

Company No : 990707-V

166301 England

Directors' Report & Audited Accounts

***THE PATALING RUBBER
ESTATES, LIMITED***

30 June 1999

 **ERNST & YOUNG**

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Company No: 990707-V

THE PATALING RUBBER ESTATES, LIMITED
(Incorporated in England)

DIRECTORS

Dr. Radzuan bin Abdul Rahman - Chairman
Mohd Zulkifli bin Itam

SECRETARY AND AGENT

Golden Hope Plantations Berhad,
13th Floor, Menara PNB,
No. 201-A, Jalan Tun Razak,
50400 Kuala Lumpur,
Malaysia.

REGISTERED OFFICES

United Kingdom:
One Great Tower Street,
London EC3R 5AH.

Malaysia:
13th Floor, Menara PNB,
No. 201-A, Jalan Tun Razak,
50400 Kuala Lumpur.

REGISTERED NUMBER

166301 England

AUDITORS

Ernst & Young

Company No: 990707-V

THE PATALING RUBBER ESTATES, LIMITED
(Incorporated in England)

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the Seventy-Ninth Annual General Meeting of THE PATALING RUBBER ESTATES, LIMITED will be held at the Board Room, 13th Floor, Menara PNB, No. 201-A, Jalan Tun Razak, 50400 Kuala Lumpur on 14th September, 1999 at 9.25 a.m. for the following purposes:

1. To receive and consider the Report of the Directors, the Audited Accounts for the year ended 30th June, 1999 and the Report of the Auditors.
2. To re-elect Mohd Zulkifli bin Itam as Director pursuant to Article 95 of the Company's Articles of Association.
3. To declare a final dividend for the financial year ended 30th June, 1999.
4. To re-appoint Messrs. Ernst & Young as the Company's auditors and to authorise the Directors to fix their remuneration.
5. To transact any other ordinary business of the Company of which due notice has been received.

By Order of the Board,

GOLDEN HOPE PLANTATIONS BERHAD

Secretary

13th Floor, Menara PNB,
No. 201-A, Jalan Tun Razak,
50400 Kuala Lumpur,
Malaysia.
12th August, 1999

A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote in his stead. A proxy need not be a member but, except in the case of a proxy for a corporate member, is not entitled to vote except on a poll.

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THE PATALING RUBBER ESTATES, LIMITED
(Incorporated in England)

REPORT OF THE DIRECTORS

The Directors have pleasure in presenting their Report and the Audited Accounts for the year ended 30th June, 1999.

The accounts are presented in Malaysian Ringgit. The Directors are of the opinion that as the Company is principally operating in Malaysia, the accounts should reflect its functional currency.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The Company carries on the business of the production and manufacture of rubber, palm oil, palm kernel, cocoa and copra. The Company also manufactures, on a toll processing basis, refined palm oil, which is exported. There have been no significant changes in the nature of these activities during the year.

The Company recorded a turnover of RM155.89 million for the year ended 30th June, 1999 which was an increase of RM32.36 million or 26.20% compared to RM123.53 million achieved in the previous financial year. This was due mainly to better selling prices. In line with the increase in turnover, profit improved by RM25.72 million or 53.14% from last year's RM48.39 million.

The Company has ceased operations effective 1st July, 1999 arising from the reorganisation scheme, the details of which are disclosed under Significant Event on page 4.

ACCOUNTS

	RM
Profit before taxation	74,105,975
Taxation	820,381
Profit after taxation	74,926,356
Retained profit brought forward	509,605,151
	584,531,507
Dividend	(7,472,504)
	577,059,003
Transfer to revaluation reserve	(13,047,520)
Retained profit carried forward	564,011,483

DIVIDENDS

A final dividend of 160 sen per share of 10 pence each (less tax) amounting to RM37,362,522 proposed in the previous financial year and dealt with in the previous Directors' Report was paid by the Company during the current financial year.

Company No: 990707-V

DIVIDENDS (CONTD.)

The Directors have proposed a final dividend of 32 sen per share of 10 pence each (less tax) amounting to RM7,472,504 to be paid on 11th October, 1999 for the year ended 30th June, 1999.

FIXED ASSETS

Capital expenditure on buildings, equipment, etc. amounted to RM4,281,941 and RM5,677,158 was spent on the planting programme, including upkeep of immature areas.

