

GOLDEN HOPE PLANTATIONS BERHAD

(Incorporated in Malaysia)

(Company No : 29992-U)

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2006

The Directors have pleasure in announcing that the unaudited consolidated results for the second quarter ended 31 December 2006 were:

CONDENSED CONSOLIDATED INCOME STATEMENT

	SECOND QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR 31.12.06 RM'000	PRECEDING YEAR 31.12.05 RM'000	CURRENT YEAR 31.12.06 RM'000	PRECEDING YEAR 31.12.05 RM'000
<u>Continuing Operations</u>				
Revenue	1,167,818	1,056,292	2,098,405	1,898,128
Operating expenses	(1,005,489)	(986,339)	(1,805,183)	(1,737,408)
Operating profit	162,329	69,953	293,222	160,720
Other income	4,035	7,542	9,370	11,385
Investment income	1,504	700	1,707	700
Interest income	382	1,977	1,131	4,423
Finance cost	(5,687)	(2,923)	(10,998)	(5,311)
Associated companies	2,774	(2,731)	2,021	5,125
Profit before tax	165,337	74,518	296,453	177,042
Taxation	(48,752)	(18,853)	(85,383)	(45,366)
Profit for the period	116,585	55,665	211,070	131,676
Attributable to:				
Equity holders of the parent	115,651	55,042	209,291	128,609
Minority interests	934	623	1,779	3,067
	116,585	55,665	211,070	131,676
Earnings per share:				
- Basic	8.08	3.87	14.66	9.03
- Diluted	7.95	3.87	14.42	9.03

The Condensed Consolidated Income Statement should be read in conjunction with the Annual Financial Statements for the year ended 30 June 2006.

CONDENSED CONSOLIDATED BALANCE SHEET

	AS AT END OF CURRENT QUARTER 31.12.06 RM'000 (unaudited)	AS AT PRECEDING FINANCIAL YEAR END 30.06.06 RM'000 (audited)
<u>ASSETS</u>		
Non-current assets		
Property, plant and equipment	2,796,393	2,768,976
Investment in associated companies	609,403	599,856
Other investments	42,686	42,686
Investment properties	6,897	7,629
Biological assets	1,182,680	1,182,240
Land held for property development	90,573	90,159
Deferred tax assets	219,638	226,073
Goodwill on consolidation	183,630	183,630
	5,131,900	5,101,249
Current assets		
Property development costs	154,844	152,014
Amounts due from customers	40,737	35,223
Inventories	474,243	379,698
Receivables	686,587	728,054
Short-term investments	10,000	5,000
Bank balances and cash	280,030	203,831
	1,646,441	1,503,820
TOTAL ASSETS	6,778,341	6,605,069
<u>EQUITY AND LIABILITIES</u>		
Equity attributable to equity holders of the parent		
Share capital	1,442,341	1,423,489
Reserve	3,531,285	3,536,805
	4,973,626	4,960,294
Minority interests	199,806	198,027
Total equity	5,173,432	5,158,321
Non-current liabilities		
Long term borrowings	100,075	118,509
Deferred tax liabilities	196,409	195,040
	296,484	313,549
Current liabilities		
Dividends payable	84,032	-
Payables	619,987	586,909
Amounts due to customers	23,739	28,559
Bank borrowings	558,049	509,702
Taxation	22,618	8,029
	1,308,425	1,133,199
Total liabilities	1,604,909	1,446,748
TOTAL EQUITY AND LIABILITIES	6,778,341	6,605,069
Net assets per share attributable to ordinary equity holders of the parent (RM)	3.45	3.48

The Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Statements for the year ended 30 June 2006.

