

A N N U A L
R E P O R T



MHC Plantations Bhd

4060-V

(Incorporated in Malaysia)



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Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Forty-Third Annual General Meeting of the Company will be held at Casuarina Ipoh, 18, Jalan Gopeng, 30250 Ipoh, Perak Darul Ridzuan, Malaysia on 30 April 2003 at 11.00 a.m.

AGENDA

1. To receive and adopt the Audited Financial Statements for the year ended 31 December 2002, together with the Directors' and Auditors' Reports thereon.
2. To sanction the declaration of a first and final dividend of 5% less 28% income tax.
3. To re-elect the following Directors retiring in accordance with the Company's Articles of Association:
Dato Mah King Thian, DSSA, AMP, JP
Mah Siew Hoe
4. To appoint Auditors and authorise the Directors to fix their remuneration.
5. To transact any other business appropriate to an Annual General Meeting.
6. As SPECIAL BUSINESS, to consider and, if thought fit, pass the following resolution:

ORDINARY RESOLUTION - AUTHORITY TO ALLOT AND ISSUE SHARES IN GENERAL PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965

"That, subject to the Companies Act, 1965 and the Articles of Association of the Company and approvals from the Kuala Lumpur Stock Exchange, the Securities Commission and other relevant governmental or regulatory authorities, the Directors be and are hereby empowered pursuant to Section 132D of the Companies Act, 1965 to allot and issue shares in the capital of the Company from time to time upon such terms and conditions and for such purposes as the Directors may in their discretion deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

By Order of the Board
CHAN YOKE YIN
CHENG GHEE CHENG
Secretaries

Ipoh
7 April 2003

NOTE: A member entitled to attend and vote at the Meeting is not entitled to appoint more than two proxies to attend and vote on his behalf. A proxy may but need not be a member of the Company. The instrument appointing a proxy must be deposited at the registered office of the Company not less than forty-eight (48) hours before the time for holding the Meeting.

EXPLANATORY NOTE TO SPECIAL BUSINESS

The Ordinary Resolution proposed under item 6 if passed, will empower the Directors of the Company, from the date of the above General Meeting until the next Annual General Meeting to allot and issue shares in the Company up to and not exceeding in total ten per centum (10%) of the issued share capital of the Company for the time being for such purposes as they consider would be in the interest of the Company. This authority will expire at the next Annual General Meeting of the Company, unless revoked or varied at a general meeting.



Notis Mesyuarat Agung Tahunan



DENGAN INI ADALAH DIBERITAHU bahawa Mesyuarat Agung Tahunan Syarikat yang ke Empat Puluh Tiga akan diadakan di Casuarina Ipoh, 18, Jalan Gopeng, 30250 Ipoh, Perak Darul Ridzuan, Malaysia pada 30 April 2003 jam 11.00 pagi.

AGENDA

1. Menerima dan meluluskan Penyata Kewangan yang telah diaudit bagi tahun berakhir 31 Disember 2002 dengan laporan-laporan Pengarah dan Juruaudit yang berkaitan dengannya.
2. Meluluskan pengisytiharan dividen 5% yang pertama dan muktamad (tolak 28% cukai pendapatan).
3. Melantik semula Pengarah-pengarah yang bersara mengikut Tataurusan Syarikat:
Dato Mah King Thian, DSSA, AMP, JP
Mah Siew Hoe
4. Melantik Juruaudit dan memberi kuasa kepada Pengarah-pengarah untuk menetapkan bayaran mereka.
5. Melaksanakan urusan yang lain yang sesuai dengan Mesyuarat Agung Tahunan.
6. Sebagai URUSAN KHAS, menimbangkan dan jika dianggap wajar, meluluskan Resolusi berikut:

RESOLUSI BIASA - KUASA UNTUK MEMPERUNTUKKAN DAN MENERBITKAN SAHAM SELARAS DENGAN SEKSYEN 132D, AKTA SYARIKAT 1965.

"Bahawa, tertakluk kepada Akta Syarikat 1965 dan Tataurusan Syarikat dan kelulusan daripada Bursa Saham Kuala Lumpur, Suruhanjaya Sekuriti serta badan Kerajaan/kawalan berkenaan yang lain, kuasa dengan ini diberi kepada pengarah-pengarah selaras dengan Seksyen 132D, Akta Syarikat 1965 daripada masa ke masa untuk memperuntukkan dan menerbitkan saham dalam modal syarikat dengan syarat-syarat dan peraturan-peraturan serta untuk tujuan-tujuan yang pada pandangan pengarah-pengarah adalah sesuai asalkan jumlah saham yang diterbitkan mengikut Resolusi ini tidak melebihi 10% daripada modal saham terbitan semasa dan kuasa itu akan diteruskan sehingga tamatnya Mesyuarat Agung Tahunan Syarikat yang akan datang.

Dengan Perintah Lembaga
CHAN YOKE YIN
CHENG GHEE CHENG
Setiausaha

Ipoh
7 April 2003

NOTA: Seorang ahli yang berhak hadir dan mengundi dalam Mesyuarat tidak berhak melantik lebih daripada dua orang proksi untuk hadir dan mengundi bagi pihak dirinya. Seorang proksi boleh jadi tetapi tidak semestinya seorang ahli Syarikat. Surat perantukan proksi mestilah diserahkan kepada pejabat berdaftar Syarikat tidak kurang daripada empat puluh lapan (48) jam sebelum waktu yang ditetapkan untuk Mesyuarat.

NOTA KETERANGAN KEPADA URUSAN KHAS

Resolusi Biasa yang dicadangkan di bawah Perkara 6, jika diluluskan akan memberi para pengarah Syarikat dari tarikh Mesyuarat Agung tersebut di atas sehingga Mesyuarat Agung Tahunan yang akan datang, kuasa untuk memperuntukkan dan menerbitkan saham dalam Syarikat sehingga dan jumlahnya tidak melebihi sepuluh peratus (10%) daripada Modal Saham terbitan semasa Syarikat dan tujuannya adalah untuk kepentingan Syarikat. Kuasa ini, kecuali dimansuhkan atau diubah dalam Mesyuarat Agung, akan tamat pada Mesyuarat Agung Tahunan yang akan datang.



Statement Accompanying the Notice of Annual General Meeting

List of directors who are standing for re-election at the 43rd Annual General Meeting

1. Dato Mah King Thian, DSSA, AMP, JP
2. Mah Siew Hoe

Details of attendance of Directors at Directors Meetings

Five (5) Board Meetings were held during the financial year ended 31 December 2002. Details of attendance of the Directors at the Board Meetings are as follows:

Name	Number of Meetings Attended
Aznam bin Mansor	5/5
Dato Mah King Seng, DPMP, PMP	5/5
Dato Mah King Thian, DSSA, AMP, JP	5/5
Koay Say Loke Andrew	5/5
Azizah binti Kassim	4/5
Mah Siew Hoe	5/5

Place, date and time of the 43rd Annual General Meeting

Place : Casuarina Ipoh
18 Jalan Gopeng
30250 Ipoh
Perak Darul Ridzuan, Malaysia

Date : 30 April 2003

Time : 11.00 a.m.

Further details of the Director standing for re-election

- a) **Name** : **Dato Mah King Thian**, DSSA, AMP, JP
- Age** : 39
- Nationality** : Malaysian
- Qualification** : Bachelor of Economics Degree majoring in Accounting and Bachelor of Law Degree, Monash University, Australia
- Position in the Company** : Non-Independent Executive Director
- Working experience and occupation** : Dato Mah King Thian joined the Company in 1989 after graduating with a Bachelor of Economics Degree, majoring in Accounting and Bachelor of Law Degree from the Monash University, Australia in 1986 and 1987 respectively. He was subsequently admitted and enrolled as an Advocate and Solicitor of the High Court of Malaya in 1989. He is also a Fellowship Member of the Certified Practising Accountant (CPA), Australia. He was appointed to the Board of the Company on 28 December 1992 and has been with the Group since. He is the Executive Director responsible for the Group's corporate and legal affairs, accounting and finance. He is also a Director of Behrang 2020 Sdn. Bhd. and several other private limited companies. He is also responsible for the overall management of the 910 acres township development project being undertaken by Behrang 2020 Sdn Bhd.
- Other directorships of public companies** : Anson Oil Industries Berhad
- Securities holdings in the Company and its subsidiaries (as at 31.12.2002)** : **Company**
Direct interest : 30,003 ordinary shares
Deemed interest : 28,443,680 ordinary shares
Subsidiary Companies
He is also deemed to have an interest in shares of the other related corporations by virtue of his interest in shares of the Company.



Statement Accompanying the Notice of Annual General Meeting



Family relationship with any director and/or major shareholder of the Company : - He is a son of Datin Seri Ooi Ah Thin who is a Director and substantial shareholder of Dato Mah Pooi Soo Realty Sdn Bhd (DMR), a major shareholder of the Company.
- He is the younger brother of Dato Mah King Seng, an Executive Director of the Company, who is also a Director and substantial Shareholder of DMR.
- He is an uncle of Mah Siew Hoe, a Director of the Company.
- He is an uncle of Mah Siew Keong and Mah Siew Chuan, a brother-in-law of Wong Leng Wah and an uncle-in-law of Hooi Yoke Lin, who are all substantial shareholders of the Company through their indirect interests in Mah King Woon Holdings Sdn Bhd.

Any conflict of interest with the Company : Dato Mah King Thian is also a Director and substantial shareholder of DMR. He is deemed interested in certain recurrent related party transactions carried out in the ordinary course of business between the Company and its Group with the DMR group and certain privately owned companies.

List of convictions for offences within the past ten years other than traffic offences, if any : None

b) *Name* : **Mah Siew Hoe**

Age : 45

Nationality : Malaysian

Qualification : Bachelor of Science (Economics) with Honour, London School of Economics, University of London

Position in the Company : Non-Independent Non-Executive Director

Working experience and occupation : He has a diverse range of business exposures among which are oil palm cultivation and management, property development, manufacturing and share investment. He was appointed to the Board of the Company on 17 June 1993.

Other directorships of public companies : Anson Oil Industries Berhad

Securities holdings in the Company and its subsidiaries (as at 31.12.2002) : **Company**
Direct Interest : 7,003 ordinary shares
Indirect Interest : Nil
Subsidiary Companies
He does not hold any shares in the subsidiary companies

Family relationship with any director and/or major shareholder of the Company : - He is a nephew of Dato Mah King Seng and Dato Mah King Thian, the Executive Directors of the Company who are also Directors and substantial shareholders of Dato Mah Pooi Soo Realty Sdn Bhd (DMR), a major shareholder of the Company.
- He is a grandson of Datin Seri Ooi Ah Thin who is also a Director and substantial shareholder of DMR.
- He is the husband of Hooi Yoke Lin, a brother of Mah Siew Keong and Mah Siew Chuan and a son of Wong Leng Wah who are all substantial shareholders of the Company through their indirect interests in Mah King Woon Holdings Sdn Bhd.

Any conflict of interest with the Company : He is deemed interested in certain recurrent related party transactions carried out in the ordinary course of business between the Company and its Group with a company in which he has indirect interests and also by virtue of his common directorships in these companies.

List of convictions for offences within the past ten years other than traffic offences, if any : None



Penyata disertakan bersamaan dengan Notis Mesyuarat Agung Tahunan

Senarai Pengarah yang dicalonkan untuk dipilih semula di Mesyuarat Agung Tahunan yang ke-43

1. Dato Mah King Thian, DSSA, AMP, JP
2. Mah Siew Hoe

Keterangan berkenaan kehadiran Para Pengarah ke Mesyuarat Lembaga Pengarah

Sejumlahnya lima Mesyuarat Lembaga telah diadakan dalam tahun kewangan berakhir 31 Disember 2002. Butir-butir kehadiran Para Pengarah ke Mesyuarat Lembaga adalah seperti berikut:

Nama	Bilangan Mesyuarat yang dihadiri
Aznam bin Mansor	5/5
Dato Mah King Seng, DPMP, PMP	5/5
Dato Mah King Thian, DSSA, AMP, JP	5/5
Koay Say Loke Andrew	5/5
Azizah binti Kassim	4/5
Mah Siew Hoe	5/5

Tempat, Tarikh dan Masa untuk Mesyuarat Agung Tahunan

Tempat : Casuarina Ipoh
18 Jalan Gopeng
30250 Ipoh
Perak Darul Ridzuan, Malaysia

Tarikh : 30 April 2003

Masa : 11.00 pagi

Butir-butir lanjut mengenai Pengarah yang dicalonkan untuk pemilihan semula

- a) **Nama** : **Dato Mah King Thian**, DSSA, AMP, JP
- Umur** : 39 tahun
- Warganegara** : Malaysia
- Kelayakan** : Ijazah Muda Ekonomi dalam Perakaunan dan Ijazah Muda Undang-undang dari Universiti Monash, Australia.
- Jawatan di dalam Syarikat** : Pengarah Eksekutif Bukan Bebas.
- Pengalaman dan Kerjaya** : Dato Mah King Thian menyertai Syarikat ini pada tahun 1989 selepas lulus dari Universiti Monash, Australia dengan Ijazah Ekonomi dalam Perakaunan dan Ijazah Undang-undang pada 1986 dan 1987 masing-masing. Seterusnya beliau diterima dan didaftar sebagai seorang Peguambela dan Peguamcara Mahkamah Tinggi pada 1989. Beliau juga seorang ahli Fellow of Certified Practicing Accountant (CPA), Australia. Beliau menyertai Lembaga Syarikat pada 28 Disember 1992 dan bersama dengan Kumpulan sehingga kini. Beliau merupakan Pengarah Eksekutif yang bertanggungjawab terhadap urusan korporat serta undang-undang Kumpulan, perakaunan dan kewangan. Beliau juga seorang Pengarah Behrang 2020 Sdn. Bhd. dan beberapa buah syarikat sendirian berhad yang lain. Beliau juga bertanggungjawab untuk pengurusan keseluruhan Projek Pembangunan bandar seluas 910 ekar yang dijalankan oleh Behrang 2020 Sdn Bhd.
- Jawatan Pengarah lain di Syarikat awam** : Anson Oil Industries Bhd.
- Pegangan Saham di Syarikat dan Subsidiari (seperti pada 31-12-2002)** : **Syarikat**
Kepentingan langsung : 30,003 saham biasa.
Yang dianggap kepentingan : 28,443,680 saham biasa.
Syarikat-Syarikat Subsidiari
Beliau juga dianggap mempunyai kepentingan di dalam pertubuhan-pertubuhan berkaitan yang lain kerana kepentingan beliau dalam saham Syarikat.