The total amount in respect of area cut-out and replanting expenditure charged to the profit and loss account was RM12,802,953.

SIGNIFICANT EVENT

The Company was involved in an internal reorganisation scheme of its plantation business, announced on the 26th April, 1999 by its intermediate holding company, Golden Hope Plantations Berhad. Under the reorganisation scheme, the plantation land, business, assets and investments of the Company will be transferred to Golden Hope Plantations (Peninsular) Sdn. Bhd. (formerly known as Barlow Plantations Sdn. Bhd.). The consideration for the transfer is to be determined by reference to the net book value at 30th June, 1999 in exchange for new shares to be issued at par. The reorganisation scheme was effective from 1st July, 1999.

The reorganisation scheme was approved by the Foreign Investment Committee (FIC) and Securities Commission (SC) on 19th April, 1999 and 27th April, 1999 respectively. The Inland Revenue Board has granted an exemption from real property gains tax in respect of the entire proposed reorganisation scheme in its letter dated 18th December, 1998.

DIRECTORS

The names of the Directors of the Company in office since the date of the last report and at the date of this report are:

Dr. Radzuan bin Abdul Rahman - Chairman

Mohd Zulkifli bin Itam

Dato' Abd. Wahab bin Maskan

Datuk Abdul Rahman bin Ramli

(Appointed on 30.7.99)

(Resigned on 30.7.99)

(Retired on 31.3.99)

DIRECTORS (CONTD.)

At the end of the financial year, the following Directors had an interest in the shares of Golden Hope Plantations Berhad (Golden Hope), an intermediate holding company and options over the shares of Golden Hope, pursuant to the Employees' Share Option Scheme ("ESOS") of Golden Hope, the terms of which are disclosed in the Directors' Report of that company:-

	<u>Number of ordinary shares of RM1 each</u>		
	<u>As at</u> <u>1.7.98</u>	<u>Bought</u> <u>During the financial year</u>	<u>Sold</u> <u>As at</u> <u>30.6.99</u>
<u>Golden Hope Plantations Berhad</u>			
Dr. Radzuan bin Abdul Rahman	100,000	42,000	-
Dato' Abd. Wahab bin Maskan	5,000	-	-

	<u>Options over ordinary shares of RM1 each</u>		
	<u>As at</u> <u>1.7.98</u>	<u>Granted</u>	<u>Exercised/</u> <u>Lapsed</u> <u>As at</u> <u>30.6.99</u>
Dr. Radzuan bin Abdul Rahman	-	210,000	42,000
Dato' Abd. Wahab bin Maskan	-	500,000	-

YEAR 2000 (Y2K) COMPLIANCE

Measures have been taken since 1997 by the Company to address the Y2K issue under the supervision of the Information Technology Steering Committee. Hardware and software have been tested by both the vendors and our internal personnel to ensure compliance. At present, more than 90% of our critical business application systems are Y2K compliant.

The Company has also embarked on a programme to assess the risk of any system failure and develop contingency plans, where necessary, to mitigate potential risks. At this point in time, the Company is not aware of any uncertainties that may have a material impact on the Company's future operational functionality.

AUDITORS

A resolution for the re-appointment of Ernst & Young as auditors will be proposed at the Annual General Meeting.

By Order of the Board,



NORLIN BINTI ABDUL SAMAD

Secretary

12th August, 1999

Company No: 990707-V

THE PATALING RUBBER ESTATES, LIMITED
(Incorporated in England)

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE
ACCOUNTS**

Company law requires the Directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year. In preparing those accounts, the Directors are required to:

- o select suitable accounting policies and then apply them consistently;
- o make judgements and estimates that are reasonable and prudent; and
- o prepare the accounts on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors confirm that the accounts comply with the above requirements.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the accounts comply with the Companies Act, 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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REPORT OF THE AUDITORS TO THE MEMBERS OF

THE PATALING RUBBER ESTATES, LIMITED
(Incorporated in England)

We have audited the accounts on pages 9 to 20 which have been prepared under the historical cost convention modified by the revaluation of freehold estate property and on the basis of the accounting policies set out on pages 11 and 12.