STATEMENT OF CHANGES IN EQUITY FOR THE SECOND QUARTER ENDED 31 DECEMBER 2006

	← Attributable to holders of the parent →						Minority Interests	Total Equity	
	← Non-distributable →			Distributable					
	Share capital RM'000	Share premium RM'000	Reserve on consolidation RM'000	Share Option	Exchange adjustment RM'000	Retained profits RM'000			Total RM'000
At 1 July 2005	1,423,489	1,731,147	68,452	-	26,487	2,990,704	6,240,279	197,783	6,438,062
Profit for the year	-	-	-	-	-	128,609	128,609	3,067	131,676
Capital distribution	-	(1,263,885)	-	-	-	-	(1,263,885)	-	(1,263,885)
Translation of foreign subsidiary companies	-	-	-	-	(650)	-	(650)	-	(650)
At 31 December 2005	1,423,489	467,262	68,452	-	25,837	3,119,313	5,104,353	200,850	5,305,203
At 1 July 2006									
As previously stated	1,423,489	467,262	68,452	-	6,849	2,994,242	4,960,294	198,027	5,158,321
Changes in accounting policy:									
FRS 3 : Business Combinations	-	-	(68,452)	-	-	68,452	-	-	-
At 1 July 2006 as restated	1,423,489	467,262	-	-	6,849	3,062,694	4,960,294	198,027	5,158,321
Profit for the year	-	-	-	-	-	209,291	209,291	1,779	211,070
Dividends paid	-	-	-	-	-	(185,458)	(185,458)	-	(185,458)
Dividends declared	-	-	-	-	-	(84,032)	(84,032)	-	(84,032)
Issue of shares	18,852	48,450	-	-	-	-	67,302	-	67,302
Share-based payment under ESOS	-	-	-	4,122	-	-	4,122	-	4,122
Translation of foreign subsidiary companies	-	-	-	-	2,107	-	2,107	-	2,107
At 31 December 2006	1,442,341	515,712	-	4,122	8,956	3,002,495	4,973,626	199,806	5,173,432

The Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Statements for the year ended 30 June 2006.

**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE SECOND QUARTER ENDED 31 DECEMBER 2006**

	FOR THE QUARTER ENDED 31.12.06 RM'000	FOR THE QUARTER ENDED 31.12.05 RM'000
Net Profit Before Taxation	296,453	177,042
Adjustment of non-cash flow items	65,940	48,820
Operating Profit Before Working Capital Changes	362,393	225,862
Working capital changes		
Net changes in working capital	(30,334)	(112,535)
Short term investments	(5,000)	-
Interest paid	(13,105)	(7,267)
Tax paid	(62,990)	(64,445)
Net Cash Flows From Operating Activities	250,964	41,615
Cash Flow From Investing Activities		
Purchase of property, plant and equipment	(78,413)	(67,200)
Purchase of additional investment in associated companies	(7,526)	-
Expenditure on property development	(1,137)	(6,623)
Net Cash Used In Investing Activities	(87,076)	(73,823)
Cash Flow From Financing Activities		
Issue of shares	67,302	-
Dividends paid	(185,458)	(264,199)
Bank borrowings	24,685	73,253
Net Cash Used In Financing Activities	(93,471)	(190,946)
Net Increase/(Decrease) In Cash And Cash Equivalents	70,417	(220,553)
Cash And Cash Equivalents At Beginning Of Year	199,951	449,635
Effects Of Exchange Rate Changes	553	(155)
Cash And Cash Equivalents At End Of Year	270,921	228,927
The cash and cash equivalents comprise:		
Short term deposits	159,596	145,473
Cash and bank balances	120,434	98,330
Bank overdraft	(9,109)	(14,876)
	270,921	228,927

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Statements for the year ended 30 June 2006.

NOTES**1) Accounting Policies**

The notes should be read in conjunction with the Annual Financial Statements for the year ended 30 June 2006.

This interim financial report has been prepared in accordance with Financial Reporting Standards (FRS) 134 "Interim Financial Reporting" and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad. The accounting policies and methods of computation used are consistent with those used in the preparation of the most recent annual audited financial statements, except for the changes in accounting policies resulting from the adoption of following new/revised FRS which became effective for financial periods beginning on or after 1 January 2006:

FRS 2	Share-based Payment
FRS 3	Business Combinations
FRS 5	Non-Current Assets Held for Sale and Discontinued Operations
FRS 101	Presentation of Financial Statements
FRS 102	Inventories
FRS 108	Accounting Policies, Changes in Estimates and Errors
FRS 110	Events after the Balance Sheet Date
FRS 116	Property, Plant and Equipment
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 127	Consolidated and Separate Financial Statements
FRS 128	Investments in Associates
FRS 131	Interest in Joint Ventures
FRS 132	Financial Instruments: Disclosure and Presentation
FRS 133	Earnings per Share
FRS 136	Impairment of Assets
FRS 138	Intangible Assets
FRS 140	Investment Property

The adoption of the above FRS does not have any financial impact on the Group, except for those stated below. The principal effects of changes in accounting policies resulting from the adoption of the new/revised FRSs are as follows:

a) FRS 2 : Share-based Payment

This FRS requires an entity to recognise share-based payment transactions in its financial statements, including transactions with employees or other parties to be settled in cash, other assets, or equity instruments of the entity.