Penyata disertakan bersamaan dengan Notis Mesyuarat Agung Tahunan



- Hubungan Kekeluargaan dengan sebarang pengarah dan/atau pemegang saham utama Syarikat* : - Beliau seorang anak kepada Datin Seri Ooi Ah Thin yang merupakan seorang Pengarah dan pemegang saham utama Dato Mah Pooi Soo Realty Sdn Bhd (DMR), pemegang saham utama Syarikat.
- Beliau ialah seorang adik lelaki kepada Dato Mah King Seng, yang merupakan seorang Pengarah Eksekutif Syarikat dan juga pengarah serta pemegang saham utama DMR.
- Beliau ialah bapa saudara kepada Mah Siew Hoe, seorang Pengarah Syarikat.
- Beliau ialah bapa saudara kepada Mah Siew Keong dan Mah Siew Chuan, abang ipar kepada Wong Leng Wah dan bapa saudara mertua kepada Hooi Yoke Lin, kesemua mereka merupakan pemegang saham utama Syarikat melalui kepentingan tidak langsung mereka di dalam Mah King Woon Holdings Sdn Bhd.
- Sebarang konflik kepentingan dengan Syarikat* : Dato Mah King Thian juga seorang Pengarah dan pemegang saham utama DMR. Beliau dianggap berkepentingan di dalam urusniaga berulang-ulang yang tertentu dengan pihak berkaitan yang dilaksanakan menurut perjalanan perniagaan biasa di antara Syarikat dan Kumpulannya dengan Kumpulan DMR serta Syarikat-syarikat persendirian tertentu.
- Senarai sabitan dengan kesalahan dalam 10 tahun yang lalu, tidak termasuk kesalahan trafik, jika ada.* : Tiada
- b) *Nama* : **Mah Siew Hoe**
- Umur* : 45 tahun
- Warganegara* : Malaysia
- Kelayakan* : Ijazah Muda Sains (Ekonomi) dengan kepujian, London School of Economics, Universiti London.
- Jawatan di dalam Syarikat* : Pengarah Bukan Eksekutif, Bukan Bebas.
- Pengalaman dan kerjaya* : Beliau terdedah kepada pelbagai jenis kerjaya, seperti penanaman serta pengurusan kelapa sawit, pembangunan harta tanah, perkilangan dan pelaburan saham. Beliau dilantik sebagai seorang Pengarah di dalam Lembaga Syarikat pada 17 Jun 1993.
- Jawatan Pengarah lain di Syarikat awam* : Anson Oil Industries Berhad.
- Pegangan Saham di Syarikat dan subsidiari (seperti pada 31-12-2002)* : **Syarikat**
Kepentingan langsung: 7,003 saham biasa.
Kepentingan tidak langsung : Tiada.
Syarikat-syarikat Subsidiari
Beliau tidak memegang sebarang saham di dalam syarikat-syarikat subsidiari.
- Hubungan Kekeluargaan dengan sebarang pengarah dan/atau pemegang saham Syarikat* : - Beliau seorang anak saudara kepada Dato Mah King Seng dan Dato Mah King Thian yang merupakan Pengarah Eksekutif Syarikat dan juga Pengarah serta pemegang saham utama Dato Mah Pooi Soo Realty Sdn Bhd (DMR), pemegang saham utama Syarikat ini.
- Beliau ialah anak cucu Datin Seri Ooi Ah Thin yang juga Pengarah serta pemegang saham utama DMR.
- Beliau ialah suami kepada Hooi Yoke Lin, abang/adik kepada Mah Siew Keong dan Mah Siew Chuan dan anak kepada Wong Leng Wah, kesemua mereka pemegang saham utama Syarikat melalui kepentingan tidak langsung mereka di dalam Mah King Woon Holdings Sdn.Bhd.
- Sebarang konflik kepentingan dengan Syarikat* : Beliau dianggap berkepentingan di dalam urusniaga berulang-ulang yang tertentu dengan pihak yang berkaitan yang dilaksanakan menurut perjalanan perniagaan biasa di antara Syarikat dan Kumpulannya dengan sebuah Syarikat di mana beliau ada kepentingan tidak langsung dan kerana jawatan Pengarah beliau di Syarikat-syarikat ini.
- Senarai sabitan dengan kesalahan dalam 10 tahun yang lalu, tidak termasuk kesalahan trafik, jika ada* : Tiada



Corporate Information

DIRECTORS

Aznam bin Mansor
- (Chairman)
Dato Mah King Seng, DPMP, PMP
- (Executive Director)
Dato Mah King Thian, DSSA, AMP, JP
- (Executive Director)
Mah Siew Hoe
Azizah binti Kassim
Koay Say Loke Andrew

AUDIT COMMITTEE

Koay Say Loke Andrew
- (Chairman, Independent Non-Executive Director)
Dato Mah King Thian, DSSA, AMP, JP
- (Executive Director)
Azizah binti Kassim
- (Independent Non-Executive Director)

EXECUTIVE COMMITTEE

Datin Seri Ooi Ah Thin
- (Chairperson)
Dato Mah King Seng, DPMP, PMP
- (Joint Managing Director)
Dato Mah King Thian, DSSA, AMP, JP
- (Joint Managing Director)

NOMINATING COMMITTEE

Azizah binti Kassim
- (Chairperson, Independent Non-Executive Director)
Koay Say Loke Andrew
- (Independent Non-Executive Director)

REMUNERATION COMMITTEE

Koay Say Loke Andrew
- (Chairman, Independent Non-Executive Director)
Dato Mah King Thian, DSSA, AMP, JP
- (Executive Director)
Azizah binti Kassim
- (Independent Non-Executive Director)

COMMITTEE TO REVIEW PREPARATION OF PRESS OR PUBLIC ANNOUNCEMENTS

Dato Mah King Seng, DPMP, PMP
Dato Mah King Thian, DSSA, AMP, JP

REGISTERED OFFICE

No. 35, Jalan Hussein
30250 Ipoh
Perak Darul Ridzuan
Malaysia
Tel. No. 05-2415633
Fax No. 05-2415578

PRINCIPAL PLACE OF BUSINESS

8 - 10 Medan Sri Intan
Jalan Sekolah
36000 Teluk Intan
Perak Darul Ridzuan
Malaysia
Tel. No. 05-6222020
Fax No. 05-6211778

REGISTRARS

Signet Share Registration Services Sdn Bhd
No. 35, Jalan Hussein
30250 Ipoh
Perak Darul Ridzuan
Malaysia
Tel. No. 05-2415633
Fax No. 05-2415578

SECRETARIES

Chan Yoke Yin (MAICSA 7043743)
Cheng Ghee Cheng (LS 04598)

AUDITORS

Ernst & Young
Chartered Accountants

PRINCIPAL BANKERS

Malayan Banking Berhad
RHB Bank Berhad

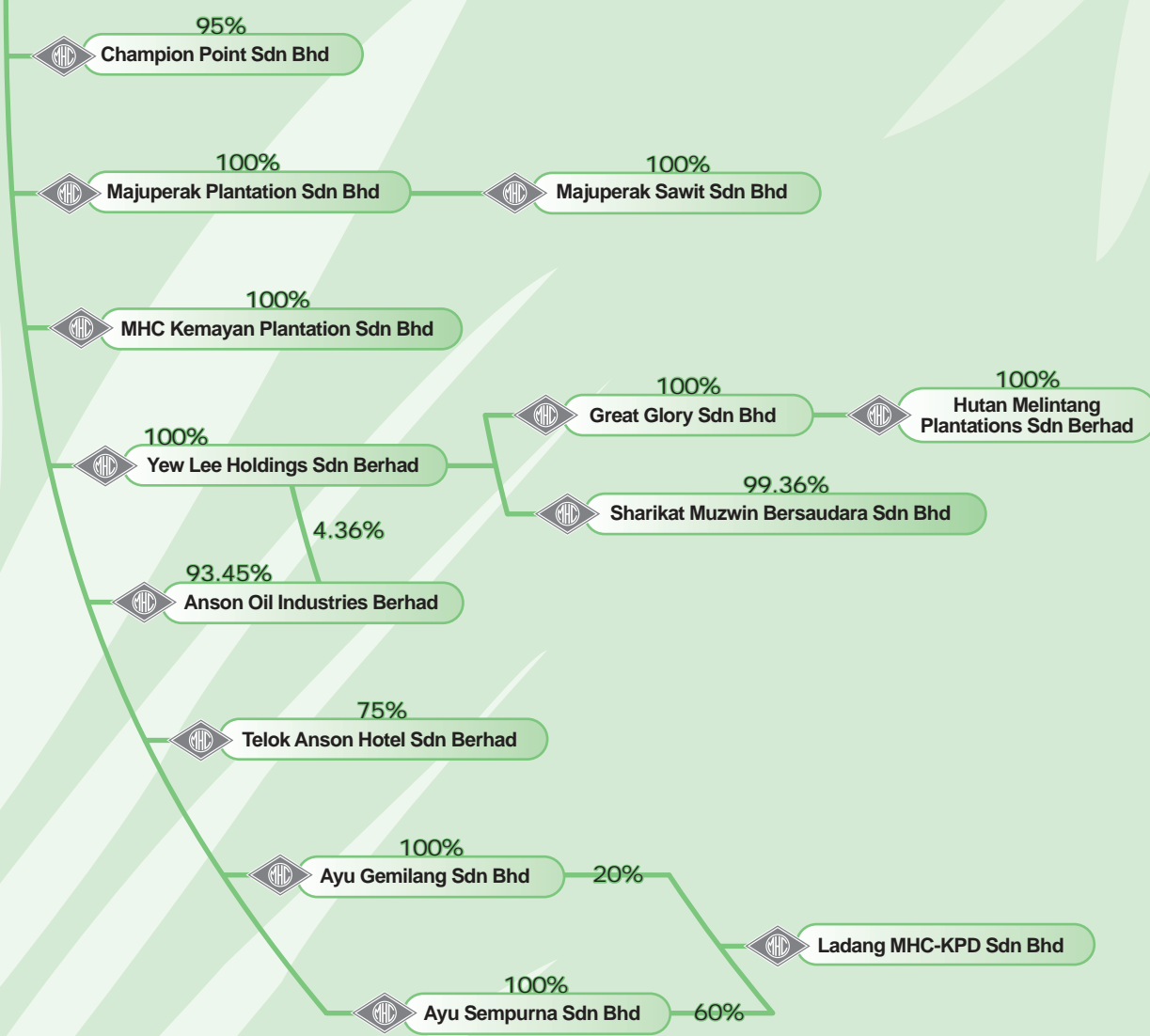
STOCK EXCHANGE LISTING

Kuala Lumpur Stock Exchange
Main Board

COUNTRY OF INCORPORATION

Malaysia





MHC-KPD, Sabah newly matured area.



MHC-Kemayan estate newly matured area.



New extension transfer carriage station.



Profiles of Board of Directors



Aznam bin Mansor, Chairman

Non-Independent Non-Executive Director

- Aznam bin Mansor, a Malaysian, aged 44, is the Chairman of the Company. He was appointed to the Board of the Company on 21 December 1998 and subsequently as the Chairman of the Company on 25 February 2002.
- He is an advocate and solicitor by profession. He graduated from the North East London Polytechnic with a Bachelor of Arts (Honours) Degree in Law in 1983 and was admitted as a Barrister-at-Law at Lincoln's Inn in 1984. He joined Skrine & Co as a Legal Assistant in 1986 and was subsequently admitted and enrolled as an Advocate and Solicitor of the High Court of Malaya soon afterwards. He left Skrine & Co to become a partner of Lee Hishammuddin in 1993.
- He also sits on the Board of Knusford Berhad. He does not hold any directorship in any other public company.
- He does not have any family relationship with any other Director and/or major shareholder of the Company.
- He is deemed interested in certain recurrent related party transactions carried out in the ordinary course of business between the Company and its Group with a company by virtue of his common directorships in these companies.
- He has not been convicted of any offence in the last ten years.
- He attended all the five Board Meetings held during the financial year.