Respective responsibilities of directors and auditors

As described on page 6, the Company's Directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

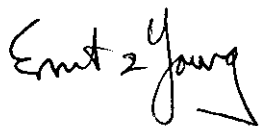
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Company No: 990707-V

REPORT OF THE AUDITORS TO THE MEMBERS OF
THE PATALING RUBBER ESTATES, LIMITED (CONTD.)
(Incorporated in England)

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the Company as at 30th June, 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act, 1985.

A handwritten signature in black ink, appearing to read 'Ernst & Young', with a stylized flourish at the end.

ERNST & YOUNG
Registered Auditor

12th August, 1999

THE PATALING RUBBER ESTATES, LIMITED
(Incorporated in England)

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE, 1999

	Note	<u>1999</u> RM	<u>1998</u> RM
TURNOVER	3	155,889,981	123,532,522
COST OF SALES		(76,186,279)	(68,696,441)
GROSS PROFIT		79,703,702	54,836,081
ADMINISTRATIVE EXPENSES		(15,434,087)	(14,024,861)
		64,269,615	40,811,220
OTHER OPERATING INCOME		2,202,150	3,172,962
OPERATING PROFIT	4	66,471,765	43,984,182
INVESTMENT INCOME	6	599,518	2,862,788
EXCEPTIONAL ITEM	7	7,034,692	1,542,335
PROFIT BEFORE TAXATION		74,105,975	48,389,305
TAXATION	8	820,381	(13,354,547)
PROFIT AFTER TAXATION		74,926,356	35,034,758
RETAINED PROFIT BROUGHT FORWARD		509,605,151	508,530,806
		584,531,507	543,565,564
DIVIDEND	9	(7,472,504)	(37,362,522)
		577,059,003	506,203,042
(TRANSFER TO REVALUATION RESERVE)/ TRANSFER UPON REALISATION OF REVALUED ASSETS		(13,047,520)	3,402,109
RETAINED PROFIT CARRIED FORWARD		564,011,483	509,605,151

There are no recognised gains and losses other than the profit for the year.

The notes on pages 11 to 20 form part of the accounts.

THE PATALING RUBBER ESTATES, LIMITED
(Incorporated in England)

BALANCE SHEET AS AT 30TH JUNE, 1999

	Note	<u>1999</u> RM	<u>1998</u> RM
FIXED ASSETS			
Tangible fixed assets	10	233,648,392	225,634,987
Investments	11	<u>6,604,653</u>	<u>6,604,653</u>
		240,253,045	232,239,640
CURRENT ASSETS			
Stocks	12	<u>6,575,321</u>	<u>4,870,418</u>
Debtors	13	<u>893,497,369</u>	<u>829,002,812</u>
Cash and bank balances		<u>292,515</u>	<u>15,003</u>
		900,365,205	833,888,233
CREDITORS			
Amounts falling due within one year	14	<u>385,746,203</u>	<u>377,721,433</u>
NET CURRENT ASSETS		<u>514,619,002</u>	<u>456,166,800</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		754,872,047	688,406,440
PROVISION FOR LIABILITIES AND CHARGES	15	<u>2,873,236</u>	<u>3,861,481</u>
		<u>751,998,811</u>	<u>684,544,959</u>
CAPITAL AND RESERVES			
Share capital	16	27,803,624	27,803,624
Revaluation reserve	17	160,183,704	147,136,184
Profit and loss account	17	<u>564,011,483</u>	<u>509,605,151</u>
		<u>751,998,811</u>	<u>684,544,959</u>



MOHD ZULKIFLI BIN ITAM
Director
Kuala Lumpur, Malaysia
12th August, 1999

The notes on pages 11 to 20 form part of the accounts.

THE PATALING RUBBER ESTATES, LIMITED
(Incorporated in England)

NOTES TO THE ACCOUNTS - 30TH JUNE, 1999

1. BOOKS OF ACCOUNT

The books of account of the Company are maintained in Malaysian Ringgit.

2. ACCOUNTING POLICIES

(a) Basis of Accounting

The accounts are prepared under the historical cost convention modified to include the revaluation of certain estates, and in accordance with applicable accounting standards.

(b) Tangible Fixed Assets and Depreciation

Certain estates are stated at 1982 valuation, with subsequent additions stated at cost. All other fixed assets are stated at cost less accumulated depreciation.

- (i) Estates are on freehold and long leasehold land. No provision is made for amortisation of estates.

Expenditure on new planting and upkeep of trees to maturity is capitalised.

Replanting expenditure and planted area cut-out are charged to the profit and loss account.