The Company operates an equity-settled, share-based compensation plan for the eligible employees of the Group, the Golden Hope Plantations Berhad Employees' Share Option Scheme (ESOS). Prior to 1 July 2006, no compensation expense was recognised in the income statement for share options granted. With the adoption of FRS 2, the compensation expense relating to share options is recognised in the income statements over the vesting periods of the grants with a corresponding increase in equity. The total amount to be recognised as compensation expense is determined by reference to the fair value of the share options at the date of the grant and the number of share options to be vested by the vesting date. The fair value of the share option is computed using a binomial model. At every balance sheet date, the Group revises its estimate of the number of share options that are expected to vest by the vesting date. Any revision of this estimate is included in the income statements and a corresponding adjustment to equity over the remaining vesting period.

As the share options were granted subsequent to 1 July 2006, no restatement of comparative figures for the corresponding quarter were required in the income statements. The financial impact to the Group arising from this change in accounting policy on the share options granted and vested for the second quarter ended 31 December 2006, is RM4,122,000 and is accounted for as follows:

	SECOND QUARTER ENDED	
	31.12.2006	31.12.2005
	RM'000	RM'000
Decrease in profit for the period	(4,122)	-
Increase in share option reserve	4,122	-
	<u> </u>	<u> </u>

1) Accounting Policies (cont'd)**b) FRS 3: Business Combinations, FRS 136: Impairment of Assets and FRS 138: Intangible Assets**

The adoption of FRS 3 has resulted in consequential application of two other accounting standards, they are FRS 136 and FRS 138.

The adoption of these new FRSs has resulted in the Group ceasing the annual amortisation of Goodwill. Goodwill is carried at cost less accumulated impairment losses and is now tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired. Any impairment loss is recognised in the income statements and subsequent reversal is not permitted.

Prior to 1 July 2006, Goodwill was amortised on a straight-line basis over its estimated useful life of 20 years. The change in accounting policy has been accounted prospectively for business combination where the agreement date is on or after 1 July 2006. The transition provisions of FRS 3, however, have required the Group to eliminate as at 1 July 2006 the accumulated amortisation of RM20 million against the carrying amount of Goodwill. The carrying amount as at 1 July 2006 of RM183.6 million will ceased to be amortised. This change has the effect of reducing the amortisation charge in the current quarter by RM5.0 million.

Under FRS 3, any excess of the Group's interest in the net fair value of acquirees' identifiable assets, liabilities and contingent liabilities over cost of acquisitions (previously referred to as "negative goodwill"), after reassessment, is now recognised immediately in the income statements. Prior to 1 July 2006, negative goodwill was not amortised, except to the extent it related to identified expected future losses as at the date of acquisition. In such cases, these expected losses were recognised in income statement. In accordance with the transitional provisions of FRS 3, the negative goodwill as at 1 July 2006 of RM68,452,000 was derecognised with a corresponding increase in retained earnings.

c) FRS 140: Investment Property

The adoption of this new FRS has resulted in a change in accounting policy for investment properties. The properties consist of buildings and furniture and fittings held for rental purposes. Previously, investment property was classified under property, plant and equipment and is now disclosed as a separate line on the face of the balance sheet as non-current assets. Investment properties are measured initially at cost, including transaction costs and are carried at cost less any accumulated depreciation and impairment losses.

Depreciation of investment properties is provided for on a straight-line basis at the following annual rates:

Buildings	2%
Furniture and fittings	10%

d) FRS 101: Presentation of Financial Statements

The adoption of the revised FRS 101 has affected the presentation of minority interest, share of net after-tax results of associates and other disclosures. In the consolidated balance sheet, minority interests are now presented within total equity. In the consolidated income statements, minority interests are presented as an allocation of the total profit or loss for the period. A similar requirement is also applicable to the statement of changes in equity. FRS 101 also requires disclosure, on the face of the statement of changes in equity, showing separately the amounts attributable to equity holders of the parent and to minority interest.

Planting and development expenditure previously classified under property, plant and equipment is now disclosed separately in the balance sheet as biological assets. The Group maintains its existing accounting policy on biological assets and shall comply with the provisions of FRS 141: Agriculture, once it becomes effective for application in Malaysia.

The current period's presentation of the Group's financial statements is based on the revised requirements of FRS 101, with the comparatives restated to conform with the current period's presentation.

