

THE PATALING RUBBER ESTATES, LIMITED (166301)
(Incorporated in England)

Directors' Report and Audited Accounts

30 June 2004



Company No: 166301

THE PATALING RUBBER ESTATES, LIMITED
(Incorporated in England)

DIRECTORS

Kasmuri bin Sukardi
Mary Lina Sii Mei Kui

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:
400, Capability Green,
Luton, Bedfordshire,
LU13LU.

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

REGISTERED NUMBER

166301 England

AUDITORS

Ernst & Young LLP
1 More London Place
London SE1 2AF

Company No: 166301

THE PATALING RUBBER ESTATES, LIMITED
(Incorporated in England)

DIRECTORS' REPORT

The Directors present their report and the audited accounts for the year ended 30 June 2004.

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 ACTIVITY

The Company ceased operations with effect from 1 July 1999. The Company derived rental income from the leasing of its freehold land to a related company.

RESULTS

	<u>RM</u>
Loss on ordinary activities after tax	(5,354,183)
Retained profit brought forward	470,292,487
Retained profit carried forward	464,938,304

The other operating income derived from rental income.

DIVIDENDS

No final dividend is recommended by the Directors for the year.

Company No: 166301

THE PATALING RUBBER ESTATES, LIMITED
(Incorporated in England)

DIRECTORS

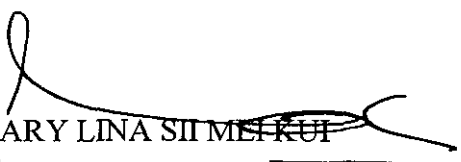
The names of the Directors of the Company in office since the date of the last report and at the date of this report are:

Kasmuri bin Sukardi
Mary Lina Sii Mei Kui

AUDITORS

The auditors, Ernst & Young LLP, have expressed their willingness to continue in office and a resolution for the re-appointment will be proposed at the Annual General Meeting.

By Order of the Board,


MARY LINA SII MEI KUI
Director

28 JUL 2005

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 state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; 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 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 taking reasonable steps to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The Directors confirm that they have complied with these requirements and having a reasonable expectation that the company has, or has access within the Golden Hope Plantations Berhad Group to, adequate resources to continue in operational existence for the foreseeable future, continue to adopt the going concern basis in preparing the accounts.

Company No: 166301

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

**THE PATALING RUBBER ESTATES, LIMITED
(Incorporated in England)**

We have audited the accounts for the year ended 30 June 2004 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes 1 to 13. These accounts have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act, 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditors

As described in the Statement of Directors' Responsibilities, the Company's Directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act, 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the accounts, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and transactions with the Company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Company No: 166301

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

THE PATALING RUBBER ESTATES, LIMITED (CONT'D.)
(Incorporated in England)

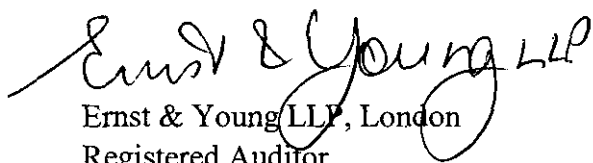
Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the Company as at 30 June 2004 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act, 1985.


Ernst & Young LLP, London
Registered Auditor
1 More London Place
London SE1 2AF

28 JUL 2005

THE PATALING RUBBER ESTATES, LIMITED
(Incorporated in England)

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 2004

	Note	<u>2004</u> RM	<u>2003</u> RM
TURNOVER		-	-
COST OF SALES		-	-
GROSS PROFIT		-	-
OTHER OPERATING INCOME		1,080,010	495,000
ADMINISTRATIVE EXPENSES		(5,325)	(32,069)
OTHER OPERATING EXPENSES		(15,835)	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAX	3	1,058,850	462,931
TAXATION	4	(6,413,033)	-
(LOSS)/PROFIT ATTRIBUTABLE TO SHAREHOLDERS		(5,354,183)	462,931
DIVIDEND	5	-	(2,802,189)
RETAINED LOSS FOR THE FINANCIAL YEAR		(5,354,183)	(2,339,258)

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE
YEAR ENDED 30 JUNE 2004**

There are no recognised gains or losses attributable to the shareholders of the company other than the loss of RM5,354,183 for the year ended 30 June 2004 (2003: profit of RM462,931).