Dato Mah King Seng, DPMP, PMP

Non-Independent Executive Director

- Dato Mah King Seng, a Malaysian, aged 44, joined the Board of Directors on 20 September 1978. He is currently the Executive Director responsible for the operations of the Group's estates, mills and hotel.
- He is also a member of the Executive Committee and the Committee for the review of the preparation of press releases or public announcements.
- He joined the Company in 1978 after graduating from the University of Minnesota, United States of America with a degree in Agricultural Science and has been with the Group since then, garnering more than twenty years' experience in managing the operations of the Group's estates, mills and hotel. In 1980, he attended the Palm Oil Mill Engineer/Executive Training course on palm oil mill operations organised by the Malaysian Oil Palm Growers Council. He subsequently obtained his Bachelor of Law Degree in 1985 from the University of Buckingham, United Kingdom and was admitted and enrolled as an Advocate and Solicitor of the High Court of Malaya in 1990.
- He is a Director of Anson Oil Industries Berhad, a public company, and also of Behrang 2020 Sdn Bhd and several other private limited companies. He does not hold any directorship in any other public company.
- He is a son of Datin Seri Ooi Ah Thin who is a Director and substantial shareholder of Dato Mah Pooi Soo Realty Sdn Bhd (DMR), a major shareholder of the Company, the elder brother of Dato Mah King Tian, an Executive Director of the Company, who is also a Director and substantial shareholder of DMR and an uncle of Mah Siew Hoe, a Director of the Company. He is also an uncle of Mah Siew Keong and Mah Siew Chuan, a brother-in-law of Wong Leng Wah and an uncle-in-law of Hooi Yoke Lin, who are all substantial shareholders of the Company through their indirect interests in Mah King Woon Holdings Sdn Bhd.
- Dato Mah King Seng is also a Director and substantial shareholder of DMR. He is deemed interested in certain recurrent related party transactions carried out in the ordinary course of business between the Company and its Group with the DMR group and certain privately owned companies.
- He has not been convicted of any offence in the last ten years.
- He attended all the five Board Meetings held during the financial year.



Profiles of Board of Directors



Dato Mah King Thian, DSSA, AMP, JP

Non-Independent Executive Director

- Dato Mah King Thian, a Malaysian, aged 39, joined the Board of Directors on 28 December 1992. He is currently the Executive Director responsible for the Group's corporate and legal affairs, accounting and finance.
- He is also a member of the Audit Committee, Executive Committee, Remuneration Committee and the Committee for the review of the preparation of press releases or public announcements.
- He graduated from Monash University, Australia with a Bachelor of Economics Degree, majoring in Accounting in 1986 and also a Bachelor of Law Degree in 1987. He was subsequently admitted and enrolled as an Advocate and Solicitor of the High Court of Malaya in 1989. He is also a Fellowship Member of the Certified Practising Accountant (CPA), Australia. He joined the Company in 1989.
- He is a Director of Anson Oil Industries Berhad, a public company, and also of Behrang 2020 Sdn Bhd and several other private limited companies. He is responsible for the overall management of the 910 acres township development project being undertaken by Behrang 2020 Sdn Bhd. He does not hold any directorship in any other public company.
- He is a son of Datin Seri Ooi Ah Thin who is a Director and substantial shareholder of Dato Mah Pooi Soo Realty Sdn Bhd (DMR), a major shareholder of the Company, the younger brother of Dato Mah King Seng, an Executive Director of the Company, who is also a Director and substantial shareholder of DMR and an uncle of Mah Siew Hoe, a Director of the Company. He is also an uncle of Mah Siew Keong and Mah Siew Chuan, a brother-in-law of Wong Leng Wah and an uncle-in-law of Hooi Yoke Lin, who are all substantial shareholders of the Company through their indirect interests in Mah King Woon Holdings Sdn Bhd.
- Dato Mah King Thian is also a Director and substantial shareholder of DMR. He is deemed interested in certain recurrent related party transactions carried out in the ordinary course of business between the Company and its Group with the DMR group and certain privately owned companies.
- He has not been convicted of any offence in the last ten years.
- He attended all the five Board Meetings held during the financial year.



Koay Say Loke Andrew

Independent Non-Executive Director

- Koay Say Loke Andrew, a Malaysian, aged 37, was appointed to the Board on 16 August 2000 and is currently an Independent Non-Executive Director of the Company.
- He is the Chairman of the Audit Committee and Remuneration Committee. He is also a member of the Nominating Committee of the Company.
- He is an advocate and solicitor by profession. He graduated from Monash University, Australia with a Bachelor of Economics Degree, majoring in Accounting and a Bachelor of Law Degree in 1987. He subsequently obtained a Masters in Law Degree from Monash University in 1994. Upon obtaining his Bachelor Degrees, he worked with an accounting firm, Nelson Parkhill BDO in Australia and became an Associate Member of the Institute of Chartered Accountants, Australia in 1991. He advanced to become a Fellowship Member of the Institute of Chartered Accountants, Australia in 2002. He was enrolled as a Barrister and Solicitor of the Supreme Court of Victoria, Australia and the Federal Court of Australia in 1988 and has been a member of the Law Institute of Victoria, Australia since 1991. Upon his return to Malaysia, he was enrolled as an Advocate and Solicitor of the High Court of Malaya in 1995. He is now practising as a partner of Koay & Co in Penang.
- He is a Director of Penang Commercial & Industrial Development Berhad, a public company. He does not hold any directorship in any other public company.
- He does not have any family relationship with any other Director and/or major shareholder of the Company and has no conflict of interest with the Company.
- He has not been convicted of any offence in the last ten years.
- He attended all the five Board Meetings held during the financial year.





Profiles of Board of Directors



Azizah binti Kassim

Independent Non-Executive Director

- Azizah binti Kassim, a Malaysian, aged 47, was appointed to the Board on 18 July 2000 and is currently an Independent Non-Executive Director.
- She is a member of the Audit Committee, Remuneration Committee and the Chairperson of the Nominating Committee of the Company.
- She graduated from the University of London, United Kingdom with a Bachelor of Law Degree in 1980 and was subsequently enrolled as an Advocate and Solicitor of the High Court of Malaya in 1986. She served the Malaysian Government as a Magistrate from 1980 to 1981. She subsequently joined Bumiputera Commerce Bank Berhad in 1982 and served as a Legal Officer until she retired in November 2001.
- She does not hold any directorship in any other public company.
- She does not have any family relationship with any other Director and/or major shareholder of the Company and has no conflict of interest with the Company.
- She has not been convicted of any offence in the last ten years.
- She attended four out of the five Board Meetings held during the financial year.



Mah Siew Hoe

Non-Independent Non-Executive Director

- Mah Siew Hoe, a Malaysian, aged 45, was appointed to the Board on 17 June 1993 and is currently a Non-Independent Non-Executive Director of the Company.
- He graduated from the London School of Economics, University of London, United Kingdom in 1980 with a Bachelor of Science (Economics) Degree specialising in Industry and Trade. He has a diverse range of business exposures, among which are oil palm cultivation and management, property development, manufacturing and share investment.
- He is a Director of Anson Oil Industries Berhad, a public company, and several other private limited companies. He does not hold any directorship in any other public company.
- He is a nephew of Dato Mah King Seng and Dato Mah King Thian, the Executive Directors of the Company who are also Directors and substantial shareholders of Dato Mah Pooi Soo Realty Sdn Bhd (DMR), a major shareholder of the Company, and a grandson of Datin Seri Ooi Ah Thin who is also a Director and substantial shareholder of DMR. He is the husband of Hooi Yoke Lin, a brother of Mah Siew Keong and Mah Siew Chuan, and a son of Wong Leng Wah who are all substantial shareholders of the Company through their indirect interests in Mah King Woon Holdings Sdn Bhd.
- He is deemed interested in certain recurrent related party transactions carried out in the ordinary course of business between the Company and its Group with a company in which he has indirect interests and also by virtue of his common directorships in these companies.
- He has not been convicted of any offence in the last ten years.
- He attended all the five Board Meetings held during the financial year.





On behalf of the Board of Directors of MHC Plantations Bhd, it gives me great pleasure to present to you the Annual Report of the Group for the financial year ended 31 December 2002.

OPERATIONS REVIEW

New Planting and replanting

During the year 2002, the Group planted the balance carried over area of 252 acres under the replanting programme in Yew Lee Estate located in Teluk Intan and new planting in Ladang MHC-KPD located in Beaufort, Sabah.

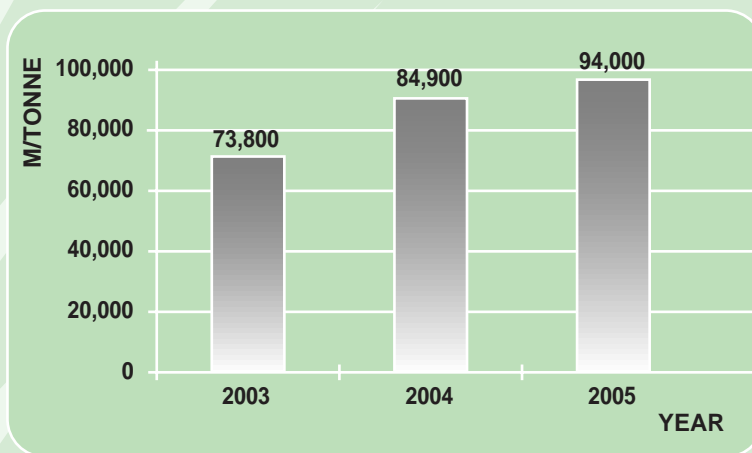
At present, the total Immature area of the Group is 4,990 acres.

Production

Production of FFB for the year fell by 4.7% to 64,528 metric tonnes (MT) compared to 67,730 MT in the preceding year.

Presently 7,068 acres or 78% of mature area are prime age palms yielding an average of 8.1 MT per acre while 22% of the mature area or 2,037 acres, are young palms of below 5 years yielding only 3.7 MT per acre at this initial stage. The average yield was generally lower than the previous year due to the biological yield cycle for the older palms, moisture stress experienced during the dry spell and new area coming into maturity.

The projected production for the next three years is expected to improve with additional new areas coming into maturity as illustrated below:



Milling

During the year 2002, the two mills in the Group processed a total of 183,914 tonnes Fresh Fruit Bunch (FFB), producing 32,609 tonnes of Crude Palm Oil (CPO) and 11,242 tonnes of Palm Kernel, Extraction rates of CPO and PK were 17.73% and 6.11% respectively. The milling division recorded a higher volume of FFB processed by 8,209 metric tonnes with an improved volume of 1,598 metric tonnes CPO and 633 metric tonnes palm kernel respectively due to upgrading of our MHC-Kemayan mill.

The OER is expected to improve to 18% or better next year.



Chairman's Statement

	2001	2002
PRODUCTION		
Mature Area (acres)	8,970	9,105
FFB Production	67,730	64,528
Yield mt FFB/acre	7.55	7.09
MILLING		
FFB Processed (mt)	175,705	183,914
Oil Extraction Rate %	17.65	17.73
Kernel Extraction %	6.04	6.11
SALES (MT)		
FFB Sales (mt)	1,560	15,548
CPO Sales (mt)	30,869	32,910
PK Sales (mt)	10,614	11,383
AVERAGE PRICE (RM/MT)		
Fresh Fruit Bunch	162	258
Crude Palm Oil	910	1,361
Palm Kernel	454	681

FINANCIAL REVIEW

The sustainable and strong recovery in commodity prices had contributed to the tremendous increase in Group's turnover and profitability. Turnover had increased to RM57 million compared to approximately RM33 million in the last financial year whilst profit before tax had increased more than two fold from RM3.1 million in the preceding year to about RM7.2 million in the current year. Thus, the Group's profit after tax also recorded significant improvement from RM2 million last year to RM5.2 million in the current year.

DIVIDEND

Your Board has recommended for your approval, a first and final dividend of 5%, less 28% income tax, for the financial year ended 31 December 2002.

PROSPECTS

The Group's prospects in 2003 depends on the sustainability of the present commodity price. The price should remain firm, as there is tight supply in oils and fats despite the forecast bumper crop from South America. Whereas the Group's yield is expected to increase from new mature area, nevertheless, the recent global uncertainties including the threat of war might affect the Group's performance.

APPRECIATION

Finally, on behalf of the Board of Directors, I would like to express my appreciation to all the shareholders continued support during these hard times and my deepest gratitude to the management and employees for their dedicated services to the Group.

Aznam bin Mansor
Chairman
20 March 2003





Bagi pihak Lembaga Pengarah MHC Plantations Bhd, dengan sukacitanya saya membentangkan kepada anda Laporan Tahunan Kumpulan bagi tahun kewangan berakhir 31 Disember 2002.

KAJIAN OPERASI

Penanaman baru dan penanaman semula.

Dalam tahun 2002, Kumpulan telah menanam baki kawasan seluas 252 ekar di bawah rancangan menanam semula dalam Yew Lee Estate yang terletak di Teluk Intan serta menanam kawasan baru dalam Ladang MHC-KPD yang terletak di Beaufort, Sabah.