1) Accounting Policies (cont'd)**e) Comparatives**

The effects on the comparatives to the Group on the adoption new/revised FRSs are summarised as follows:-

Group	Previously Stated RM'000	Reclassified RM'000	Restated RM'000
At 1 July 2006			
Property, plant and equipment	3,958,845	(1,189,869)	2,768,976
Investment properties	-	7,629	7,629
Biological assets	-	1,182,240	1,182,240
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Second Quarter ended 31 December 2005			
Share of results in associates	8,537	(3,412)	5,125
Profit before taxation	180,454	(3,412)	177,042
Taxation	48,778	3,412	45,366
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2) Annual Audit Report

The annual audit report of the preceding annual financial statements was not qualified.

3) Seasonal Or Cyclical Factors

The Group's operations were, to a certain extent affected by seasonal or cyclical factors. However, due to the diversity of its business, any seasonal or cyclical factors would effectively mitigate each other and therefore would not have material adverse effects on the earnings of the Group.

4) Extraordinary Items

There were no extraordinary items for the current quarter and financial period to date.

5) Changes In Estimated Amounts Reported In Prior Period Which Have Effect On The Current Period

There were no changes in estimated amounts reported in prior period, which have a material effect on the current period.

6) Changes In Debt And Equity Securities

There has been no issuance or repayment of debts and equity securities, share buy-back, share cancellations, shares held as treasury shares and resale of treasury shares for the period ended 31 December 2006, except for the issuance of 18,852,000 ordinary shares of RM1.00 each pursuant to the Company's Employees Share Option Scheme (ESOS).

7) Dividends Paid

The final dividend in respect of the financial year ended 30 June 2006 of 18 sen per share less tax at 28% was paid on 20 November 2006.

8) Segmental Reporting

Segmental information for the period ended 31 December 2006 were as follows :

a) Analysis by industries :

	Plantations and other related businesses RM'000	Oils & Fats RM'000	Property development and management RM'000	Others RM'000	Elimination RM'000	Total RM'000
3 Months ended 31 December 2006						
External sales	185,333	914,359	37,069	31,057	-	1,167,818
Inter-segment sales	209,472	81,289	-	10,373	(301,134)	-
Total revenue	394,805	995,648	37,069	41,430	(301,134)	1,167,818
Operating profit/(loss)	156,783	3,951	2,322	(6,414)	-	156,642
Investment income						1,504
Interest income						382
Other income						4,035
Associated companies	-	(234)	3,096	(88)	-	2,774
Profit before taxation						165,337
3 Months ended 31 December 2005						
External sales	175,733	813,941	32,820	33,798	-	1,056,292
Inter-segment sales	124,530	16,245	-	4,112	(144,887)	-
Total revenue	300,263	830,186	32,820	37,910	(144,887)	1,056,292
Operating profit/(loss)	66,255	5,875	(994)	(4,106)	-	67,030
Investment income						700
Interest income						1,977
Other income						7,542
Associated companies	-	(1,608)	380	(1,503)	-	(2,731)
Profit before taxation						74,518
6 Months ended 31 December 2006						
External sales	380,770	1,589,808	61,521	66,306	-	2,098,405
Inter-segment sales	397,694	138,398	-	14,806	(550,898)	-
Total revenue	778,464	1,728,206	61,521	81,112	(550,898)	2,098,405
Operating profit/(loss)	285,348	2,336	501	(5,961)		282,224
Investment income						1,707
Interest income						1,131
Other income						9,370
Associated companies		(3,719)	5,966	(226)		2,021
Profit before taxation						296,453

8) Segmental Reporting (Cont'd)

	Plantations and other related businesses RM'000	Oils & Fats RM'000	Property development and management RM'000	Others RM'000	Elimination RM'000	Total RM'000
6 Months ended 31 December 2005						
External sales	324,447	1,435,221	71,032	67,428	-	1,898,128
Inter-segment sales	287,123	10,438	-	4,112	(301,673)	-
Total revenue	611,570	1,445,659	71,032	71,540	(301,673)	1,898,128
Operating profit/(loss)	153,201	4,834	103	(2,729)	-	155,409
Investment income						700
Interest income						4,423
Other income						11,385
Associated companies	-	4,398	1,606	(879)	-	5,125
Profit before taxation						177,042

b) Analysis by geographical location:

	Revenue (External) RM'000	Operating Profit RM'000
6 Months ended 31 December 2006		
Malaysia	824,439	279,779
Europe	564,787	888
South Africa	217,429	3,543
Asia	491,750	(1,986)
	2,098,405	282,224
6 Months ended 31 December 2005		
Malaysia	789,360	153,125
Europe	610,715	(1,188)
South Africa	219,831	6,048
Asia	278,222	(2,576)
	1,898,128	155,409

9) Valuation Of Property, Plant And Equipment

The Group did not carry out any valuation on its property, plant and equipment.