- (ii) Buildings, equipment, etc. are depreciated on a straight line basis to write-off their cost over the period of their estimated useful lives.

The periods applied are as follows:

Buildings	10 to 25 years
Machinery and Equipment	7 to 10 years
Vehicles	3 years
Furniture	10 to 15 years

(c) Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for any obsolete or slow moving items. Cost of produce stocks comprises ex-estate costs and a proportion of head office costs, determined on an average basis. Cost of stores and materials are determined on a weighted average basis.

2. ACCOUNTING POLICIES (CONTD.)

(d) Foreign Currencies

Transactions in foreign currencies are recorded in Malaysian Ringgit at rates ruling at transaction dates or at contracted rates where applicable. Outstanding balances at the balance sheet date are reported at rates then ruling or at contracted rates. All exchange differences arising therefrom are included in the profit and loss account.

(e) Deferred Taxation

Deferred taxation is provided on the liability method in respect of timing differences between profit as computed for taxation purposes and profit as stated in the accounts, except to the extent that the deferral can be expected to continue for the foreseeable future. Where such timing differences result in net deferred tax benefits, such benefits are not accounted for.

(f) Research and Development

Expenditure on research and development is written off in the profit and loss account in the year in which it is incurred.

(g) Receipts from Replanting Cess Refunds

Credit is taken only for sums received during the year.

(h) Retirement Benefits

Contributions to the employees' statutory provident fund are provided for as and when they arise. Other retirement benefits are charged to the profit and loss account as and when paid.

3. TURNOVER

Turnover represents the invoiced value of plantation produce and refined palm oil sold and is attributable to discontinued activities.

The Company operates in four principal areas of activities, that of palm products, rubber, cocoa and copra. It operates within one geographical market, Malaysia.

3. TURNOVER (CONTD.)

Analysis of turnover by activity:

	<u>1999</u>	<u>1998</u>
	RM	RM
Palm products	143,854,522	107,237,493
Rubber	10,496,421	14,841,149
Cocoa and copra	1,539,038	1,453,880
	<u>155,889,981</u>	<u>123,532,522</u>

4. OPERATING PROFIT

This is arrived at after charging/(crediting):

Planted area cut-out	7,771,954	4,379,218
Replanting expenditure	5,030,999	5,320,716
Depreciation (Note 10)	4,739,179	4,592,014
Auditors' remuneration	30,000	30,000
Management fee payable to Golden Hope Plantations Berhad	2,467,427	5,722,975
Brokerage fee payable to Golden Hope Plantations Berhad	3,824,283	-
(Gain)/Loss on disposal of tangible fixed assets	(26,524)	1,863
Rental income	(49,673)	(33,520)
	<u></u>	<u></u>

The Directors received no remuneration during the year (1998:nil).

5. EMPLOYEES

Staff costs during the year:

Wages and salaries	16,209,005	18,849,448
Social security and pension costs	2,070,042	1,916,844
	<u>18,279,047</u>	<u>20,766,292</u>

5. EMPLOYEES (CONTD.)

	<u>1999</u> Numbers	<u>1998</u> Numbers
The average weekly number of persons employed during the year was:		
Management	38	68
Non-executive staff	148	216
Estate workers	2,047	2,017
	<u>2,233</u>	<u>2,301</u>

6. INVESTMENT INCOME

	<u>1999</u> RM	<u>1998</u> RM
Dividends (gross) from investments:		
Quoted shares:		
Malaysia	121,601	1,216,872
Unquoted shares:		
Related companies	477,917	1,645,916
	<u>599,518</u>	<u>2,862,788</u>

7. EXCEPTIONAL ITEM

Surplus on disposal of estate land net of Real Property Gains Tax	<u>7,034,692</u>	<u>1,542,335</u>
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8. TAXATION

Malaysian taxation based on results for the year:

- Current	167,864	13,500,049
- Deferred	(988,245)	-
	<u>(820,381)</u>	<u>13,500,049</u>
Deferred tax written back as a result of change in statutory tax rate	-	(145,502)
	<u>(820,381)</u>	<u>13,354,547</u>

8. TAXATION (CONTD.)

The effective tax rate of the Company is lower than the statutory tax rate because of the tax waiver of 1999 income as provided in the Income Tax (Amendment) Act 1999. The tax charge for the Company relates mainly to taxable dividends receivable and write back of deferred taxation.