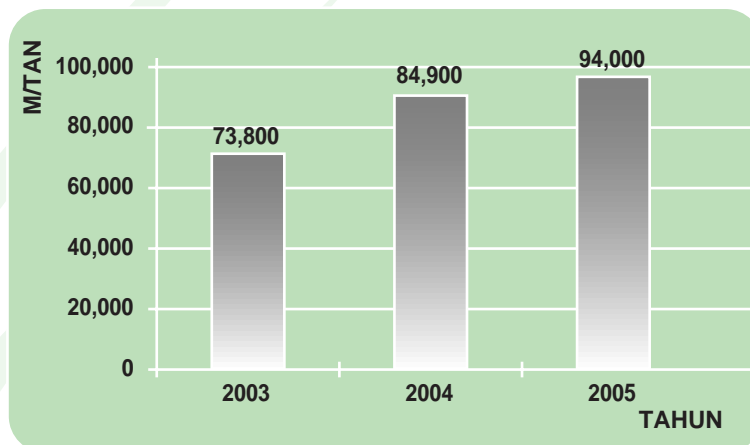
Pada masa kini, jumlah kawasan Belum Matang Kumpulan ialah 4,990 ekar.

Pengeluaran

Pengeluaran Buah Tandan Segar bagi tahun ini menurun sebanyak 4.7% ke 64,528 tan metrik berbanding 67,730 tan metrik pada tahun sebelumnya.

Kini, sejumlah 7,068 ekar atau 78% daripada kawasan matang adalah pokok pada umur terbaik (prime age) yang hasil puratanya 8.1 tan metrik seekar manakala 22% kawasan matang atau sejumlah 2,037 ekar adalah pokok muda di bawah 5 tahun yang menghasilkan cuma 3.7 tan metrik seekar pada peringkat permulaan ini. Pada keseluruhannya hasil purata adalah lebih rendah daripada tahun sebelumnya disebabkan oleh kitaran hasil biologi bagi pokok yang lebih tua, tekanan kelembapan (moisture stress) yang dialami pada musim kering serta kawasan baru yang menjadi matang.

Mengikut pengunjuran bagi tiga tahun yang akan datang, pengeluaran dijangka meningkat dengan kawasan baru tambahan menjadi matang seperti yang ditunjuk di bawah:



Pengilangan

Dalam Tahun 2002, dua buah kilang dalam Kumpulan telah memproseskan sejumlah 183,914 tan Buah Tandan Segar, mengeluarkan 32,609 tan Minyak Sawit Mentah dan 11,242 tan Isirung Sawit. Kadar pengekstrakan bagi Minyak Sawit Mentah dan Isirung Sawit ialah 17.73% dan 6.11% masing-masing. Bahagian pengilangan mencatatkan peningkatan sebanyak 8,209 tan metrik Buah Tandan Segar yang diproses dengan 1,598 tan metrik Minyak Sawit Mentah dan 633 tan metrik isirung sawit akibat peningkatan kilang MHC-Kemayan.

Kadar Pengekstrakan Minyak dijangka meningkat 18% atau lebih pada tahun depan.



Penyata Pengerusi

	2001	2002
PENGELUARAN		
Kawasan Matang (ekar)	8,970	9,105
Pengeluaran Buah Tandan Segar	67,730	64,528
Hasil tm Buah Tandan Segar/ekar	7.55	7.09
PENGILANGAN		
Buah Tandan Segar diproses (tm)	175,705	183,914
Kadar Pengekstrakan Minyak %	17.65	17.73
Pengekstrakan Isirung %	6.04	6.11
PENJUALAN (TM)		
Penjualan Buah Tandan Segar (tm)	1,560	15,548
Penjualan Minyak Sawit Mentah (tm)	30,869	32,910
Isirung Sawit (tm)	10,614	11,383
HARGA PURATA (RM/TM)		
Buah Tandan Segar	162	258
Minyak Sawit Mentah	910	1,361
Isirung Sawit	454	681

KAJIAN KEWANGAN

Pemulihan harga komoditi yang kuat dan berterusan telah menyumbang kepada peningkatan besar dalam dagangan dan keuntungan Kumpulan. Jumlah dagangan telah meningkat ke RM57 juta berbanding lebih kurang RM33 juta dalam tahun kewangan sebelumnya manakala keuntungan sebelum cukai bertambah lebih dua kali ganda dari RM3.1 juta dalam tahun sebelumnya ke lebih kurang RM7.2 juta pada tahun semasa. Jadi, keuntungan selepas cukai Kumpulan juga mencatatkan peningkatan besar dari RM2 juta tahun lepas ke RM5.2 juta tahun semasa.

DIVIDEN

Lembaga telah mencadangkan dividen pertama dan muktamad sebanyak 5% tolak 28% cukai pendapatan bagi tahun kewangan berakhir 31 Disember 2002 untuk kelulusan anda.

PROSPEK

Prospek Kumpulan dalam tahun 2003 bergantung kepada kekekalan harga komoditi pada masa kini. Harga akan tetap kukuh kerana kesempitan bekalan dalam minyak dan lemak sungguhpun diramalkan hasil yang banyaknya dari Amerika selatan. Sementara itu, hasil Kumpulan dijangka bertambah dari kawasan matang baru. Walau bagaimanapun, ketidakpastian global kebelakangan ini termasuk ancaman perang mungkin akan mempengaruhi prestasi Kumpulan.

PENGHARGAAN

Akhirnya, bagi pihak Lembaga Pengarah, saya ingin menyampaikan penghargaan saya kepada para pemegang saham di atas sokongan berterusan mereka pada masa yang susah ini dan setinggi-tinggi terima kasih kepada pengurusan dan para kakitangan di atas perkhidmatan yang berdedikasi mereka kepada Kumpulan.

Aznam bin Mansor
Pengerusi
20 Mac 2003



Statement on Corporate Governance



INTRODUCTION

The Board of Directors (the Board) of the Company fully subscribes to the recommendations of the Malaysian Code on Corporate Governance (the Code) and is committed to ensure that the highest standards of Corporate Governance are practised throughout the Group towards enhancing business prosperity and corporate accountability to realise long term shareholders value for the Company's shares. The Board is working towards ensuring full application of all the Principles in Part 1 of the Code and is also committed to ensuring full compliance with the Best Practices as recommended in Part 2 of the Code. An indication of the Board's commitment is reflected in the incorporation of various processes and the establishment of the relevant committees. The Board is pleased to report on how the Company and Group have applied the principles laid down in the Code and the extent of compliance with the Best Practices in Corporate Governance.

THE BOARD OF DIRECTORS

Principal Responsibilities

The Board assumes full responsibilities for the overall performance of the Company and its subsidiaries by setting the policies, establishing goals and monitoring the achievement of the goals through strategic action plans and careful stewardship of the Group's assets and resources. It focuses on financial performance and crucial business issues, like principal risks and their management, succession planning for senior management, investor relations programme and shareholder communication policy, systems for internal control and compliance with laws and regulations.

Composition

The Board, led by a Non-Executive Chairman, currently comprises six members who bring with them a wide mix of knowledge, business acumen, industry expertise and financial experience which are invaluable assets required in their thorough examination and deliberations of the various key issues and matters involving the Group.

There is a balance of power and authority in the Board, with two executive directors and four non-executive directors, two of whom are independent and represent one-third of the Board. The Company has thus satisfied the KLSE Listing Requirements (LR) of having at least one-third of the Board members as independent non-executive directors.

The roles of the Chairman and the two Joint Managing Directors, namely, the Executive Directors, are distinct and segregated with responsibilities clearly drawn out to ensure a balance of power and authority. The Chairman is responsible for ensuring Board effectiveness and conduct, whilst the Executive Directors are primarily responsible for managing the Group's day-to-day operations and, they, with their expert and intimate knowledge of the business of the Group, are able to efficiently practise "hands on" management in their specific areas of responsibilities. The Non-Executive Directors are professionals of calibre and credibility who play key supporting roles by contributing their knowledge, guidance and experience towards making independent judgement on issues of strategies, performance, resources and standards of conduct. The Executive and Non-Executive Directors together ensure that the strategies proposed by the management are fully discussed and examined and the long term interests of the shareholders, employees, suppliers and customers are taken into account. Where any conflict of interests arises, it is a mandatory practice for the director concerned to declare his interest and abstain from the decision making process.

The two Executive Directors, Dato Mah King Seng and Dato Mah King Thian both represent the significant major shareholder, Dato Mah Pooi Soo Realty Sdn Bhd. The two Independent Non-Executive Directors represent the minority shareholders.

The profile of each Director is presented on pages 10 to 12 of this Annual Report.

Meetings

The Board meets on a scheduled basis, five times a year with additional meetings held when specific urgent matters and important decisions are required to be taken between the scheduled meetings. At each meeting, the Board considers pre-set agenda items covering the quarterly financial statements, performance for the period and strategies for progress. The Independent Non-Executive Directors play an important role here in ensuring strategies formulated or major transactions proposed by management are fully discussed and examined and long term interests of the shareholders, employees, customers and suppliers are taken into account before such are approved and carried through.



Statement on Corporate Governance

A total of five (5) Board Meetings were held during the financial year under review. The record of attendance of these Meetings by the current Directors of the Board is as follows:

Name of Director	25 Feb 2002	17 April 2002	22 May 2002	21 Aug 2002	20 Nov 2002
Aznam bin Mansor	✓	✓	✓	✓	✓
Dato Mah King Seng, DPMP, PMP	✓	✓	✓	✓	✓
Dato Mah King Thian, DSSA, AMP, JP	✓	✓	✓	✓	✓
Koay Say Loke Andrew	✓	✓	✓	✓	✓
Azizah binti Kassim	✓	✓	✓	✗	✓
Mah Siew Hoe	✓	✓	✓	✓	✓

All the above Directors have complied with the minimum attendance at Board Meetings as stipulated by the KLSE LR during the financial year.

Supply of Information

All Directors are provided with reports and other relevant information pertaining to the Group's operations and performance on a timely basis. Board papers providing current reviews and updates on the operations, financial and corporate developments, quarterly financial reports and minutes of the previous meetings are circulated prior to the Board Meetings to give the Directors time to deliberate on the issues to be discussed at the Board Meetings. The Directors have access to all staff for any information they require on the Group's affairs and to the advice and services of the Company Secretaries, independent professional advisers, and internal/external auditors in appropriate circumstances at the Company's expense, if required. The Secretaries are charged with the duty of ensuring proper filing of all appointments, obtaining all the necessary information from the Directors, both for the Company's own records and for meeting statutory requirements and regulatory obligations. The Secretaries also highlight all issues which they feel ought to be brought to the Board's attention.

Directors' Training

All the Directors have undergone the Mandatory Accreditation Programme (MAP). The Nominating Committee has been given the responsibility of formulating an orientation programme for the new recruits to the Board of Directors.

A Board Meeting was held on 20 November 2002 at Kemayan to familiarise the Directors with the operation of the upgraded mill and estates.

Re-election

All Directors who are appointed by the Board during the year are subject to re-election by shareholders at the next Annual General Meeting held subsequent to their appointment. There was no new appointment during the financial year under review.

All Directors, including the Joint Managing Directors, will retire from office once at least every three years and be eligible for re-election.

Statement on Corporate Governance



BOARD COMMITTEES

The Board is assisted by the following Sub-Committees in the discharge of its duties and responsibilities:

- Audit Committee
- Executive Committee
- Nominating Committee
- Remuneration Committee
- Committee for the review of the preparation of press releases or public announcements

The Audit Committee was established on 27 September 2000. The terms of reference of the Committee had been revised on 24 May 2001 to conform to the revamped KLSE LR. Details of the composition, terms of reference and activities of the Audit Committee are set out in the Audit Committee Report on pages 24 to 26 of this Annual Report.

The Executive Committee was set up on 24 May 2001 to act on behalf of the Board on matters concerning administrative operations, capital expenditure, debt approvals and investments. It meets at regular intervals to review the operations, budget and investment strategy. It has three members comprising the two Executive Directors and one Senior Executive:

- 1) Datin Seri Ooi Ah Thin (Chairperson, Executive - Sales of Crude Palm Oil & Kernel/Fertiliser Procurement)
- 2) Dato Mah King Seng, DPMP, PMP (Joint Managing Director - Mills, Estate and Hotel Operations)
- 3) Dato Mah King Thian, DSSA, AMP, JP (Joint Managing Director - Accounting, Corporate & Legal Affairs)

The Nominating Committee was set up on 24 May 2001 with the objective of ensuring there is an effective process for director selection and tenure and an appropriate structure for management succession and development. It is responsible for the recommendations of candidates for appointments to the Board, the formulation of a programme for the orientation of the Directors and the succession planning for the senior management. The Committee shall conduct a review of the required mix of skills, experience and core competencies of the Board and an assessment of the Board's effectiveness and contribution on an annual basis. The Committee did not hold any meeting in the year 2002. The Committee comprises exclusively the following two Independent Directors:

- 1) Azizah binti Kassim (Chairperson)
- 2) Koay Say Loke Andrew

The Remuneration Committee was set up on 24 May 2001 with the objective of reviewing and recommending to the Board a formal and transparent policy on the remuneration of the Executive Directors and for fixing the remuneration packages of individual directors and approving employee compensation and benefits programme to ensure that the Executive Directors are fairly rewarded for their contributions to the Group's overall performance and the levels of remuneration are sufficient to attract and retain the best senior managers for the Group. It is responsible for making recommendations to the Board on remuneration packages and benefits extended to the Executive Directors and on the fees to be recommended to the Company's shareholders for approval for payment to the Non-Executive Directors. The Executive Directors abstain from the deliberations and voting on decisions in respect of their individual remuneration. The Remuneration Committee has held one meeting on 27 January 2003 to decide on the Company's policy on the payment of remuneration to its Directors and staff.