10) Material Events Subsequent To The End Of Financial Period

On 2 February 2007, Golden Hope Plantations Berhad (Golden Hope) announced that it signed a memorandum of understanding (MOU) with the Government of Malaysia, represented by the Director General of Department of Polytechnic & Community College Education, Ministry of Higher Education, to have a joint cooperation in the areas of education and training (Proposed Collaboration). The Proposed Collaboration forms the basis of strategic alliance between Golden Hope and the Government of Malaysia to promote and strengthen the friendly relations existing between the Parties and to promote cooperation in the area of education and training on the basis of reciprocity and mutual benefit for both Parties.

Save for the above, there were no other material factors or events which has occurred between the end of the financial period and 21 February 2007 affecting the earnings of the Group.

11) Changes In The Composition Of The Group

There were no material changes in the composition of the Group for the current quarter and financial year to date.

12) Contingent Liabilities

There were no contingent liabilities as at the date of issue of this report.

13) Review Of Performance

Group profit for the six months recorded a significant increase of 67% compared to the corresponding period last year. The improved performance was largely attributable to the higher earnings from plantations arising from higher sales volume and selling prices of palm products.

14) Material Changes In The Quarterly Results Compared To The Preceding Quarter

Group profit for the current quarter was higher than the preceding quarter. Plantations earnings increased on account of higher sales volume and selling prices of palm products.

15) Current Year Prospects

Group profit for the current year is anticipated to be higher than the previous financial year mainly due to higher contribution from plantations arising from the increase in sales volume and better selling prices of palm products.

16) Variance Of Actual Profit From Forecast Profit

No profit forecast or profit guarantee were made or issued during the year.

17) Taxation

The tax expense comprised:

	SECOND QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER RM'000	PRECEDING YEAR QUARTER RM'000	CURRENT YEAR TODATE RM'000	PRECEDING YEAR TODATE RM'000
Current	42,842	18,550	78,453	44,761
Deferred	5,910	303	6,930	605
	48,752	18,853	85,383	45,366

18) Profit On Sale Of Investments And/Or Properties

There were no material disposal of unquoted investments and/or properties outside the ordinary course of business of the Group for the current quarter and financial year to date.

19) Quoted Securities

a) There were no purchases or disposals of quoted securities for the current quarter and financial year to date.

b) Investment in quoted shares as at 31 December 2006 were as follows :

	At Cost RM'000	At Book Value RM'000	At Market Value RM'000
- Subsidiary companies	191,214	162,212	183,934
- Other investments	27,930	5,890	4,961
	219,144	168,102	188,895

20) Status Of Corporate Proposals

- (i) On 16 September 2003, Aseambankers Malaysia Berhad (Aseambankers), on behalf of the Board of Directors of Golden Hope Plantations Berhad (Golden Hope) announced a Rationalisation Exercise with Island & Peninsular Berhad (I&P).

The rationalisation exercise was completed on 14 September 2005 except for :

- (i) Change to the Express Conditions for Lot 509, Mukim of Burau, District of Jerantut, Pahang and Lot No. 379, Mukim of Pedah, District of Jerantut, Pahang, within 12 months from the date of SC's approval.

In respect of the Change to the Express Conditions, the conversion of land use for Lot 379, Mukim of Pedah, District of Jerantut, Pahang has been approved whilst the conversion of land use for Lot 509, Mukim of Burau, District of Jerantut, Pahang approval in principle has been obtained from Pejabat Tanah Jerantut and the State EXCO, subject to payment of additional premium.

Extension of time for the change of express conditions for Lot 509, Mukim of Burau, District of Jerantut, Pahang was initially obtained from the Securities Commission (SC) to 30 November 2006. The Company has applied to the land office for a reduction in the additional premium payable and in view of this, a further extension of time of 6 months from 30 November 2006 to 31 May 2007 has been granted by the SC.

- (ii) On 6 December 2005, Golden Hope announced that the shareholders of Jiangyin-Golden Hope Oils & Fats Co. Ltd. (Jiangyin-GH), Golden Hope Overseas Sdn. Bhd. and Jiangyin Oils & Fat Chemical Co had at the EGM held on 6 December 2005 in Jiangyin, People's Republic of China, approved the resolution to dissolve Jiangyin-GH by way of members' voluntary winding up.

The liquidation of Jiangyin-GH was completed on 8 December 2006 with the deregistration of the Company.

- (iii) On 19 October 2006, Golden Hope announced that it had entered into a Joint Venture Agreement (JVA) with Permodalan Nasional Berhad (PNB), Sime Consulting Sdn. Bhd. (Sime Consulting), Kumpulan Guthrie Berhad (KGB) and PNB Enterprise Sdn. Bhd. (PNBE), to participate in the equity and conduct of the business affairs of PNBE.

Rationale for the JVA:

PNBE will act as the common vehicle for the parties to venture into the cattle-rearing business in support of the 3rd National Agricultural Policy (NAP3), aimed at reducing the nation's food import bill. This initiative will also support the recently launched Northern Corridor Development Project under the Ninth Malaysia Plan and is expected to spur both regional cattle growth and beef production businesses.

PNBE was incorporated in Malaysia, under the Companies Act, as a private limited company on 24 June 2000. As at 19 October 2006, the authorised capital of PNBE is RM10,000,000 comprising 10,000,000 ordinary shares of RM1.00 each of which 2 ordinary shares of RM1.00 each have been issued and fully paid-up. The principal activity of PNBE is the business of animal husbandry including the rearing of sheep, goats, cattle and other livestock.

Under the terms of the JVA:

- (i) PNB, Golden Hope, KGB and Sime Consulting will participate in the equity of PNBE on the basis of 25% each.
- (ii) The initial share subscription by each party shall be 2 million new ordinary shares of RM1.00 each in PNBE at the subscription price of RM1.00 per share.

On 7 November 2006, Golden Hope subscribed for 2,000,000 shares of RM1.00 each in PNBE for RM2,000,000.

20) Status Of Corporate Proposals (Cont'd)

- (iv) On 27 November 2006, Golden Hope announced that it had received an offer from Synergy Drive Sdn. Bhd. (Synergy Drive) to acquire the entire business and undertaking of the Company as carried on by the Company as at the date of the Offer, including its assets and liabilities, (Offer) as at completion at an aggregate purchase consideration equivalent to RM5.46 per ordinary share of RM1.00 each in the issued and paid-up capital of the Company (Golden Hope Share) multiplied by the total outstanding Golden Hope Shares (less treasury shares, if any) as at completion, to be satisfied by redeemable convertible preference shares of Synergy Drive and subject to the terms and conditions of the Offer (Proposed Disposal)

The status of the Proposed Disposal is as follows:-

- (a) On 22 December 2006, MIMB Investment Bank Berhad (formerly known as Malaysian International Merchant Bankers Berhad) (MIMB) on behalf of the Golden Hope announced that the Board of Directors, after due deliberation and consideration on the terms of the Offer and advice from Golden Hope's advisers, the Board decided to accept the Offer from Synergy Drive, based on the terms of the Offer Letter dated 27 November 2006.
- (b) On 4 January 2007, Golden Hope announced that Synergy Drive has extended the date for Golden Hope to enter into the definitive agreement with Synergy Drive in relation to the Proposed Disposal to 15 January 2007.
- (c) On 15 January 2007, on behalf of the Company, MIMB announced that the Board of Directors of Golden Hope has written to Synergy Drive to seek an extension of time to enter into the definitive agreement in relation to the Proposed Disposal.
- (d) On 24 January 2007, MIMB on behalf of Golden Hope announced that it has entered into a conditional Sale of Business Agreement (SBA) with Synergy Drive in relation to the Proposed Disposal.

(1) Details of the Proposed Disposal

The Proposed Disposal involves the proposed disposal of the entire business and undertaking carried on by Golden Hope as at 27 November 2006, including its assets and liabilities, for a total disposal consideration equivalent to RM5.46 per ordinary share of RM1.00 each in the issued and paid-up capital of the Company (Golden Hope Share) multiplied by the total outstanding Golden Hope Shares (less treasury shares, if any) as at completion (Disposal Price). Based on the number of Golden Hope Shares in issue of 1,423.5 million as at 30 June 2006, the Disposal Price is RM7,772.3 million.

As at 30 June 2006, Golden Hope had 91.86 million outstanding options granted under Employees' Share Option Scheme (ESOS) which were not exercised. Assuming the full exercise of these ESOS options, the maximum possible Disposal Price is RM8,273.9 million.