9. DIVIDEND

	<u>1999</u>		<u>1998</u>	
	<u>Sen</u> <u>per share</u> <u>(Gross)</u>	<u>RM</u> <u>(Net)</u>	<u>Sen</u> <u>per share</u> <u>(Gross)</u>	<u>RM</u> <u>(Net)</u>
Proposed final dividend to be paid on 11th October, 1999	32	7,472,504	160	37,362,522

The dividend is stated net of Malaysian income tax at 28% (1998: 28%).

10. TANGIBLE FIXED ASSETS

	<u>Estates</u> <u>RM</u>	<u>Buildings</u> <u>RM</u>	<u>Equipment,</u> <u>etc.</u> <u>RM</u>	<u>Total</u> <u>RM</u>
Cost or Valuation				
At beginning of year	202,911,003	18,711,795	56,008,904	277,631,702
Additions	5,677,158	1,195,701	3,086,240	9,959,099
Adjustment for revocation of sale of estates	65,752,149	-	-	65,752,149
Disposals	(62,671,430)	(951,775)	(1,320,843)	(64,944,048)
Intercompany transfers	-	-	(170,665)	(170,665)
At end of year	211,668,880	18,955,721	57,603,636	288,228,237
Accumulated Depreciation				
At beginning of year	-	7,984,689	44,012,026	51,996,715
Charge for the year	-	1,603,040	3,136,139	4,739,179
Disposals	-	(772,032)	(1,262,597)	(2,034,629)
Intercompany transfers	-	-	(121,420)	(121,420)
At end of year	-	8,815,697	45,764,148	54,579,845

10. TANGIBLE FIXED ASSETS (CONTD.)

	<u>Estates</u> RM	<u>Buildings</u> RM	Equipment, <u>etc.</u> RM	<u>Total</u> RM
Net Book Value				
At 30th June, 1999	211,668,880	10,140,024	11,839,488	233,648,392
At 30th June, 1998	202,911,003	10,727,106	11,996,878	225,634,987
Depreciation charge for 1998	-	1,675,284	2,916,730	4,592,014

Analysis of Cost and Valuation

At 30th June, 1999

At cost	82,358,388	18,955,721	57,603,636	158,917,745
At 1982 valuation	129,310,492	-	-	129,310,492
	211,668,880	18,955,721	57,603,636	288,228,237

At 30th June, 1998

At cost	22,907,688	18,711,795	56,008,904	97,628,387
At 1982 valuation	180,003,315	-	-	180,003,315
	202,911,003	18,711,795	56,008,904	277,631,702

	<u>1999</u> RM	<u>1998</u> RM
Estates comprise:		
Land:		
- Freehold	133,467,040	125,917,044
- Long leasehold	18,957,302	18,957,302
Development expenditure	59,244,538	58,036,657
	211,668,880	202,911,003

11. INVESTMENTS

	<u>1999</u>	<u>1998</u>
	RM	RM
Related companies		
Unquoted shares, at cost	6,276,618	6,276,618
Quoted in Malaysia, at cost	328,035	328,035
(Market valuation - RM9,736,896; 1998 - RM9,493,736)		
	<u>6,604,653</u>	<u>6,604,653</u>

Details of investments in which the Company holds more than 10% of the nominal value of any class of share capital are as follows:

<u>Company</u>	<u>Country of incorporation</u>	<u>1999</u>	<u>1998</u>
		%	%
Golden Hope Latex Sdn. Bhd.	Malaysia	35.8	35.8
Sabah Plantations Limited	England	10.6	10.6
Chermang Development (Malaya) Sdn. Berhad	Malaysia	10.4	10.4

12. STOCKS

	<u>1999</u>	<u>1998</u>
	RM	RM
Produce stocks	4,802,383	2,165,236
Stores and materials	1,772,938	2,705,182
	<u>6,575,321</u>	<u>4,870,418</u>

13. DEBTORS

Trade	1,177,514	1,249,390
Others	2,593,843	2,307,093
Amounts owing by related companies	889,597,911	824,451,350
Dividends receivable	128,101	994,979
	<u>893,497,369</u>	<u>829,002,812</u>