The Remuneration Committee comprises the following three members, the majority of whom are Non-Executive Directors:

- 1) Koay Say Loke Andrew (Chairman, Independent Non-Executive)
- 2) Dato Mah King Thian, DSSA, AMP, JP (Non-Independent Executive Director)
- 3) Azizah binti Kassim (Independent Non-Executive)

The Committee for the review of the preparation of press releases or public announcements, comprising the two Executive Directors, Dato Mah King Seng and Dato Mah King Thian, is responsible for making timely dissemination of information to the shareholders and investing public and ensuring that the information released is factual, clear, accurate and not false or misleading.



Statement on Corporate Governance

DIRECTORS' REMUNERATION

The Company pays its Non-Executive Directors allowances based on attendance of meetings and level of responsibilities. There are no contracts of service between any Director and the Company and its subsidiaries.

The details of the remuneration of Directors of the Company comprising remuneration received/receivable from the Company and subsidiary companies during the financial year are as follows:

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

Remuneration	Executive Directors	Non-Executive Directors	Total
(a) Directors' Fees	RM -	RM -	RM -
(b) Salaries	RM368,610	RM -	RM368,610
(c) Bonuses/Allowances	RM 61,000	RM72,500	RM133,500
(d) Benefits in kind - EPF/Socso/Car	RM104,428	RM -	RM104,428

b) Analysis of Remuneration

Range of Remuneration	Number of Directors	
	Executive	Non-Executive
Below RM50,000	-	4
RM 50,001 - RM100,000	-	-
RM100,001 - RM150,000	-	-
RM150,001 - RM200,000	-	-
RM200,001 - RM250,000	-	-
RM250,001 - RM300,000	2	-

SHAREHOLDERS

Investor Relations and Shareholder Communication

The Board recognises the importance of timely dissemination of information to its shareholders to keep them well informed of all major developments of the Group. Disclosures in the Annual Report, announcements and releases of the quarterly financial results provide the shareholders and the investing public with a periodic overview of the Group's performance and operations.

The Company uses the Annual General Meeting (AGM) as a forum for dialogue and interaction with all shareholders. Shareholders are encouraged to attend and participate in the AGM. They will be given the opportunity to seek clarification on any matters pertaining to the Company's affairs and performance as Members of the Board and representatives of the external Auditors will be present to answer any questions they may have.

The Board has identified Koay Say Loke Andrew as the Senior Independent Non-Executive Director to be the Liaison Director to whom the shareholders, management and others may convey their concerns.

Shareholders may also contact the Company Secretary at any time for information.



Statement on Corporate Governance



ACCOUNTABILITY AND AUDIT

Financial Reporting

In addition to providing financial reports on an annual basis, the Group's financial results are also now presented to shareholders on a quarterly basis through the KLSE Link. Before their release to the KLSE, the quarterly financial results are reviewed by the Audit Committee and approved by the Directors. A statement by the Directors of their responsibilities in preparing the financial statements is set out on Page 22 of this Annual Report.

Internal Control

The Statement on Internal Control set out on page 23 of the Annual Report provides an review of the system of internal control within the Group.

Relationship with the Auditors

The Board has established a formal and transparent arrangement with its external auditors to meet their professional requirements. The auditors have continued to highlight to the Audit Committee and Board of Directors matters that require the Board's attention.

Compliance with the Code

The Group has complied with the Best Practices of the Code except for the following minor exceptions that, in the opinion of the Directors, adequately suit the circumstances:

- Disclosure of Directors' remuneration is not made in detail for each Director. However, the remuneration paid are disclosed in aggregates of the categories of remuneration and, in compliance with the KLSE LR, analysed into bands of RM50,000.
- During the financial year ended 31 December 2002, the Audit Committee has met once with the external auditors without the presence of the Executive Director.
- The Nominating Committee has not yet held any meeting since its formation.



Directors' Responsibility Statement

PURSUANT TO PARAGRAPH 15.27(a) OF THE LISTING REQUIREMENTS

The Directors are required by the Companies Act, 1965 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and Group as at the end of the financial year and of their results and cash flows for that period.

The Directors consider that, in preparing these financial statements, the Company and Group have used appropriate accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent. Applicable accounting standards also have to be followed and a statement made to that effect in the financial statements, subject to any material departures being disclosed and explained in the notes to the financial statements.

The Directors are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy at any time the financial position of the Company and Group and to enable them to ensure that the financial statements comply with the provisions of the Companies Act, 1965 and the applicable approved accounting standards in Malaysia. They are responsible for taking reasonable steps to safeguard the assets of the Company and Group, for the prevention and detection of fraud and other irregularities.



Statement on Internal Control



The directors are responsible for the Group's system of internal control and for reviewing its adequacy and integrity. However, the system is designed to manage rather than eliminate the risk of failure to achieve business objective and could provide only reasonable and not absolute assurance against material misstatement or loss.

Following the publication of guidance for directors on internal control, *Statement on Internal Control: Guidance for directors of Public Listed Companies*, the Board confirms that there is in place an ongoing process for identifying, evaluating and managing the significant risks affecting the business operation of the Group. The system comprises clearly defined policies and procedures and responsibilities on the part of operational and financial management for the maintenance of proper and effective controls and the provision of reliable and timely financial management information.

The Board has assessed the various types of risks, which might have an impact on the profitable operation of the Group's business. These include operational risk, market risk, legal risk and environmental risk. After the review and taking into consideration the nature of business in the Group, the directors are of the view that the Group is not materially exposed to legal and environmental risks and therefore had concluded to focus on the operational risks relevant to the business. Although there is exposure to market risk as a result of price fluctuation in the commodity market, the directors consider these as movement in market forces and it has been inherent in the industry in which the Group operates.

The Board has established a formal Group Risk Management Committee after the financial year end, that comprises Joint MD and senior management. The Group Risk Management Committee will be entrusted with the responsibilities to identify and evaluate various critical risks that are considered likely to affect the profitable operation of the business units in the Group.

Relevant discussions have been held with the operational managers on the major risks affecting the business operations of the Group. As a result, a database of all major risks and controls and subsequent action taken was compiled with the relevant information to produce a divisional risk profile of the business units evaluated under the risk management plan.

There has been established a set of suitable internal control procedures and proper segregation of duties at the operational level for the identification, evaluation and management of significant risks applicable to the relevant business operation. The process is facilitated by the internal audit, which also provides a degree of assurance as to the operation and validity of the system of internal control. Planned corrective actions are effected and independently monitored where necessary.

During the year, the Group has implemented a new Management Information System that generates comprehensive management reports on a regular and consistent basis to facilitate the Board and the management to perform financial and operating review on the various operating units.

The management reports regularly on their review of risks and how they are managed to the audit committee, whose main role is to review on behalf of the Board, the key risks inherent in the business and system of controls necessary to manage these risks and to present the findings to the Board. The internal audit independently reviews the risk identification procedures and control processes implemented by the management and reports to the audit committee on a half yearly basis. The audit committee reviews the assurance procedures, ensuring that a suitable set of techniques is used to obtain the level of assurance required by the Board. The audit committee presents its findings to the Board on a quarterly basis.



Audit Committee Report

MEMBERS OF THE COMMITTEE

Koay Say Loke Andrew	- Chairman	(Independent Non-Executive Director)
Dato Mah King Thian, DSSA, AMP, JP	- Member	(Non-Independent Executive Director)
Azizah binti Kassim	- Member	(Independent Non-Executive Director)

TERMS OF REFERENCE

Constitution

The Audit Committee was established on 27 September 2000. The terms of reference of the Audit Committee are as follows:

Composition of Audit Committee (Committee)

The Committee shall be appointed by the Board from among its Directors (except alternate directors) and shall fulfill the following requirements:

- (a) the Committee must be composed of no fewer than three (3) members;
- (b) a majority of the Committee must be independent directors; and
- (c) at least one member of the Committee:
 - (i) must be a member of the Malaysian Institute of Accountants; or
 - (ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience and:
 - (aa) he must have passed the examinations specified in Part 1 of the 1st Schedule of the Accountants Act, 1967; or
 - (bb) he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act, 1967.

The members of the Committee shall elect a Chairman from among their number who shall be an independent director.

The Board shall, within three (3) months of any vacancy occurring in the Committee which results in the non-compliance of composition of the Committee, appoint such number of new members as may be required to comply with the required composition.

The Board shall review the term of office and performance of the Committee and each of its members at least once every three years.

Rights

The Committee shall, in accordance with the procedure determined by the Board and at the cost of the Company:

- (a) have authority to investigate any matter within its terms of reference;
- (b) have the resources which are required to perform its duties;
- (c) have full and unrestricted access to any information pertaining to the Company;
- (d) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity (if any);
- (e) be able to obtain independent professional or other advice; and
- (f) be able to convene meetings with the external auditors, excluding the attendance of the executive members of the Committee, whenever deemed necessary.





Functions

The functions of the Committee shall include the following:

- (1) review the following and report the same to the Board:
 - (a) with the external auditor, the audit plan;
 - (b) with the external auditor, his evaluation of the system of internal controls;
 - (c) with the external auditor, his audit report, management letter and management's response;
 - (d) the assistance given by the employees of the Company to the external auditor;
 - (e) the adequacy of the scope, functions and resources of the internal audit functions and that it has the necessary authority to carry out its work;
 - (f) the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
 - (g) the quarterly results and year end financial statements, prior to the approval by the Board, focusing particularly on:
 - (i) changes in or implementation of major accounting policy changes;
 - (ii) significant and unusual events; and
 - (iii) compliance with accounting standards and other legal requirements;
 - (h) any related party transaction and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;
 - (i) any letter of resignation from the external auditors of the Company; and
 - (j) whether there is reason (supported by grounds) to believe that the Company's external auditor is not suitable for re-appointment; and
- (2) recommend the nomination of a person or persons as external auditors.

Meetings

Meetings of the Committee shall be held not less than four (4) times a year. The external auditors may request a meeting if they consider that one is necessary and shall have the right to appear and be heard at any meeting of the Committee. The Chairman shall convene a meeting whenever any member of the Committee requests for a meeting. Written notice of the meeting together with the agenda shall be given to the members of the Committee and external auditor where applicable. The quorum for a meeting of the Committee shall be two (2) Provided Always that the majority of members present must be independent directors and any decision shall be by a simple majority.

Other Board members and employees may attend any particular meeting only at the Committee's invitation.

The Company Secretary shall be the Secretary of the Committee.

Reporting Procedures

The Secretary shall maintain minutes of the proceedings of the meetings of the Committee and circulate such minutes to all members of the Board.

AUDIT COMMITTEE REPORT

Composition

The Audit Committee comprises three members of the Board of which two are Independent Non-Executive Directors. The Company has thus complied with the KLSE LR which require the Audit Committee to have no fewer than 3 members and a majority of members to be Independent Directors. In addition, the Committee has a member who is also a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act, 1967 and the Chairman of the Committee is an Independent Director.

Number of Meetings & Details of Attendance

During the year under review, the Audit Committee held five meetings as scheduled, on 25 February 2002, 17 April 2002, 22 May 2002, 21 August 2002 and 20 November 2002 to conduct and discharge its functions in accordance with its Terms of Reference. The Group Accountant and representatives of the external auditors were invited to attend the Audit Committee meetings conducted during the financial year under review. The attendance record of each member is as follows:

Audit Committee Members	Number of Meetings Attended
Koay Say Loke Andrew	5 of 5
Dato Mah King Thian, DSSA, AMP, JP	5 of 5
Azizah binti Kassim	4 of 5



Audit Committee Report

Reports and Minutes

Detailed reports issued by the external auditors are circulated to all the members of the Audit Committee and the Executive Directors prior to the meetings at which they will be tabled for discussion.

Minutes of meetings of the Audit Committee are circulated to all members of the Audit Committee and all members of the Board and tabled at subsequent Board Meetings. The Chairman of the Audit Committee also updates the Board at subsequent Board Meetings on specific issues reviewed or deliberated on by the Committee.