The notes on pages 9 to 15 form part of the accounts.

Company No: 166301

THE PATALING RUBBER ESTATES, LIMITED
(Incorporated in England)

BALANCE SHEET AS AT 30 JUNE 2004

	Note	<u>2004</u> RM	<u>2003</u> RM
FIXED ASSETS			
Tangible Fixed Assets	6	32,526,360	32,526,360
CURRENT ASSETS			
Debtors - due after one year	7	888,285,404	887,302,471
Debtors - due within one year	7	697,600	7,600,000
Cash and bank balances		4,433	4,404
		<u>888,987,437</u>	<u>894,906,875</u>
CURRENT LIABILITIES			
Creditors - due after one year	8	(428,768,089)	(428,844,607)
Creditors - due within one year		(3,780)	(492,517)
NET CURRENT LIABILITIES		<u>(428,771,869)</u>	<u>(429,337,124)</u>
NET ASSETS		<u>492,741,928</u>	<u>498,096,111</u>
CAPITAL AND RESERVES			
Share capital	9	27,803,624	27,803,624
Retained profits	10	464,938,304	470,292,487
EQUITY SHAREHOLDERS' FUNDS	10	<u>492,741,928</u>	<u>498,096,111</u>


MARY LINA SII MEI KUI
Director
Kuala Lumpur, Malaysia

28 JUL 2005

The notes on pages 9 to 15 form part of the accounts.

THE PATALING RUBBER ESTATES, LIMITED
(Incorporated in England)

NOTES TO THE ACCOUNTS - 30 JUNE 2004

1. ACCOUNTING POLICIES

(a) Accounting Standards

These accounts are prepared in accordance with applicable UK accounting standards.

(b) Accounting Convention

The accounts are prepared under the historical cost convention. Accounts prepared on this basis show the profits available to shareholders and are the most appropriate basis for presentation of the company's balance sheet.

(c) Tangible Fixed Assets and Depreciation

Tangible fixed assets are stated at cost less accumulated depreciation and impairment losses. The Company's policy for the recognition and measurement of impairment losses is in accordance with Note 1(d).

- i. Freehold land is not depreciated.
- ii. Estates on freehold land are not depreciated.
- iii. Depreciation on other tangible fixed assets is provided for on a straight line basis to write off the cost of each asset to its residual value over the period of its estimated useful life.

The periods applied are as follows:

Buildings	10 to 50 years
Machineries	3 to 20 years
Furniture and fittings	7 to 15 years
Motor vehicles	3 to 5 years

Upon disposal of an item of tangible fixed assets, the difference between the net disposal proceeds and the carrying amount is recognised in the profit and loss accounts.

THE PATALING RUBBER ESTATES, LIMITED
(Incorporated in England)

1. ACCOUNTING POLICIES (CONTD.)

(d) Impairment of Fixed Assets

At each balance sheet date, the Company reviews the carrying amounts of its fixed assets to determine whether there is any indication of impairment. If any such indication exists, impairment is measured by comparing the carrying values of the assets with their recoverable amounts. Recoverable amount is the higher of net selling price and value in use, which is measured by reference to discounted future cash flows.

An impairment loss is recognised as an expense in the profit and loss accounts immediately. Reversal of impairment losses recognised in prior years is recorded when the impairment losses recognised for the asset no longer exist or have decreased.

2. BOOKS OF ACCOUNTS

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

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAX

	<u>2004</u> RM	<u>2003</u> RM
This is arrived at after charging:		
Auditors' remuneration	3,150	3,150

There are no employees as all administrative functions are handled by Golden Hope Plantations Berhad, the intermediate holding company.

The Directors received no remuneration during the year (2003: nil).

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THE PATALING RUBBER ESTATES, LIMITED
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4. TAXATION

	<u>2004</u> RM	<u>2003</u> RM
Underprovision in prior years	<u>6,413,033</u>	<u>-</u>

There is no current or deferred tax charge as the Company ceased operations effective 1 July 1999.