Synergy Drive shall satisfy the Disposal Price through the issuance of an equivalent value of Series A redeemable convertible preference shares of Synergy Drive (RCPS A) at RM5.25 for each RCPS A. The Disposal Price shall be satisfied in full on completion of the Proposed Disposal.

If the Proposed Capital Reduction and the Proposed Capital Repayment occur, the RCPS A received by Golden Hope shall be distributed to the shareholders of Golden Hope under the Proposed Capital Repayment.

The other salient terms of the SBA are as follows:

- (i) Golden Hope shall not declare, make or pay any dividend or distribution of any nature (Distribution) to the shareholders of Golden Hope after 27 November 2006 (being the date of the Offer) to which Synergy Drive is not solely entitled save and except for the Permitted Dividend (as defined below). Any payment of Distributions other than the Permitted Dividend from the date of the Offer until the completion date shall result in the reduction of the Disposal Price by the quantum of such net Distributions made.

Permitted Dividend means any dividends paid in the calendar year 2007 (i.e. 1 January 2007 to 31 December 2007) the accumulated net amounts of which do not exceed RM0.18 per Golden Hope Share.

20) Status Of Corporate Proposals (Cont'd)

(iv) (d) (Cont'd)

(1) Details of the Proposed Disposal (Cont'd)

- (ii) The Proposed Disposal is conditional upon the following:
 - (a) The approval of the shareholders of Golden Hope for the Proposed Disposal;
 - (b) Synergy Drive notifying Golden Hope in writing that the results of the due diligence inquiry carried out by it in respect of the Golden Hope Group are satisfactory;
 - (c) The approval of the Foreign Investment Committee (FIC) for the Proposed Disposal, the issuance of Synergy Drive shares and the subsequent listing of Synergy Drive on Bursa Malaysia Securities Berhad (Bursa Securities);
 - (d) The approval of Bank Negara Malaysia (BNM), if required;
 - (e) The approval of the Securities Commission (SC) for the issuance of Synergy Drive shares, the listing of Synergy Drive on Bursa Securities and the significant change in business direction of Golden Hope pursuant to the Proposed Disposal;
 - (f) The approval of the Ministry of International Trade and Industry (MITI) for the Proposed Disposal;
 - (g) The approval of Bursa Securities for the listing of Synergy Drive;
 - (h) The approval of lenders of Golden Hope (where applicable);
 - (i) If the Proposed Capital Reduction and the Proposed Capital Repayment are approved by the shareholders of Golden Hope, the decision of the High Court of Malaya in relation to the Proposed Capital Reduction and the Proposed Capital Repayment;
 - (j) If the Proposed Capital Reduction and the Proposed Capital Repayment of Mentakab Rubber Company (Malaya) Berhad (Mentakab), as set out in the sale of business agreement with Mentakab, are approved by its shareholders, the decision of the High Court of Malaya in relation to the Proposed Capital Reduction and the Proposed Capital Repayment;
 - (k) Permodalan Nasional Berhad (PNB) and the unit trust funds managed by companies related to PNB providing Synergy Drive with an undertaking in writing to convert any RCPS A received or receivable by each of them pursuant to the Proposed Capital Reduction and the Proposed Capital Repayment of any Target Company (as defined in Section 2 below) or otherwise, into Synergy Drive shares prior to the listing of Synergy Drive on Bursa Securities; and
 - (l) The approval of any other authorities or parties, if required.
- (iii) The completion of the Proposed Disposal is conditional upon the proposed disposal of the entire business and undertaking of Sime Darby Berhad (Sime Darby) and Kumpulan Guthrie Berhad (KGB) becoming unconditional. The completion of the Proposed Disposal shall occur simultaneously with the completion of the proposed disposal of the entire business and undertaking of Sime Darby and KGB.

(2) Rationale for the Proposals

The Proposed Disposal, together with the proposals by Synergy Drive to acquire the entire business and undertaking of the following companies:

- (i) Sime Darby;
- (ii) Sime Engineering Services Berhad;
- (iii) Sime UEP Properties Berhad;
- (iv) Mentakab;
- (v) KGB;
- (vi) Guthrie Ropel Berhad; and
- (vii) Highland & Lowlands Berhad

(Collectively the Target Companies). Upon the SBA with Golden Hope becoming unconditional, Synergy Drive will also undertake a mandatory general offer for all the shares in Negara Properties (M) Berhad not held by Golden Hope pursuant to the provisions of the Malaysian Code on Takeovers and Mergers 1998.

20) Status Of Corporate Proposals (Cont'd)

(iv) (d) (Cont'd)

(2) Rationale for the Proposals (Cont'd)

This will present an opportunity for value creation to the shareholders of Golden Hope. The Synergy Drive group of companies may potentially derive cost and revenue synergies and economies of scale from integrating and streamlining the existing businesses of the Golden Hope, Sime Darby and KGB groups of companies.

The completion of the Proposed Disposal and Proposed Acquisitions by Synergy Drive of the entire business and undertaking of the Target Companies, and the listing of Synergy Drive, will place Synergy Drive as the world's largest listed oil palm plantation group by land area, with a significant presence in both upstream and downstream palm oil activities. It will also have 4 other substantial core businesses, namely motor vehicle, heavy equipment, property and energy and utilities.

In the event the Proposed Capital Repayment occurs, the entitled shareholders of Golden Hope have the option to hold Synergy Drive shares upon the completion of the Proposals, by electing to convert the RCPS A to be received under the Proposed Capital Repayment into Synergy Drive shares, and are therefore able to participate in the future prospects of the enlarged Synergy Drive group.

21) Group Borrowings

The Group Borrowings were as follows:

	Period ended 31.12.06 RM'000	Year ended 30.06.06 RM'000
a) Total short term borrowings (unsecured)	558,049	509,702
b) Total long term borrowings (unsecured)	100,075	118,509
Total borrowings	658,124	628,211
c) Foreign borrowings in Ringgit equivalent were as follows: Euro	180,079	184,582

22) Off Balance Sheet Financial Instruments

As at 31 December 2006, the outstanding foreign exchange currency contracts entered into by the Group to hedge its trade receivables and payables were as follows:

CURRENCY	CONTRACT AMOUNTS '000	CARRYING AMOUNTS Euro '000	CARRYING AMOUNTS RM'000 equivalent
<u>Trade Receivables</u>			
US Dollar	3,698	-	13,197
US Dollar	5,305	4,126	19,420
Euro	611	-	2,964
GBP	112	163	754
<u>Trade Payables</u>			
US Dollar	7,418	5,659	26,064

The committed sales and purchases transactions that are hedged are recorded at the contracted foreign exchange rates. Other gains or losses arising from the forward contracts are dealt with in the income statements.

All the contracts mature within six months.

23) Changes In Material Litigation

Since the last audited financial statements for the year ended 30 June 2006, there were no changes in the Group's material litigations.

24) Dividend

The Directors recommend a second interim dividend of 8 sen per share, less tax at 27% for the year ending 30 June 2007.

The first interim dividend of 8 sen per share, less tax at 27% for the year ending 30 June 2007 was declared on 30 November 2006 and paid on 12 January 2007.

Notice Of Dividend Entitlement And Payment

NOTICE IS HEREBY GIVEN that the Register of Members will be closed at 5.00 p.m. on Monday, 19 March 2007 to determine shareholders' entitlement to the dividend payment. The dividend will be paid on Tuesday, 10 April 2007 to shareholders whose names appear in the Register of Members and Record of Depositors as at 19 March 2007.

A depositor shall qualify for entitlement only in respect of:

- (a) shares deposited into the depositor's securities account before 12.30 p.m. on Thursday, 15 March 2007 (in respect of shares which are exempted from mandatory deposit);
- (b) shares transferred to the depositor's account before 4.00 p.m. on Monday, 19 March 2007 in respect of transfers; and
- (c) shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

25) Earnings Per Share

		SECOND QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER	PRECEDING YEAR QUARTER	CURRENT YEAR TODATE	PRECEDING YEAR TODATE
a) Basic					
Profit attributable to ordinary equity holders of the parent	RM'000	115,651	55,042	209,291	128,609
Weighted average number of ordinary shares in issue	'000	1,431,052	1,423,489	1,427,280	1,423,489
Basic earnings per share	sen	8.08	3.87	14.66	9.03
b) Diluted					
Profit attributable to ordinary equity holders of the parent	RM'000	115,651	55,042	209,291	128,609
Weighted average number of ordinary shares in issue	'000	1,431,052	1,423,489	1,427,280	1,423,489
Effects of dilution - share options	'000	23,857	-	23,857	-
Weighted average number of ordinary shares for diluted earning per share	'000	1,454,909	1,423,489	1,451,137	1,423,489
Diluted earnings per share	sen	7.95	3.87	14.42	9.03

By Order of the Board
Norlin binti Abdul Samad
LS000981
Secretary

Kuala Lumpur
28 February 2007