Activities

The activities of the Audit Committee during the year under review are as summarised below:

- (a) reviewed the unaudited quarterly Group results prior to recommendation to the Board for approval for announcement to the KLSE;
- (b) reviewed, prior to the commencement of audit, the external auditors' scope of engagement, their audit plan and approach and their request for an increase in audit fees;
- (c) reviewed and discussed with the external auditors the updates on new developments on accounting standards issued by the Malaysian Accounting Standards Board and the Company's compliance with the applicable approved standards;
- (d) reviewed with the external auditors the results of their audit, their audit report and management letters relating to the audit, their internal control recommendations in respect of control weaknesses noted in the course of their audit and the management's responses thereto;
The Committee also appraised the adequacy of actions and measures subsequently taken by the management to address the issues and recommended, where relevant, further improvement measures;
- (e) reviewed the draft audited financial statements together with external auditors prior to recommendation to the Board for approval;
- (f) considered the proposals received for the internal audit function and recommended the appointment of the internal auditor;
- (g) reviewed the internal auditor's terms of reference and scope of engagement, fees and audit plan;
- (h) reviewed the Company's compliance with the KLSE LR;
- (i) reviewed the Company's status of compliance with the Malaysian Code on Corporate Governance for the purpose of issuing the Statement on Corporate Governance pursuant to the requirements of the KLSE LR; and
- (j) reviewed the related party transactions that had arisen prior to recommendation to the Board for approval.

Internal Audit Function

The Internal Audit Function was established in mid-2001 with the engagement of a major audit firm to provide the internal audit services. The role of the Internal Audit Function, which reports directly to the Audit Committee, is to support the Audit Committee by providing it with independent and objective reports on the adequacy and effectiveness of the system of internal control and the extent of compliance with the procedures and recommending ways to rectify shortfall and improve the existing control environment in relation to the Group's operations. It submits its findings and recommendations to the Audit Committee and senior management of the Group. Two internal audits had been performed. The audit reports incorporating the internal auditors' findings and recommendations with regard to system and control weakness noted in the course of their audit and the management's response thereto had been subsequently submitted to the Audit Committee.





1) UTILISATION OF PROCEEDS

Utilisation of the listing proceeds received from the Special and Public Issues arising from the corporate exercise in prior year is as follows:

Approved Usage	Allocation RM'000	As at 31.12.2002 Utilisation RM'000	Unutilised RM'000
Repayment of loan	20,000	20,000	-
New planting in Sabah	3,280	3,280	-
Upgrading Kemayan Mill	5,932	5,932	-
Mechanisation of field operations	315	315	-
Upgrading estates roads	43	43	-
Listing Expenses	1,787	1,787	-
Total	31,357	31,357	-



MHC-Kemayan mill new extension boiler station.

At the end of the financial year, the listing proceeds raised from the corporate exercise in prior year had been fully utilized.

2) SANCTIONS AND/OR PENALTIES IMPOSED

There were no public sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by the relevant regulatory bodies during the financial year under review.



Boiler station.

3) NON-AUDIT FEES

Non-audit fees paid to the external auditors for the financial year under review amounted to RM45,000.

4) MATERIAL CONTRACTS AWARDED TO DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

There were no material contracts entered into by the Company and its subsidiaries involving directors and major shareholders' interests still subsisting at the end of the financial year.

5) RECURRENT RELATED PARTY TRANSACTIONS

The Company incurs related party transaction in the ordinary course of business with its substantial shareholder, DMR, and private companies connected to certain directors. The total amount involved falls below the threshold requiring announcements and/or shareholders' mandate.



List of Properties *as at 31 December 2002*

Location	Description	Approximate Land Area	Tenure	Expiry dates of the leasehold interests	Net book value RM'000	Date of last revaluation
Lot Nos. 2768, 3502, 3537, 4471, 4475, 5228, 5229, 5936, 9249 to 9295 (incl.), 12657 and 12658, Mukim of Durien Sebatang, District of Hilir Perak, Perak Darul Ridzuan.	Oil palm estate	849.8 acres	Grant in perpetuity	N/A	3,414	30.9.1998
Lot Nos. 2327, 5299, 5300, 8275 and 16413, Mukim of Durien Sebatang, District of Hilir Perak, Perak Darul Ridzuan.	Oil palm estate	702.6 acres	Grant in perpetuity	N/A	2,543	30.9.1998
Lot Nos. 3318, 3319, 3342 to 3345 (incl.), Town of Teluk Intan, District of Hilir Perak, Perak Darul Ridzuan.	6 1/2-storey commercial structure partly used as a hotel known as Hotel Anson and partly as office premises (Approximate age - 21 years)	10,142 sq. feet	Leasehold 999 years/ 20 years	21.2.2883	1,809	30.9.1998
Lot No. 7279, Mukim of Changkat Jong, District of Hilir Perak, Perak Darul Ridzuan.	Oil palm estate	992.3 acres	Leasehold 60 years	28.8.2039	5,066	30.9.1998
Lot No. 6872, Mukim of Hutan Melintang, District of Hilir Perak, Perak Darul Ridzuan.	Oil palm estate	906.9 acres	Leasehold 60 years	24.5.2033	2,610	30.9.1998
Lot P.T. Nos. 2036, 2037, 2327 to 2330 (incl.) and an unnumbered lot, Mukim of Bera, District of Temerloh, Pahang Darul Makmur.	Oil palm estate with a 20-MT palm oil mill	4,059.5 acres	Leasehold 99 years	Unnumbered lot: 10.5.2066 Lot P.T. Nos. 2036 and 2037: 29.6.2070 Lot P.T. Nos. 2327 to 2330 (incl.): 30.7.2070	37,316	30.9.1998



List of Properties

as at 31 December 2002



Location	Description	Approximate Land Area	Tenure	Expiry dates of the leasehold interests	Net book value RM'000	Date of last revaluation
Lot No. 10471, Mukim of Hutan Melintang, District of Hilir Perak, Perak Darul Ridzuan.	Oil palm estate	1,000.5 acres	Leasehold 60 years	11.1.2055	4,480	30.9.1998
Lot No. P.T. 68, Mukim of Hutan Melintang, District of Hilir Perak, Perak Darul Ridzuan.	Oil palm estate	1,000.0 acres	Leasehold 60 years	16.11.2032	2,079	30.9.1998
Lot No. 7328, Mukim of Changkat Jong, District of Hilir Perak, Perak Darul Ridzuan.	Oil palm estate	969.0 acres	Leasehold 60 years	1.3.2038	1,092	30.9.1998
Lot No. 6879, Mukim of Hutan Melintang, District of Hilir Perak, Perak Darul Ridzuan.	Oil palm estate	978.9 acres	Leasehold 60 years	24.7.2033	4,974	30.9.1998
Lot Nos. 10065, 10066, 10068, 10069, 10071 - 10076 (Incl.), Mukim of Durien Sebatang, District of Hilir Perak, Perak Darul Ridzuan.	Oil palm estate	193.3 acres	Grant in perpetuity	N/A	2,131	30.9.1998
PL 176291473, Kg. Lingkungan, District of Beaufort, Sabah.	Oil palm estate	4,000.0 acres	Leasehold 99 years	31.12.2087	10,410	22.12.1998

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financial statements

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Directors' Report

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the year ended 31 December 2002.

PRINCIPAL ACTIVITIES

The principal activities of the Company consist of oil palm cultivation, investment holding and the operation of a hotel.

The principal activities of the subsidiary companies are set out in Note 4 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

FINANCIAL STATEMENTS

	Group RM	Company RM
Profit before taxation	7,170,710	4,216,115
Taxation	(1,927,730)	(912,559)
Profit after taxation	5,242,980	3,303,556
Minority interests	(32,393)	-
Profit attributable to shareholders	<u>5,210,587</u>	<u>3,303,556</u>

There were no material transfers to or from reserves or provisions during the year.

In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

During the financial year, the Company paid a first and final dividend of 3% less tax amounting to RM1,365,943 as proposed in the Directors' Report of the previous financial year.

At the forthcoming Annual General Meeting, a final dividend in respect of the current financial year ended 31 December 2002, of 5% less 28% taxation on 63,238,086 ordinary shares, amounting to a total dividend of RM2,276,571 (3.6 sen net per share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in shareholders' equity as an appropriation of retained profits in the next financial year ending 31 December 2003.

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:

Aznam bin Mansor
 Dato Mah King Seng, DPMP, PMP
 Dato Mah King Thian, DSSA, AMP, JP
 Mah Siew Hoe
 Azizah Binti Kassim
 Koay Say Loke Andrew

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby Directors might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' Report



The following Directors who held office at the end of the financial year had, according to the register required to be kept under Section 134 of the Companies Act 1965, interests in shares in the Company and its subsidiary companies as stated below:

	Number of ordinary shares of RM1 each			Balance as at 31.12.2002
	Balance as at 1.1.2002	Bought During the year	Sold	
MHC PLANTATIONS BHD				
Direct interest				
Aznam bin Mansor	7,000	-	-	7,000
Dato Mah King Seng, DPMP, PMP	35,003	-	-	35,003
Dato Mah King Thian, DSSA, AMP, JP	35,003	-	5,000	30,003
Mah Siew Hoe	7,003	-	-	7,003
Azizah Binti Kassim	7,000	-	-	7,000
Koay Say Loke Andrew	7,000	-	-	7,000
Deemed interest				
Aznam bin Mansor	3,000,000	-	300,000	2,700,000
Dato Mah King Seng, DPMP, PMP	27,243,680	1,200,000	-	28,443,680
Dato Mah King Thian, DSSA, AMP, JP	27,243,680	1,200,000	-	28,443,680
Subsidiary company				
CHAMPION POINT SDN BHD				
Direct interest				
Dato Mah King Thian, DSSA, AMP, JP	1	-	-	1
Deemed interest				
Dato Mah King Seng, DPMP, PMP [^]	99,998	-	-	99,998
Dato Mah King Thian, DSSA, AMP, JP [^]	99,998	-	-	99,998

[^] By virtue of shares held by Rare Properties Sdn Bhd

By virtue of their interests in the Company, Dato Mah King Seng, DPMP, PMP and Dato Mah King Thian, DSSA, AMP, JP are deemed to be interested in shares in the subsidiary companies to the extent that the Company has an interest.

Since the end of the previous financial year, no Director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors shown in the Group financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which the Director is a member or with a company in which the Director has a substantial financial interest required to be disclosed by Section 169 (8) of the Companies Act 1965 except those disclosed in Note 25 to the financial statements.



Directors' Report

OTHER STATUTORY INFORMATION

- (a) Before the income statements and balance sheets of the Group and of the Company were made out, the Directors took reasonable steps:
 - (i) to ascertain that proper action has been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of circumstances which would render:
 - (i) the amount written off for bad debts or the amount of the allowance for doubtful debts of the Group and of the Company inadequate to any substantial extent; and
 - (ii) the values attributed to current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the consolidated financial statements and financial statements misleading.
- (e) As at the date of this report there does not exist:
 - (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability in respect of the Group or of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the Directors:
 - (i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

Auditors

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance
with a resolution of the Directors

DATO MAH KING SENG, DPMP, PMP

DATO MAH KING THIAN, DSSA, AMP, JP

Ipoh, Perak Darul Ridzuan, Malaysia

Date: 20 March 2003



Balance Sheet

as at 31 December 2002



	Note	Group		Company	
		2002 RM	2001 RM	2002 RM	2001 RM
NON-CURRENT ASSETS					
Property, plant and equipment	3	109,821,167	106,534,097	9,654,133	9,634,539
Subsidiary companies	4	-	-	48,951,636	48,951,636
Other investments	5	3,425,206	3,425,206	192,324	192,324
Goodwill on consolidation		17,596,083	17,596,083	-	-
		<u>130,842,456</u>	<u>127,555,386</u>	<u>58,798,093</u>	<u>58,778,499</u>
CURRENT ASSETS					
Inventories	6	1,376,064	1,322,514	154,433	1,034
Receivables	7	3,598,069	3,850,032	45,796,598	41,910,876
Tax recoverable		80,468	1,786,919	-	134,866
Fixed deposits with licensed banks	8	337,500	1,951,500	50,000	1,664,000
Cash and bank balances		2,290,475	2,498,817	100,349	814,990
		<u>7,682,576</u>	<u>11,409,782</u>	<u>46,101,380</u>	<u>44,525,766</u>
CURRENT LIABILITIES					
Payables	9	3,774,383	6,149,467	19,875,534	18,778,517
Hire purchase payables	10	740,377	608,132	29,340	-
Bank borrowings	11	2,566,109	4,659,605	1,109	1,674,605
Taxation		-	-	150,964	-
		<u>7,080,869</u>	<u>11,417,204</u>	<u>20,056,947</u>	<u>20,453,122</u>
NET CURRENT ASSETS/(LIABILITIES)		<u>601,707</u>	<u>(7,422)</u>	<u>26,044,433</u>	<u>24,072,644</u>
		<u>131,444,163</u>	<u>127,547,964</u>	<u>84,842,526</u>	<u>82,851,143</u>
Financed by:					
CAPITAL AND RESERVES					
Share capital	12	63,238,086	63,238,086	63,238,086	63,238,086
Reserves	13	63,945,982	60,101,338	21,355,322	19,417,709
SHAREHOLDERS' FUNDS		<u>127,184,068</u>	<u>123,339,424</u>	<u>84,593,408</u>	<u>82,655,795</u>
MINORITY INTERESTS		<u>2,099,529</u>	<u>2,067,135</u>	<u>-</u>	<u>-</u>
NON-CURRENT LIABILITIES					
Hire purchase payables	10	611,236	932,057	53,770	-
Deferred taxation	14	1,549,330	1,209,348	195,348	195,348
		<u>2,160,566</u>	<u>2,141,405</u>	<u>249,118</u>	<u>195,348</u>
		<u>131,444,163</u>	<u>127,547,964</u>	<u>84,842,526</u>	<u>82,851,143</u>

The annexed notes form an integral part of these financial statements.



Income Statement

for the year ended 31 December 2002

	Note	Group		Company	
		2002 RM	2001 RM	2002 RM	2001 RM
Revenue	15	57,006,500	33,494,804	3,414,492	2,038,744
Cost of sales		(47,453,972)	(28,611,205)	(1,433,905)	(1,352,656)
Gross profit		9,552,528	4,883,599	1,980,587	686,088
Other operating income	16	804,766	1,185,221	396,502	717,223
Distribution costs		(1,031,870)	(797,529)	-	-
Administrative expenses		(2,070,728)	(2,051,098)	(893,969)	(839,649)
Profit from operations		7,254,696	3,220,193	1,483,120	563,662
Finance costs	17	(315,495)	(419,418)	(96,058)	(290,711)
Operating profits		6,939,201	2,800,775	1,387,062	272,951
Income from other investments	18	231,509	260,268	2,829,053	12,552
Profit before taxation	19	7,170,710	3,061,043	4,216,115	285,503
Taxation	20	(1,927,730)	(1,040,688)	(912,559)	(145,894)
Profit after taxation		5,242,980	2,020,355	3,303,556	139,609
Minority interest		(32,393)	(14,972)	-	-
Profit attributable to shareholders		5,210,587	2,005,383	3,303,556	139,609
Earnings per share	21	8-24 sen	3-17 sen		

The annexed notes form an integral part of these financial statements.



Statement of Changes in Equity
for the year ended 31 December 2002

Group	Note	Non-distributable				Distributable		Total RM	
		Share capital RM	Share premium RM	Capital reserve RM	Revaluation reserve RM	Reserve on consolidation RM	Capital reserve RM		Retained profits RM
As at 1 January 2001 <i>(as previously reported)</i>		63,238,086	8,212,680	5,736,883	831,262	4,884,167	7,194,250	31,236,713	121,334,041
Prior year adjustment	28	-	-	-	-	-	-	2,276,571	2,276,571
As at 1 January 2001 <i>(as restated)</i>		63,238,086	8,212,680	5,736,883	831,262	4,884,167	7,194,250	33,513,284	123,610,612
- profit for the year	-	-	-	-	-	-	-	2,005,383	2,005,383
- dividend	22	-	-	-	-	-	-	(2,276,571)	(2,276,571)
As at 31 December 2001		63,238,086	8,212,680	5,736,883	831,262	4,884,167	7,194,250	33,242,096	123,339,424
Revaluation surplus realised		-	-	-	(5,149)	-	5,149	-	-
- profit for the year		-	-	-	-	-	-	5,210,587	5,210,587
- dividend	22	-	-	-	-	-	-	(1,365,943)	(1,365,943)
As at 31 December 2002		63,238,086	8,212,680	5,736,883	826,113	4,884,167	7,199,399	37,086,740	127,184,068





Statements of Changes in Equity

for the year ended 31 December 2002

	Note	Share capital RM	Non-distributable	Distributable		Total RM
			Share premium RM	Capital reserve RM	Retained profits RM	
Company						
As at 1 January 2001 <i>(as previously reported)</i>		63,238,086	8,212,680	4,766,346	6,299,074	82,516,186
Prior year adjustment		-	-	-	2,276,571	2,276,571
<hr/>						
As at 1 January 2001 <i>(as restated)</i>		63,238,086	8,212,680	4,766,346	8,575,645	84,792,757
- profit for the year		-	-	-	139,609	139,609
- dividend	22	-	-	-	(2,276,571)	(2,276,571)
<hr/>						
As at 31 December 2001		63,238,086	8,212,680	4,766,346	6,438,683	82,655,795
- profit for the year		-	-	-	3,303,556	3,303,556
- dividend	22	-	-	-	(1,365,943)	(1,365,943)
<hr/>						
As at 31 December 2002		63,238,086	8,212,680	4,766,346	8,376,296	84,593,408

The annexed notes form an integral part of these financial statements.



Cash Flow Statements

for the year ended 31 December 2002



	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
OPERATING ACTIVITIES				
Profit before taxation	7,170,710	3,061,043	4,216,115	285,503
Adjustments for:				
Depreciation				
- current	2,043,241	1,968,686	206,305	190,230
- written back	-	(203,174)	-	(203,174)
Interest expense	315,495	419,418	96,058	290,711
Gains arising from disposal:				
- leasehold land to the government	(402,645)	(738,542)	-	-
- property, plant and equipment	(23,958)	(77,350)	(7,200)	(2,350)
Property, plant and equipment written off	31,462	-	-	-
Interest income	(49,830)	(204,765)	(18,532)	(184,243)
Dividend income	(231,509)	(260,268)	(2,829,053)	(12,552)
Operating cash flow before working capital changes	8,852,966	3,965,048	1,663,693	364,125
Changes in working capital:				
Inventories	(53,550)	(648,044)	(153,399)	603
Receivables	251,963	(2,229,501)	163,853	13,600
Payables	(2,375,084)	1,825,170	(1,028,111)	(258,390)
Net cash from operations	6,676,295	2,912,673	646,036	119,938
Interest received	49,830	204,765	18,532	184,243
Interest paid	(315,495)	(419,418)	(96,058)	(290,711)
Tax refunded/(paid)	183,389	(1,009,331)	(182,004)	(371,141)
Net cash from/(used in) operating activities	6,594,019	1,688,689	386,506	(357,671)



Cash Flow Statements

for the year ended 31 December 2002

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
INVESTING ACTIVITIES				
Dividend received	166,823	33,288	2,384,328	11,562
Placement of pledged fixed deposits	(50,000)	-	-	-
Acquisitions of property, plant and equipment	(5,035,181)	(8,412,192)	(175,699)	(194,599)
Proceeds from disposal of property, plant and equipment	536,012	864,257	45,000	3,244
Net cash (used in)/from investing activities	(4,382,346)	(7,514,647)	2,253,629	(179,793)
FINANCING ACTIVITIES				
Repayment of revolving credit	(420,000)	(1,515,000)	-	-
Payments of hire purchase obligations	(624,576)	(280,432)	(4,890)	-
Dividends paid	(1,365,943)	(2,276,571)	(1,365,943)	(2,276,571)
Subsidiary companies accounts	-	-	(1,924,447)	(7,838,400)
Net cash used in financing activities	(2,410,519)	(4,072,003)	(3,295,280)	(10,114,971)
Net decrease in cash and cash equivalents	(198,846)	(9,897,961)	(655,145)	(10,652,435)
Cash and cash equivalents as at 1 January	2,588,212	12,486,173	804,385	11,456,820
Cash and cash equivalents as at 31 December	2,389,366	2,588,212	149,240	804,385
(a) Cash and cash equivalents				
Cash and cash equivalents as at 31 December comprise the following balance sheet amounts:				
Bank overdraft	(1,109)	(1,674,605)	(1,109)	(1,674,605)
Fixed deposits	337,500	1,951,500	50,000	1,664,000
Cash and bank balances	2,290,475	2,498,817	100,349	814,990
	2,626,866	2,775,712	149,240	804,385
Less: Fixed deposits pledged	(237,500)	(187,500)	-	-
	2,389,366	2,588,212	149,240	804,385
(b) Property, plant and equipment				
During the year, the Group and the Company acquired property, plant and equipment by:				
Cash	5,035,181	8,412,192	175,699	194,599
Hire purchase arrangement	436,000	1,785,000	88,000	-
Capitalisation of depreciation charge	189,959	-	-	-
	5,661,140	10,197,192	263,699	194,599

The annexed notes form an integral part of these financial statements.



Notes to the Financial Statements



1. CORPORATE INFORMATION

MHC Plantations Bhd is a public limited company listed on the Main Board of the Kuala Lumpur Stock Exchange ("KLSE"). The Company is incorporated and domiciled in Malaysia.

The registered office and principal place of business of the Company are as follows:

Registered address	Principal place of business
No. 35 Jalan Hussein 30250 Ipoh Perak Darul Ridzuan	8 - 10 Medan Sri Intan Jalan Sekolah 36000 Teluk Intan Perak Darul Ridzuan

The principal activities of the Company consist of oil palm cultivation, investment holding and the operation of a hotel.

The principal activities of the subsidiary companies are set out in Note 4 to the financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements of the Group and of the Company are prepared under the historical cost convention, unless otherwise indicated in this summary of significant accounting policies, modified to include the revaluation of certain property, plant and equipment and comply with applicable Approved Accounting Standards issued by the Malaysian Accounting Standards Board (MASB) and the provisions of the Companies Act, 1965.

(b) Basis of consolidation

The Group's financial statements consolidate the audited financial statements of the Company and all of its subsidiary companies, which have been prepared in accordance with the Group's accounting policies and drawn up to the same reporting date.

Subsidiary companies are consolidated using the acquisition method of accounting from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases. Control is achieved where the Company has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities. The difference between the acquisition cost and the fair values of the subsidiary companies net assets is reflected as goodwill or reserve on consolidation as appropriate.

The interest of minority shareholders is stated at the minority's proportion of the post acquisition fair values of the assets and liabilities recognised.

The gain or loss on disposal of a subsidiary company is the difference between net disposal proceeds and the Group's share of its net assets together with any unamortised balance of goodwill or reserve on acquisition.

All intercompany transactions, balances and unrealised gains on transactions are eliminated. Unrealised losses are also eliminated unless cost cannot be recovered.

(c) Goodwill and reserve on consolidation

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary company at the date of acquisition. Goodwill is recognised as an asset and is not amortised but is reviewed annually for impairment in value and written down where it is considered necessary. Recognition and measurement of impairment losses is as stated in Note 2 (q).

Conversely, reserve arising from consolidation, which represents the excess of the fair value of the identifiable assets and liabilities of a subsidiary company over the cost of acquisition, is taken to reserve.



Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES

(d) Property, plant and equipment

All property, plant and equipment are initially recorded at cost less accumulated depreciation and impairment losses. Certain property, plant and equipment have subsequently been revalued and are stated in the balance sheet at their revalued amounts, being the fair value on the basis of their existing use at the date of revaluation. The Company has availed itself of the transitional provision in International Accounting Standard 16 - 'Property, Plant and Equipment', as adopted by the MASB, by virtue of which a reporting enterprise is allowed to retain revalued amounts on the basis of their previous revaluations (subject to continuity in depreciation policy and requirement to write an asset down to its recoverable amounts, as applicable), if it does not further revalue such assets.

Recognition and measurement of impairment losses is as stated in Note 2 (q).

On the subsequent sale or retirement of a revalued property, plant and equipment, the attributable revaluation surplus remaining in the revaluation reserve is transferred to distributable reserve.

Plant in the course of construction for production is carried at cost, less any impairment loss where the recoverable amount of the plant is estimated to be lower than its carrying amount. Depreciation of the plant, on the same basis as other plant, commences when the plant is ready for its intended use.

Freehold land is not amortised whilst leasehold land is amortised over the term of the lease ranging between 56 and 999 years.

Expenditure incurred on new planting and the upkeep of trees to maturity is capitalised under plantation development expenditure, while replanting expenditure is charged to the income statement in the year in which the expenditure is incurred. Plantation development expenditure is not amortised unless cultivated on leasehold land, where it is amortised over the remaining period of the lease. Amortisation commences upon maturity of the new plantings.

Depreciation on linen, cutlery and utensils is calculated at 20% on a straight line method on the initial outlay of expenditure which is capitalised. Subsequent additions and replacements are charged to the income statement as and when they are incurred.

Depreciation is provided on all other property, plant and equipment, at rates calculated to write off the cost or valuation, less estimated residual value of each asset evenly over its expected useful life as follows:

	%
Buildings	2 - 10
Motor vehicles	10 - 20
Electrical installation, furniture, fittings, equipment, motor launches, jetties, roads, drainage and signboard	5 - 10
Plant and machinery	5

Fully depreciated property, plant and equipment are retained in the financial statements at a nominal value until they are no longer in use.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is taken to the income statement.

(e) Inventories

Inventories are stated at the lower of cost and net realisable value after due allowance for any slow moving and obsolete items. Cost of produce inventories comprises ex-estate costs, a proportion of head office costs and attributable labour costs and overheads, determined on the weighted average cost method. During the year, the Company changed its valuation of stores from first-in, first-out method to weighted average cost method. The Directors are of the opinion that this change in accounting policy has no material impact on the financial statements.

Net realisable value represents the estimated selling price less all estimated costs to completion and cost to be incurred in marketing, selling and distribution.





2. SIGNIFICANT ACCOUNTING POLICIES

(f) Investments in subsidiary companies

The carrying amounts of investments in subsidiary companies are stated at cost less impairment losses. Recognition and measurement of impairment losses is as stated in Note 2 (q).

On disposal of such investments, the difference between net disposal proceeds and its carrying amount is charged or credited to the income statement.

(g) Other investments

Other investments are stated at cost less allowance for any permanent diminution in value. Such provision is made when there is a decline other than temporary in the value of investments and is recognised as an expense in the period in which the decline occurred.

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is charged or credited to the income statement.