5. DIVIDENDS

	<u>2004</u>		<u>2003</u>	
	<u>Sen Per Share</u> (Gross)	<u>RM</u> (Net)	<u>Sen Per Share</u> (Gross)	<u>RM</u> (Net)
Interim dividend for 2003; paid during the year, net of tax at 28%	<u>-</u>	<u>-</u>	<u>0.12</u>	<u>2,802,189</u>

6. PROPERTY, PLANT AND EQUIPMENT

Cost	Freehold Lands RM	Estates RM	Buildings RM	Machineries RM	Furniture and Fittings RM	Motor Vehicles RM	Total 2004 RM	2003 RM
At 1 July 2003	32,526,360	16,580,358	32,472,071	1,970,083	689,289	2,336,945	86,575,106	86,575,106
Adjustments	-	-	-	-	-	-	-	-
At 30 June 2004	32,526,360	16,580,358	32,472,071	1,970,083	689,289	2,336,945	86,575,106	86,575,106
Accumulated Depreciation								
At 1 July 2003	-	16,580,358	32,472,071	1,970,083	689,289	2,336,945	54,048,746	54,048,746
Adjustments	-	-	-	-	-	-	-	-
Impairment loss	-	-	-	-	-	-	-	-
At 30 June 2004	-	16,580,358	32,472,071	1,970,083	689,289	2,336,945	54,048,746	54,048,746
Net Book Value								
At 30 June 2004	32,526,360	-	-	-	-	-	32,526,360	-
At 30 June 2003	32,526,360	-	-	-	-	-	32,526,360	32,526,360
Depreciation charge for 2003	-	-	-	-	-	-	-	-

THE PATALING RUBBER ESTATES, LIMITED
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7. DEBTORS

	<u>2004</u> RM	<u>2003</u> RM
Taxation recoverable	697,600	7,600,000
Amount due from intermediate holding company	602,976,558	603,073,625
Amounts due from related companies	285,308,846	284,228,846
	<u>888,983,004</u>	<u>894,902,471</u>
Ageing:		
After one year	888,285,404	887,302,471
Within one year	697,600	7,600,000
	<u>888,983,004</u>	<u>894,902,471</u>

8. CREDITORS

	<u>2004</u> RM	<u>2003</u> RM
Other creditors	3,780	3,150
Amount due to immediate holding company	393,572,595	393,572,595
Amounts due to related companies	35,195,494	35,272,012
Taxation	-	489,367
	<u>428,771,869</u>	<u>429,337,124</u>
Ageing:		
After one year	428,768,089	428,844,607
Within one year	3,780	492,517
	<u>428,771,869</u>	<u>429,337,124</u>

9. SHARE CAPITAL

	<u>2004</u> £	<u>2003</u> £
Authorised:		
40,000,000 ordinary shares of 10 pence each	4,000,000	4,000,000
	<u>4,000,000</u>	<u>4,000,000</u>
	<u>2004</u> RM	<u>2003</u> RM
Allotted, called up and fully paid:		
32,432,745 ordinary shares of 10 pence each	27,803,624	27,803,624
	<u>27,803,624</u>	<u>27,803,624</u>

THE PATALING RUBBER ESTATES, LIMITED
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10. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	<u>Share Capital</u> RM	<u>Retained Profits</u> RM	<u>Total</u> RM
At 1 July 2002	27,803,624	472,631,745	500,435,369
Profit for the year	-	462,931	462,931
Dividend	-	(2,802,189)	(2,802,189)
At 1 July 2003	27,803,624	470,292,487	498,096,111
Loss for the year	-	(5,354,183)	(5,354,183)
At 30 June 2004	27,803,624	464,938,304	492,741,928

Based on the estimated tax credit available, approximately RM8,711,000 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 RM16,440,000 and also a tax exempt account arising out of reinvestment allowances available for distribution as tax exempt dividends of approximately RM1,032,000.

11. HOLDING AND RELATED COMPANIES

The immediate 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. The directors believe that Golden Hope Plantations Berhad is the ultimate controlling party.

Related companies refer to companies within the Golden Hope Plantations Berhad group of companies. The amounts due to/from related companies, immediate holding company and intermediate holding company are unsecured, interest free and have no fixed terms of repayment.

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.

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12. CASH FLOW STATEMENT

The Directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the financial statement on the grounds that the Company is wholly owned and its parent publishes consolidated financial statements.

13. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption contained within FRS 8 "Related Party Transactions" and has not disclosed transactions with group companies.