14. CREDITORS

	<u>1999</u>	<u>1998</u>
	RM	RM
Amounts falling due within one year:		
Trade	142,893	523,386
Others	7,071,628	6,958,044
Social security and pension costs	585,230	517,334
Sundry accruals	4,148,442	9,692,487
Amount owing to holding company	294,120,826	256,758,304
Amounts owing to related companies	59,681,588	42,954,304
Taxation	12,523,092	22,955,052
Proposed dividend	7,472,504	37,362,522
	<u>385,746,203</u>	<u>377,721,433</u>

15. PROVISION FOR LIABILITIES AND CHARGES

Deferred taxation

At beginning of year	3,861,481	4,006,983
Write-back during the year	(988,245)	-
Adjustment for change in statutory tax rate	-	(145,502)
At end of year	<u>2,873,236</u>	<u>3,861,481</u>
Deferred taxation arising from:		
- Capital allowances	3,534,956	4,523,201
- Other timing differences	(661,720)	(661,720)
	<u>2,873,236</u>	<u>3,861,481</u>

The revaluation of estates does not constitute a timing difference, and therefore, no provision for deferred taxation in this respect has been made.

16. SHARE CAPITAL

	<u>1999</u>	<u>1998</u>
	£	£
Authorised:		
40,000,000 shares of 10 pence each	<u>4,000,000</u>	<u>4,000,000</u>

16. SHARE CAPITAL (CONTD.)

	<u>1999</u>	<u>1998</u>
	RM	RM
Issued and fully paid:		
32,432,745 shares of 10 pence each	27,803,624	27,803,624

17. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	<u>Share Capital</u>	<u>Revaluation Reserve</u>	<u>Profit and Loss Account</u>	<u>Total</u>
	RM	RM	RM	RM
At 1st July, 1997	27,803,624	150,538,293	508,530,806	686,872,723
Profit for the year	-	-	35,034,758	35,034,758
Dividend	-	-	(37,362,522)	(37,362,522)
Transfer upon realisation of revalued assets	-	(3,402,109)	3,402,109	-
At 1st July, 1998	27,803,624	147,136,184	509,605,151	684,544,959
Profit for the year	-	-	74,926,356	74,926,356
Dividend	-	-	(7,472,504)	(7,472,504)
Transfer to revaluation reserve	-	13,047,520	(13,047,520)	-
At 30th June, 1999	27,803,624	160,183,704	564,011,483	751,998,811

Based on the estimated tax credit available, approximately RM12,159,000 of the Company's retained profit is available for distribution by way of dividends without incurring additional tax liability. In addition, subject to agreement by the Inland Revenue Board, the Company has a tax exempt account balance arising out of the 1999 tax waiver available for distribution as tax exempt dividends of approximately RM70,408,500.

18. CAPITAL COMMITMENTS

	<u>1999</u>	<u>1998</u>
	RM	RM
Authorised capital expenditure not provided for in the accounts:		
Contracted for	32,500	-
Not contracted for	18,282,767	13,544,708

19. SIGNIFICANT RELATED PARTY TRANSACTIONS

	<u>1999</u>	<u>1998</u>
	RM	RM
Significant related party transactions are:		
Sales to related companies	118,583,062	82,419,759
Purchases from related companies	18,338,070	7,882,285
Toll processing fees payable to related companies	4,252,622	3,333,809
Sales of estate land to related companies	232,100,000	-
Management fee payable to Golden Hope Plantations Berhad	2,467,427	5,722,975
Brokerage fee payable to Golden Hope Plantations Berhad	3,824,283	-
Revocation of sale by a related company	240,306,400	-

The Directors of the Company are of the opinion that related party transactions are in the normal course of business and at terms mutually agreed between the parties concerned.

20. HOLDING AND RELATED COMPANIES

The holding company is Malaysian Estates PLC, a company incorporated and registered in England. Malaysian Estates PLC is in turn a wholly-owned subsidiary of Golden Hope Plantations Berhad, a company incorporated and registered in Malaysia. The ultimate holding company is Yayasan Pelaburan Bumiputra, a company incorporated and registered in Malaysia, limited by guarantee.

Related companies refer to companies within the Golden Hope Plantations Berhad group of companies.

The largest group in which the results of the Company are consolidated is that headed by Golden Hope Plantations Berhad. The smallest group in which they are consolidated is that headed by Malaysian Estates PLC. Copies of its group accounts, which include the company are available from 13th Floor, Menara PNB, No.201-A, Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia.