are not undertaken at the expense of safety and environment.

A major contributory factor to the Kumpulan Guthrie Group's leadership in environmental management is that it has placed sturdy emphasis on various aspects of research and development (R&D) in relation to oil palm with environmental concerns, including waste management and by-product utilisation. Many achievements had been obtained and initiatives undertaken over the years. The new initiatives include:

- EUREPGAP (European Retailers Good Agriculture Scheme) – to be incorporated in the Group's plantations in Malaysia and Indonesia within the next five (5) years.
- HACCP (Food Safety Certification Scheme) – to be incorporated in the Group's palm oil mills in Malaysia and Indonesia in the next five (5) years.
- To enhance the ISO 14001 Environmental Management System in all the Group's mills.
- The recent achievement obtained, the Best Environmentally Kept Industry 2003 in Wood-Based Industry category, which was awarded to Guthrie MDF Sdn. Berhad.



GOOD AGRICULTURAL PRACTICE IN THE GROUP'S PLANTATION

• Soil Fertility

The Kumpulan Guthrie Group is one of the pioneer plantation companies that uses empty fruit bunches (EFB) to enhance the organic matter for maintaining soil health and soil structure. Through its R&D activities, this leadership is being followed by most companies in Malaysia and Indonesia. Other activities that provide the carbon equilibrium include recycling of waste products such as mill effluent, decanter solids, palm shell and cut fronds for application to the fields.

Zero burning technique is one of the fundamental activities in the plantation that contributes to cleaner environment and, at the same time, replenishes organic matter, improves the physical properties of the soil and enhance its fertility.

• Soil Erosion

In plantation, soil erosion control is very important to sustain good crop productivity. It is the Group's agriculture policy to plant appropriate legume cover crop as early as possible after clearing. This helps to prevent *Oryctes* breeding in the felled palm trunk as well as improving the fertility of the soil. Other activities that are carried out in the



Kumpulan Guthrie Group to prevent soil erosion include:

- Spreading or stacking of pruned fronds along contours.
- Terracing hill slopes.
- Construction of silt pits along roads and in fields where erosion is likely.

• Integrated Pest Management ("IPM")

Integrated Pest Management is the key to sustainable pest control in the Group. The objective is to adopt biological, mechanical, physical or other less-hazardous strategies to minimise the use of pesticides. IPM is, therefore, the careful consideration of all these available pest control techniques and their subsequent integrated use to improve biological balance. Examples are the use of barn owls and maintaining their boxes, and monitoring their occupancy to control rats, practising high standards of field sanitation to prevent fungal disease such as *Ganoderma*, use of ecologically and medically safe compounds, applied in accordance with the Group's agriculture technique guide and using low volume spray for weed control, and using Pheromone trapping for control of rhinoceros beetle. Overall, the Group's IPM promotes research on bio-control agent for future effectiveness and consequences on pest management and the wider environment.



• Product Value

In the Kumpulan Guthrie Group we believe sustainable agriculture must be profitable. This involves producing the optimum amount of high quality product, minimising cost/waste and adding value where possible. Consumer concerns about food safety, environmental performance and social responsibility must be addressed.

This is clearly seen in our effort to achieve the EUREPGAP and HACCP certifications.

• Water Management

Water may be used for irrigation in the estates and also for mill processing. In the Group, water management is vital for maintaining both productivity and environmental balance. We ensure that the water used from sustainable source is considered together with the prevention of potential pollution from mill effluent discharge. Silt pits are created to intercept run-off (of top soil and fertilizer) during periods of heavy rain. The Group also establishes water reservoir and provides treatment plant to provide domestic water supply for employees in its plantations.

• Bio diversity

Conservation of biodiversity in the estate and its surroundings is important. The Kumpulan Guthrie Group ensures that permanent green belts are left in strategic location of high conservation value. This is observable in the steep gradients of Ladang Anak Kulim and conservative areas left undisturbed in Ladang Kamuning in the North. In the plantations in Indonesia, all estates maintain riparian reserves along its main rivers. This is in line with the Indonesian AMDAL (Environmental Impact Assessment)'s requirements.

environment conservation for sustainable development

EMERGENCY PREPAREDNESS AND RESPONSE

The Kumpulan Guthrie Group is developing contingency plans to deal with problems arising from inadvertent actions and/or natural disasters based on risk assessment on environment and food safety.

The procedures for Emergency Preparedness and Response policy have been established in the Group's Environmental Protection Policy.



WASTE MANAGEMENT PROGRAMME

Four thousand (4,000) tonnes of waste water are generated daily from the glove-manufacturing facilities of Guthrie Medicare Products (NS) Sdn. Berhad ("Guthrie Medicare") at Port Dickson. To cope with these enormous discharge, a comprehensive waste-water treatment plant at a cost of RM2 million was installed. The waste-water treatment plant use proven technology, based on physical chemical as well as biological treatments. The quality of the treated water superceded the statutory requirement imposed by the Department of Environment and it is Guthrie Medicare's long-term plan to recycle this treated water for reuse, thus, reducing the use of water, one of earth's precious natural resources.

HEALTH, SAFETY & ENVIRONMENT

The Kumpulan Guthrie Group and all its employees firmly believe that the health and safety of one and all as well as the quality of the environment are fundamental to our business and our sustainable growth.

We are, therefore, committed to implement fully this policy which will contribute positively to our personal growth, welfare and productivity; the interest of the community; the care and enhancement of the environment; our business success; the nation's social-economic development, and to global peace and prosperity.

In conducting our business in a highly moral and ethical manner, we will undertake the following measures:

Health And Safety Provisions

- Ensure a healthy and safe workplace and clean working environment;
- Prevent any likely accidents and occupational illnesses; and
- Conduct regular reviews and audits of all operations.

Protection And Enhancement Of The Environment

- Introduce new processes that are cleaner and more cost effective;
- Improve existing activities for total compliance of all relevant laws, regulations and standards; and
- Conduct regular monitoring and audits of all possible sources of pollution.

Care For All

- For one another, the community, the country, and the planet Earth.



MEDIUM-DENSITY FIBRE BOARD

Guthrie MDF Sdn. Berhad (“Guthrie MDF”)’s corporate responsibility is clearly demonstrated through its commitment to improve environment conservation in line with its Safety, Health and Environment policy. Guthrie MDF singled out Health, Safety and Environment as being its highest priority issue. It is working actively to protect the safety of its employees and others involved in the nature of its business and its local surroundings from environmental damage. Also, the aim is to work very closely with the authorities, local communities and its own employees to create an atmosphere of mutual trust.

Environmental protection is considered by many companies as more of a burden than a benefit. Guthrie MDF believes otherwise when it took up the bold initiative in creating awareness on continual improvement to the environment, in conjunction with its other activities. Since the company started its operation in 1996, besides complying with the relevant standards, legislation and regulations, a series of Environmental Improvement Projects have been established.

Commitment and personal involvement by top management, provision of training and incentives as well as teamwork have gradually improved awareness that led Guthrie MDF to achieve its objectives. The excellent teamwork by employees in improving environmental practices, increased morale, enhanced confidence of stakeholders, reduction of scheduled waste, and conservation of materials and energy have been recognised by Jabatan Alam Sekitar and the Kedah State Government.

Guthrie MDF has, on 28 January 2004, been awarded the Best Environmentally Kept Industry 2003 in Wood-Based Industry category by the Menteri Besar of Kedah Darul Aman, making it the first manufacturer in the Kumpulan Guthrie Group to achieve this State acclaimed recognition. The award was based on meeting certain criteria, such as conservation of environment complying with regulatory requirements and relevant legislation on pollution control, maintaining the water and air pollution controls system, and scheduled waste management. The effective housekeeping programmes, employees’ safety and health awareness as well as the landscaping of premises were also taken into consideration for the award.

PROPERTY DEVELOPMENT

An Environmental Management Plan (“EMP”) is designed to ensure appropriate measures are being taken to handle issues that are likely to arise and to take timely remedial actions to address problems that may arise during the implementation of a property development project. The EMP may also be used to assist in enhancing the environmental aspects of a project. Through this plan, effective management of construction works and operation can be facilitated, particularly pertaining to issues on the control of erosion and discharge of silt to watercourses. The plan calls for systematic monitoring of ambient air and water quality, discharge points and noise levels. The data collected is analysed and interpreted in the context of environmental impact and extent of compliance with the relevant legislation and regulations. The EMP addresses procedures for site preparation, construction and operational stages, which shall comply with environmental laws and guidelines. In addition, it assists regulators in tracking the performance of the project in respect of these matters. The plan also calls for qualified persons to be designated as those responsible for ensuring proper implementation of the EMP.

Environmental monitoring and reporting

Environmental monitoring will be carried out periodically for water quality, air quality and noise levels. Solid waste management will also be observed. A report by the Property Division of the Group will be sent every quarter to the Department of Environment, Selangor.

TRAINING

Training and awareness with regard to safety and management of the environment is an essential element of the EMP and is included in the programme. Training will be provided to all relevant personnel on site. Training will be carried out by a person or persons who is/are well versed with the relevant aspects of environmental protection of development sites.

environment conservation for sustainable development

THE GROUP'S ENVIRONMENTAL MISSION

IN OUR INDONESIAN PLANTATIONS

ENVIRONMENTAL MANAGEMENT IS A GLOBAL CHALLENGE, OUR PLANTATION ACTIVITIES IN THE REGION CONFRONT US WITH DIFFERENT ENVIRONMENTAL ISSUES AND THE NEED TO ENHANCE ON THE GROUP'S POLICY ON SUSTAINABLE AGRO-MANAGEMENT PRACTICES IN ALL OUR BUSINESS ACTIVITIES IN THE INDONESIAN ARCHIPELAGO.

ENVIRONMENTAL RESPONSIBILITY IN THE PLANTATION BUSINESS VALUE CHAIN

Kumpulan Guthrie's environmental responsibilities has now expanded broadly to the South East Asia region spanning over a colossal area of 216,023 hectares across the Indonesian Archipelago. Different priorities in this country confront us with a variety of challenges and the need for our plantation business to take into consideration the need to preserve water resources, to conserve biological diversities and solving local pollution problems within our operating environment.

We take into consideration the environmental aspects of the entire value chain from the onset of cutting of fresh fruit bunches ("FFB") to palm product despatch when forming our strategies, business plans and in operating our businesses in the 53 estates and 14 palm oil mills in Indonesia. We direct our attention to each stage of the operation process: raw material supplies, product applications, recycling and waste disposal to reduce the overall environmental impact of our production.

OUR COMMITMENT

In view of these challenges, Minamas Plantation has developed and disseminated the Environmental Protection Policy in April 2003 to all its divisions related to plantation operations to fully implement all environmental regulations and policies within the context of the Indonesian Government's policy on environment protection. Amongst others, the Group firmly believes that all plantation operation processes are conducted in the most environment-friendly manner as this will inevitably have an effect on the living conditions for many people. The environment and social responsibilities are not a separate focus area, but they are integrated in our normal operations and business strategies.

The Minamas Environmental Policy strictly subscribes to the statutory requirements stated under the AMDAL (*Analisa Mengenai Dampak Lingkungan Hidup*), the Environmental Impact Assessment Bill under the Indonesian Law No.51, gazetted in the year 1993, and also the Environmental Protection Policy for Palm Oil Mills which was passed under the Law No. 23, in the year 1997. It is also governed by the legislations and regulations of the following local Government Departments on the prevention of pollution and sustainable environmental practices:

- i. *Department Lingkungan Hidup*
- ii. *Badan Pengelolaan Lingkungan Hidup Daerah*
- iii. *Department Tenaga Kerja*
- iv. *Department Pertambangan*
- v. *Department Kesehatan*
- vi. *Direktorat Jendral Perkebunan*

The Minamas Environmental Policy encompasses all the various guidelines and checklists set in the abovementioned regulations to ensure strict adherence to the statutory requirements on all agro-management and environment sustainable practices in all the Group's estates and mills. This is regularly monitored and audited by the Plantation Advisory Department, the respective General Managers, the Plantation Operations Department and the Minamas Environment Protection Committee.

ECO-FRIENDLY AND SUSTAINABLE PLANTATION PRACTICES

Our eco-friendly practices are linked to the reduction of pollution, development of sustainable utilization of resources and preservation of biological diversity within our plantations and surrounding environment. Where required, appropriate measures are being undertaken to prevent the degradation of soil, water and atmosphere from the onset of new planting, harvesting, processing and bio-waste utilization in our palm oil operations.

For the year 2003, the Group continued its policy on zero burning and judicious spraying to contain soft vegetations in both low and hilly terrains. Except for the construction of new roads to facilitate crop evacuation and land clearing for new plantings, there has been minimal disturbances to the natural terrains and on soil degradation, in particular, our peat soil estates, waterways and catchment areas to maintain the vast biodiversities within their vicinities. This conservatory approach is basically to maintain secondary forests and reserves in strategic areas of our plantations to support many species of birds, primates, invertebrates and plants.

Leguminous cover crops were planted to enhance soil conservation and to recycle organic matter back to the soils. The introduction of barn owls to control rat population and planting of beneficial plants under the Integrated Pest Management Policy will further reduce the dependence on hazardous chemicals. Notwithstanding, the continued development of alternative pests and diseases controls, pesticides will continue to be in used in our plantations but selectively and prudently. The recycling of mill bio-wastes such as empty fruit bunches and palm-oil-mill effluent are another key factors to enhance the organic content and microbial activities of the soil. Almost 95% of the mill wastes are being utilized as land application in our plantations.

SAFETY AND HEALTH

The Group religiously believes that it is important for us to contribute to a positive development of the communities in which we operate in Indonesia. This inevitably includes a good working environment and measures to safeguard employees' health and safety to achieve our business targets. This is done by close collaboration and open dialogues with our employees, adjacent villagers and the local authorities to promote our policies as well as to iron out issues on potential health and environment problems.

The creation of awareness and compliance by the Group with regard to emission of smoke and other pollutants from our mills is minimized by using combustible materials to generate power and in the recycling processes of waste materials. The level of environmental noise permissible in our mills is also being governed by the various local Machinery and Inspection Acts.

Our employees are not only secured in terms of competitive salaries and working hours but also enhanced working and living conditions in accordance with good industry standards. We ensure all our employees are sufficiently equipped with necessary safety gears and equipments for the day-to-day operations coupled with regular medical check-ups. Efforts to ensure on the technical safety of our machineries and equipments are ongoing together with regular risk analysis, inspections and systematic maintenance schedules. This has been reflected on the number of major and near-miss accidents which have been very minimal to-date.

However, the Group sees that there is a continuous need for training and creating awareness to its 39,000 employees on the importance of safety and health, and also on the reporting of all accidents or deaths at work place. In this context and where required, new processes will be introduced to cater for better safety working conditions and healthy environment. This is expected to contribute positively to the Group's image and business success in Indonesia.

INFORMATION TECHNOLOGY



MIS & KM – THE MOVE FORWARD

Information Technology for the Group is undertaken by Management Information System & Knowledge Management (MIS & KM) Department. MIS & KM continues to provide its best services to the Kumpulan Guthrie Group's businesses and Divisions, strategically optimising on its dynamic support which was able to expand, leverage and unleash on a single point of contact pertaining to wide information reflecting on any IT matters groupwide.

For the past one year, MIS & KM Department's main aim is to ensure that the Group is on the right alignment at leveraging ICT to connect its entire business need. Congruently, the department dynamically progress at providing the businesses' and divisions' perception on the importance of ICT usage. Those formalised ICT policies and procedures, such as the Service Level Agreement (SLA) and End-User Computing, to name a few, which were committed to the entire Group users have certainly been able to accommodate and facilitate the quality of services provided by MIS & KM to their users. MIS & KM also supports improvement in the Group's IT business process. These involved the transformation of business processes, the way MIS & KM market and deliver the structure and goals of the enterprise, the dynamics as well as the competitive landscape as a whole.

At a glance, a snapshot on how many problems, glitches and those outstanding tasks interactively undertaken can be easily obtained with the link to their latest investment via the Help-Desk Management System (HMS). With the HMS, MIS & KM is more confident to be able to out lease the use of interactive ticketing and reporting tool, and easily zoom to minimise critical IT downtime that could impact and reduce cost involvement through servicing total cost of ownership within the Group.

In Minamas Plantation, the WAN link infrastructure had been actively extended, via high and fast bandwidth, covering Minamas' Head Office in Jakarta and connecting it to Pekan Baru and Banjarmasin regional offices using Very Small Aperture Terminal (VSAT) satellite link. The bandwidths utilised 128kbps to Banjarmasin and 64kbps to Pekan Baru respectively. Ultimately, the deployment of the high and fast WAN link will span reaching the entire estates in Indonesia. This would eventually allow a timely, secure and better data management to assist in the extraction of dynamic management reports on daily operations of each estate.

With this new approach, MIS & KM would be able to improve the process efficiencies and business performances by providing electronic interaction across the Group and enable the establishment of an integrated value chain of data sharing throughout the entire span of the Group's prominent systems covering finance, marketing, human resource, plantation and other business units.

Indeed, MIS & KM is anticipated not only to extend its services better, but also about extending its services differently. For the coming year, MIS & KM envisages that moving forward, it will introduce its intranet Web-site Homepage which will create an e-platform to enhance user relation and access to IT information widely and swiftly, like awareness on IT tips, education, technical notifications, single point of channeling and projects' progress status, and definitely many more.



HUMAN RESOURCE



THE GROUP HUMAN RESOURCE MANAGEMENT DIVISION OF KUMPULAN GUTHRIE BERHAD (“GUTHRIE”) SEEKS TO OPTIMISE THE EXISTING HUMAN RESOURCE OF THE GUTHRIE GROUP BY CONTINUING TO PLAY ITS ROLE AS A STRATEGIC PARTNER TOWARDS THE ATTAINMENT OF THE GROUP’S VISION, MISSION, GOALS AND OBJECTIVES THROUGH THE EMBARKMENT OF SEVERAL INITIATIVES AS ELABORATED BELOW.

PERFORMANCE MANAGEMENT SYSTEM ESTABLISHMENT

In 2003, the Guthrie Group continued to focus on the building of a performance-driven culture through the establishment of an integrated Performance Management System (“PMS”) – linking People, Strategy and Performance.

There were ongoing efforts to consolidate the processes and systems established in Phase 1, under the Strategic Management Initiative. The Strategic Plan for Plantation Business was enhanced by formalising the Environmental Analysis process (in relation to strengths, weaknesses, opportunities and threats) and focussing on the end-to-end value chain integration. It also incorporated action plans to mitigate risks identified in the Risk Register developed in 2002. In alignment with the directions set, Plantation Business of the Guthrie Group put into effect a new organisation structure effective from 1 November, 2003. Some of the key changes made were the creation of the position of Head, Plantation covering Malaysia and Indonesia. Another strategic change is the formalising of the existing Estate-Mill Liaison Committees into 14 Strategic Operating Units (“SOU”). The key objective of the new structure is to have better focus and clearer accountabilities for the management of the Plantation Value Chain and profitability of Plantation Business.

In the next stage of the PMS, the Guthrie Group moved on to establish the Performance Management & Development (“PMD”) system with the ultimate objective of ensuring that employees at every level develop objectives and measures which are aligned to the Group’s Strategic Goals and Objectives. A new performance appraisal system was adopted which is in line with ‘Performance Management Best Practices’.

The PMD system provides for the monitoring and tracking of individual performance whilst ensuring competency development are linked to key result areas and performance objectives. The system, once established will raise the competencies of the workforce and will be a key business tool to ensure talent retention.

human resource

In 2003, PMD training was undertaken, covering Senior Management and a total of 330 managers and executives in Plantation Division, Property Division and other Divisions/Departments at the Head Office, plus 125 junior staff in the Property Division.

COMPETENCY STANDARDS ESTABLISHMENT

The Guthrie Group continued to maintain the thrust to develop Management and Functional Competency Standards for identified job groups. This will provide the framework for an increasing number of competency-based HR systems and processes such as training needs analysis, selection and promotion, training curriculum and modules development. The approach adopted in the development of the competency standards is to involve the line management to ensure relevance and a sense of ownership for effective implementation.

The Management Competency Framework and Standards for Managers and Executives, applicable Group-wide, were established in 2003. Plantation Division (Malaysia) completed the Functional Competency Standards on General Maintenance of Mature Oil Palm, together with the Competency Assessment Tools. Engineering & Mills Services Division subsequently developed the Palm Oil Mill Operations Competency Framework and Standards. The Competency Standards established are being adopted by Plantation Division (Indonesia) after due customisation.

OPERATIONAL EFFICIENCY ENHANCEMENT

Greater focus was given to formalising and reviewing existing business processes in Plantation Business, both in Malaysia and Indonesia, Property Division as well as in Corporate Divisions. Business Process Mapping projects were undertaken as part of the Group's commitment to continuous improvement whilst providing the basis for identification of user requirements in the selection and development of IT systems.

Having identified Customer Relationship Management ("CRM") as a critical strategy, Property Division initiated efforts to establish a CRM Business System, commencing in February 2003. Customer-related business processes were reviewed, designed and developed, to be followed up with the implementation of an IT system as an enabler. Customer Service Excellence training involving Managers, Executives and Staff was organised in May/June 2003 to develop customer-care competencies and awareness.

EMPLOYEE DEVELOPMENT PROGRAMMES

Developmental programmes and in-house seminars were conducted in the Group on an ongoing basis for various

levels of employees. Foundation programmes like the Basic Estate Supervisory programme and induction programme for mill engineers were also successfully organised.

In line with the Group's focus on people development, executives and staff members attended various public courses and conferences such as the International Palm Oil Congress organised by the Malaysian Palm Oil Board, for technical updates as well as for networking within the industry.

A total of nine (9) Welfare/Medical programmes and Community Development projects were successfully co-organised at various Installations of the Group by the Guthrie Learning Centre together with various Medical Associations/Government Agencies in 2003. These activities were very well received and proved to be highly beneficial to our employees, particularly for staff, workers and their dependents. Apart from the specific programmes, there were ongoing counselling sessions and skills training projects such as handicraft/tailoring classes for workers and dependents for income enhancement.

EMPLOYEE BENEFITS

In July 2003, Kumpulan Guthrie Berhad launched a Second Employees' Share Option Scheme (ESOS) with enhanced features, which received positive feedback from employees. Group-wide briefing sessions on the EPF scheme were also organised to ensure employees are well informed about the benefits and services provided as well as their obligations as contributors. In the Industrial Relations section, Collective Agreement between Guthrie Industries Malaysia Sdn. Berhad and the Machinery Manufacturing Employees' Union was concluded and the signing ceremony held in December 2003.

EMPLOYEE STRENGTH

As at December 2003, the Guthrie Group's employee strength, with the inclusion of Plantation (Indonesia), increased to a total of 60,402, comprising 860 executives, 3,330 support staff and 56,212 workers.



COMMUNITY CARELINE



NATIONAL DAY PARADE – 31 AUGUST 2003

Responsible Corporate Citizens March – Some 107 loyal Guthriens participated in the 46th Merdeka Day Parade dressed in our corporate red and white colours that represent bravery and transparency. Kumpulan Guthrie Berhad participated in the parade under the Ministry of Agriculture banner.

CHILD DEVELOPMENT INITIATIVE PROJECT

On 24 January 2003 and 28 February 2003, our Plantation Training Centre hosted a Child Development Initiative Programme for 9 Primary Schools (SRJK Tamil) situated on our Group's estates in the Negeri Sembilan Region and 3 schools from our neighbouring estates.

Eighty-six (86) persons participated, comprising 3 pupils from each school, parents and teachers. Six (6) officers from the Ministry of Welfare & National Unity facilitated the programme.

The project was carried out in the interest of the children from the plantation community, based on the Convention and UN's International Human Rights Treaty for young people called "The Rights Of The Child".



GRADUATION OF THE 17TH RJD PROGRAMME

Fifteen (15) youths who completed their seven-month intensive training in "Apprenticeship in Wood-based Industry (Furniture)", received their certificates from the then Group Chief Executive, YBhg. Tan Sri Dato' Abdul Khalid Ibrahim. They were from the 17th batch of the "Rakan Jayadiri (RJD)" programme or Partners in Self-reliance, an ongoing programme (related to education and youth development) undertaken by Yayasan Guthrie. The 17th RJD programme, undertaken in collaboration with Majlis Amanah Rakyat (MARA), was for the benefit of the vendors, under the "Konsep Payung", managed by Guthrie Furniture Sdn. Berhad.

The RJD Programme, since its launch in 1995, has benefitted more than 200 rural and underprivileged youths through special skills and training. A number of those who graduated earlier are being employed by the Guthrie Group.



PEMUDA MANDIRI MINAMAS BERWAWASAN TINGGI

YBhg. Tan Sri Dato' Abdul Khalid Ibrahim attended the graduation of the 2nd Self-Reliance programme for youth called "Program Pemuda Mandiri (PPM)", at the Sukumandang Training Centre in Kalimantan Tengah. The 2nd PPM's students, who came from the family members of employees of Minamas Plantation, are trained in computer softwares and hardwares.

The *Pemuda Mandiri* Programme, which was launched in Indonesia in 2002, a youth development programme, is similar to the Malaysian *Rakan Jayadiri* Programme.

INTRODUCTORY COURSE ON OCCUPATIONAL SAFETY & HEALTH

An introductory course on 'Occupational Safety & Health was conducted at the Plantation Training Centre, Sua Betong Estate on 24 February 2003. Ladang Sua Betong was chosen as the area for the walk through survey/hazard identification. The course was conducted so that participants could recognise and anticipate the likely hazards arising from their workplace or out of their work that may impair health or cause injury or significant discomfort and inefficiency as well as to assess the risk, i.e. how likely is it to cause harm, how serious would the consequences be, the cost, etc. with the view to prevent/protect workers from occupational hazards and risks in their employment. The objective of the course is to promote and maintain physical, mental and social well-being of workers.



values empower guthrie

MUANG MAI BAGS ISO9001-2000 CERTIFICATION

9 June 2003

Muang Mai Guthrie Co. Ltd ("MMG") marked yet another milestone in their short but illustrious history when they were presented with their ISO9001-2000 certificate at a leading hotel in Phuket, Thailand on 9 June 2003. Both MMG's factories in Phuket were certified by French accreditation company, Bureau Veritas Quality International, represented by Melodie Levevre, at the presentation ceremony.



MALAYSIAN PALM OIL BOARD (MPOB) NURSERY CERTIFICATES OF COMPETENCY

1 September 2003

Ladang Sengkang, Ladang Tanah Merah and Ladang Siliau were each awarded the Oil Palm Nursery Certificate of Competency by MPOB for the period from 1 September 2002 to 31 August 2004. Ladang Ulu Remis and Ladang Bukit Asahan were also awarded with similar awards for the period from 1 December 2002 to 31 August 2004, and from 1 February 2004 to 31 January 2006 respectively. All the estates had been examined by MPOB in respect of all aspects of infrastructure, facilities and nursery practices, and they were found to have achieved high standards of competency.

v a l u e s
empower

GUTHRIE

ESTATE/MILL LIAISON ("EML") AWARD FOR YEAR 2002

14 September 2003

Minamas Plantation, Indonesia was awarded EML Award for Year 2002 for achieving the highest Oil Extraction Rate (OER) during the whole of year 2002.





NACRA AWARD
4 December 2003

Kumpulan Guthrie Berhad’s Annual Report for 2002 won the National Corporate Report Award (NACRA) 2003 Industry Excellence Award for Main Board companies in the Plantations & Mining Sector category and also Best Annual Report in Bahasa Malaysia. The awards were presented by Yang Berhormat Tan Sri Muhyiddin Mohd. Yasin, the then Minister of Domestic Trade and Consumer Affairs on 4 December 2003 at the Palace of the Golden Horses Hotel.

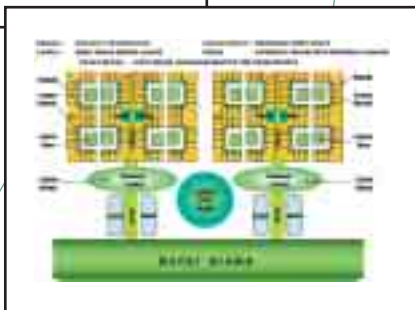
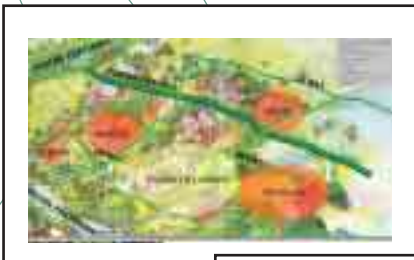
The theme of our 2002 Annual Report, “Success & Synergy”, stressed on the commitment of the employees that move the Group towards success through their Synergy within plantation activities involving estates and mills; among various group activities including plantation, property and manufacturing; and between management and staff.

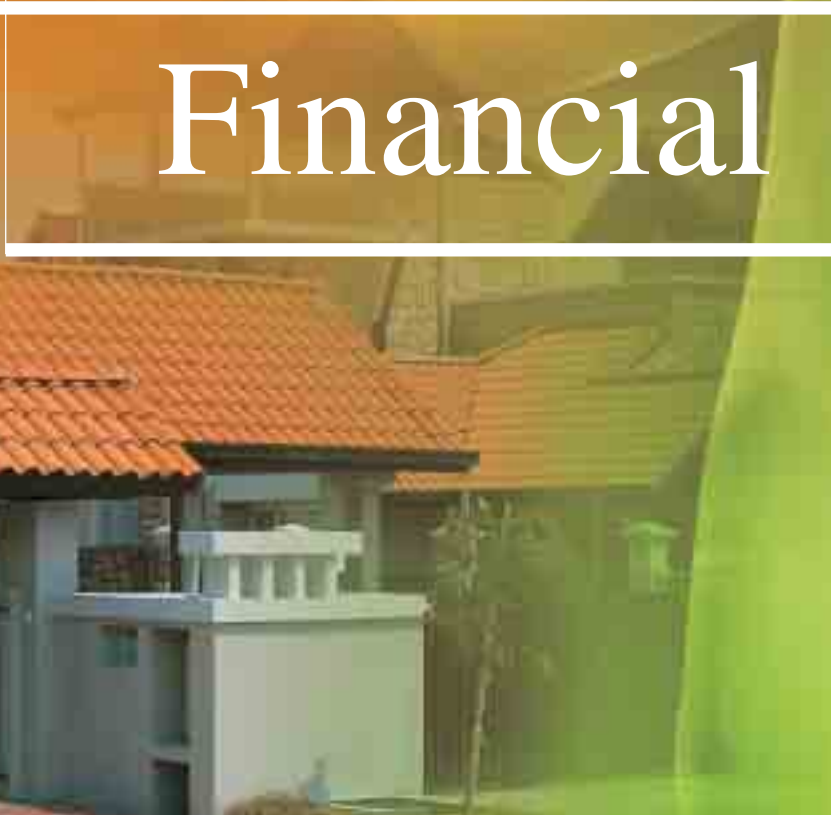


MALAYSIAN INSTITUTE OF PLANNERS’ PLANNING INNOVATION AWARD
December 2003

A character unique with every home built by Guthrie Property Development Holding Berhad has been acknowledged yet again. The eagerly awaited Denai Bukit Subang 2, which combines tradition and refinement of a country lifestyle, has won the coveted Malaysian Institute of Planners’ (“MIP”)’s Planning Innovation Award.

Against stiff competition, the Denai planned community development won the hearts of the MIP’s panel of judges for its grace and charm in the overall design of the development built with a unique “off-street” trail that connects the residents with community facilities and the cluster of homes in Bukit Subang 2. The development, designed to promote intra-and inter-neighbourhood relationship, is connected by an extensive network of the Denai (30-metre wide path) which eliminates the need among the community to travel using cars or vehicles.





Financial