(h) Revenue recognition

The Group and the Company recognise revenue when persuasive evidence suggests that delivery has occurred or services rendered, the price is fixed or determinable and collectibility is reasonably assured. The following specific criteria must also be met before revenue is recognised:

Sale of goods/services	- upon acceptance of delivery or upon performance of service
Interest income	- on a time proportion basis that takes into account the effective yield on deposit
Investment income	- when the right to receive is established
Rental income	- over the period of tenancy

(i) Receivables

Receivables are carried at anticipated realisable value. Known bad debts are written off and specific allowance is made for any debt considered to be doubtful of collection.

(j) Payables

Payables are stated at cost which is the fair value of the consideration to be paid in the future, whether or not billed to the Group.

(k) Interest-bearing borrowings

Interest-bearing bank loans and overdrafts are recorded at the amount of proceeds received, net of transaction costs.

Borrowing costs directly attributable to the acquisition and construction of property, plant and equipment are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale. All other borrowing costs are charged to the income statement as an expense in the period in which they are incurred.

(l) Government grants

Grants from government are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the periods necessary to match them on a systematic basis to the costs which it is intended to compensate unless the grant comes in the form of pure financial assistance, in which case it is recognised in its entirety in the period the grant is receivable. Where the grant relates to an asset, the fair value is reduced by the grant in arriving at the carrying amount of the related asset.

(m) Deferred taxation

Deferred taxation is provided for on all material timing differences using the liability method except where it can be demonstrated with reasonable probability that the tax deferrals will continue in the foreseeable future.

Deferred tax benefits are not recognised in the financial statements unless there is a reasonable expectation of realisation.



Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES

(n) Retirement benefits

No provision is made for retirement benefits as the Group and Company have no present obligation to pay retirement benefits. The cost of retirement benefits is charged to the income statement in the year in which it is incurred.

(o) Provisions

Provisions are recognised when the Group and the Company have a present obligation as a result of a past event which is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

(p) Hire purchase

Assets held under hire purchase contracts, which are those where substantially all risks and rewards of ownership of the asset have passed to the Company, are capitalised in the balance sheet and depreciated over their useful lives.

The interest element of the hire purchase obligations is charged to the income statement over the period of the hire purchase and represents a constant proportion of the balance of capital repayments outstanding.

(q) Impairment of assets

At each balance sheet date, the Group reviews the carrying amounts of its assets, other than inventories, deferred tax assets and financial assets, to determine whether there is any indication that those assets have suffered an impairment loss. 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. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs.

An impairment loss is charged to the income statement immediately, unless the asset is carried at revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of any available previously recognised revaluation surplus for the same asset.

Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the asset no longer exist or have decreased. The reversal is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the income statement immediately, unless the asset is carried at revalued amount. A reversal of an impairment loss on a revalued asset is credited directly to revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the income statement, a reversal of that impairment loss is recognised as income in the income statement.

(r) Financial instruments

Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

The particular recognition method adopted for financial instruments recognised at balance sheet date is disclosed in the individual policy statement for each item, where applicable.

(s) Cash and cash equivalents

Cash and cash equivalents comprise cash, demand deposits and short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. These are stated after off-set against overdraft balances where appropriate. Cash and cash equivalents in the cash flow statements exclude fixed deposits pledged to financial institutions and thus not available for use by the Group and the Company.



3. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM	Long term leasehold land RM	Short term leasehold land RM	Buildings RM	Plantation development expenditure RM	Plant and machinery RM	Furniture & fittings RM	Office equipment RM	Motor vehicles RM	Electrical installation, road & drainage RM	Capital work-in-progress RM	Total RM
Cost/Valuation												
As at 1 January 2002	12,036,851	45,840,217	19,323,644	8,407,204	19,140,219	9,928,908	540,159	351,174	3,569,267	1,048,582	7,320,734	127,506,959
Additions	-	-	-	17,116	2,686,491	524,917	11,630	43,294	441,407	130	1,936,155	5,661,140
Disposal/Write off	-	(50,140)	-	(15,008)	-	(311,828)	-	(5,962)	(182,217)	(140)	-	(565,295)
Transfer	-	-	-	98,772	-	9,109,100	-	-	-	-	(9,207,872)	-
As at 31 December 2002	12,036,851	45,790,077	19,323,644	8,508,084	21,826,710	19,251,097	551,789	388,506	3,828,457	1,048,572	49,017	132,602,804
Accumulated depreciation												
As at 1 January 2002	-	3,256,285	6,075,854	2,310,380	1,234,265	5,785,543	406,259	152,281	1,577,727	174,268	-	20,972,862
Depreciation charge	-	549,048	394,992	172,829	280,142	385,487	31,206	30,938	336,274	52,284	-	2,233,200
Written back	-	(20,751)	-	(15,008)	-	(281,536)	-	(4,932)	(102,198)	-	-	(424,425)
As at 31 December 2002	-	3,784,582	6,470,846	2,468,201	1,514,407	5,889,494	437,465	178,287	1,811,803	226,552	-	22,781,637
Carrying amount												
As at 31 December 2002	12,036,851	42,005,495	12,852,798	6,039,883	20,312,303	13,361,603	114,324	210,219	2,016,654	822,020	49,017	109,821,167
As at 31 December 2001	12,036,851	42,583,932	13,247,790	6,096,824	17,905,954	4,143,365	133,900	198,893	1,991,540	874,314	7,320,734	106,534,097
Depreciation charge for 2001	-	549,047	394,991	185,734	136,681	286,962	35,178	25,750	319,177	35,166	-	1,968,686
Analysis of cost and valuation												
As at 31 December 2002												
Cost	6,127,269	45,630,555	3,740,600	7,834,768	20,711,464	19,251,097	551,789	388,506	3,828,457	1,048,572	49,017	109,162,094
Valuation - at 1976	5,909,582	80,000	-	135,896	-	-	-	-	-	-	-	6,125,478
- at 1982	-	-	7,968,290	537,420	-	-	-	-	-	-	-	8,505,710
- at 1988	-	79,522	7,614,754	-	1,115,246	-	-	-	-	-	-	8,809,522
As at 31 December 2002	12,036,851	45,790,077	19,323,644	8,508,084	21,826,710	19,251,097	551,789	388,506	3,828,457	1,048,572	49,017	132,602,804
As at 31 December 2001												
Cost	6,127,269	45,680,695	3,740,600	7,733,888	18,024,973	9,928,908	540,159	351,174	3,569,267	1,048,582	7,320,734	104,066,249
Valuation - at 1976	5,909,582	80,000	-	135,896	-	-	-	-	-	-	-	6,125,478
- at 1982	-	-	7,968,290	537,420	-	-	-	-	-	-	-	8,505,710
- at 1988	-	79,522	7,614,754	-	1,115,246	-	-	-	-	-	-	8,809,522
As at 31 December 2001	12,036,851	45,840,217	19,323,644	8,407,204	19,140,219	9,928,908	540,159	351,174	3,569,267	1,048,582	7,320,734	127,506,959

3. PROPERTY, PLANT AND EQUIPMENT

Company	Freehold land RM	Long term leasehold land RM	Buildings RM	Plantation development expenditure RM	Plant and machinery RM	Motor vehicles RM	Furniture & fittings RM	Office equipment RM	Electrical installation RM	Capital work-in-progress RM	Total RM
Cost/Valuation											
As at 1 January 2002	6,012,246	388,220	3,035,491	560,214	136,233	746,350	481,929	232,369	157,806	41,976	11,792,834
Additions	-	-	-	-	8,634	237,638	2,588	10,168	130	4,541	263,699
Disposal/Write off	-	-	-	-	-	(54,000)	-	-	-	-	(54,000)
As at 31 December 2002	6,012,246	388,220	3,035,491	560,214	144,867	929,988	484,517	242,537	157,936	46,517	12,002,533
Accumulated depreciation											
As at 1 January 2002	-	-	1,119,819	-	73,548	431,603	347,222	112,449	73,654	-	2,158,295
Depreciation charge	-	-	61,268	-	4,708	85,669	26,280	21,588	6,792	-	206,305
Written back	-	-	-	-	-	(16,200)	-	-	-	-	(16,200)
As at 31 December 2002	-	-	1,181,087	-	78,256	501,072	373,502	134,037	80,446	-	2,348,400
Carrying amount											
As at 31 December 2002	6,012,246	388,220	1,854,404	560,214	66,611	428,916	111,015	108,500	77,490	46,517	9,654,133
As at 31 December 2001	6,012,246	388,220	1,915,672	560,214	62,685	314,747	134,707	119,920	84,152	41,976	9,634,539
Depreciation charge for 2001	-	-	61,268	-	4,276	68,936	26,054	22,079	7,617	-	190,230
Analysis of cost and valuation											
As at 31 December 2002											
Cost	102,664	308,220	2,899,595	560,214	144,867	929,988	484,517	242,537	157,936	46,517	5,877,055
Valuation - at 1976	5,909,582	80,000	135,896	-	-	-	-	-	-	-	6,125,478
	6,012,246	388,220	3,035,491	560,214	144,867	929,988	484,517	242,537	157,936	46,517	12,002,533
As at 31 December 2001											
Cost	102,664	308,220	2,899,595	560,214	136,233	746,350	481,929	232,369	157,806	41,976	5,667,356
Valuation - at 1976	5,909,582	80,000	135,896	-	-	-	-	-	-	-	6,125,478
	6,012,246	388,220	3,035,491	560,214	136,233	746,350	481,929	232,369	157,806	41,976	11,792,834



Notes to the Financial Statements



3. PROPERTY, PLANT AND EQUIPMENT

Group and Company

Property, plant and equipment shown at Directors' valuation are based on fair market value expressed by independent licensed appraisers. As allowed by the transitional provisions of International Accounting Standard 16 (Revised), 'Property, Plant and Equipment', adopted by the MASB, these assets have continued to be stated on the basis of their valuations in the respective years.

Information on the carrying amounts of the revalued assets that would have been included in these financial statements had these assets been carried at cost less accumulated depreciation is not available and therefore has not been disclosed as required by MASB 15 - Property, Plant and Equipment.

The Group's freehold and leasehold land with an aggregate carrying amount of RM14,069,547 (2001- RM14,420,317) and the Company's freehold land with carrying amount of RM2,543,385 (2001- RM2,543,385) are pledged as securities for banking facilities granted to the Group and Company respectively.

The following carrying amounts of property, plant and equipment of the Group are currently financed under hire purchase arrangement:

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Plant and machinery	2,793,182	1,785,000	-	-
Motor vehicle	122,165	42,400	122,165	-
	<u>2,915,347</u>	<u>1,827,400</u>	<u>122,165</u>	<u>-</u>

Included in additions of plantation development expenditure are estate expenses, depreciation of property, plant and equipment and new planting expenses directly attributed to the plantation development. An amount of RM189,959 (2001 - RM Nil) in a subsidiary company representing depreciation of property, plant and equipment has been capitalised as plantation development expenditure during the financial year.

Titles to certain freehold land of a subsidiary company with carrying amount of RM66,000 has yet to be registered in the subsidiary company's name pending processing by the relevant authority.

A subsidiary company shares the title to its long-term leasehold land with a minority shareholder, Koperasi Pembangunan Desa ("KPD"). The subsidiary company is the registered owner of 4/5th of the title issued whilst the balance belongs to KPD. KPD has leased its portion of the land to a third party, being a company in which KPD has financial interest. The third party has lodged a caveat on certain portion of the land. The Directors are of the opinion that the boundary issue will not result in any material loss for the subsidiary company.

The deferred tax effects on related property, plant and equipment previously revalued amounting to RM42,000 (2001 - RM42,000) are not accounted for as there is no intention to dispose of these assets in the foreseeable future.



Notes to the Financial Statements

4. SUBSIDIARY COMPANIES

At cost	Company	
	2002 RM	2001 RM
Unquoted investments	48,951,636	48,951,636

Details of the subsidiary companies, all of which are incorporated in Malaysia, are as follows:

	Group's effective equity interest		Principal activities
	2002	2001	
Direct subsidiary companies	%	%	
Champion Point Sdn Bhd	95	95	} Cultivation of oil palm and sale of fresh fruit bunches.
Majuperak Plantation Sdn Bhd	100	100	
Yew Lee Holdings Sdn Berhad ⁽¹⁾	100	100	
Anson Oil Industries Berhad ⁽¹⁾	97.81	97.81	} Operating an oil palm estate and a mill.
MHC Kemayan Plantation Sdn Bhd	100	100	
Ayu Sempurna Sdn Bhd	100	100	} Investment holding.
Ayu Gemilang Sdn Bhd	100	100	
Telok Anson Hotel Sdn Berhad	75	75	Property development.
Indirect subsidiary companies			
Sharikat Muzwin Bersaudara Sdn Bhd ^{(1) (2)}	99.36	99.36	} Cultivation of oil palm and sale of fresh fruit bunches.
Hutan Melintang Plantations Sdn Berhad ^{(1) (2)}	100	100	
Great Glory Sdn Bhd ^{(1) (2)}	100	100	Investment holding.
Ladang MHC-KPD Sdn Bhd ⁽³⁾	80	80	Cultivation of oil palm and sale of fresh fruit bunches.
Majuperak Sawit Sdn Bhd ⁽⁴⁾	100	100	Dormant

(1) not audited by Ernst & Young

(2) through Yew Lee Holdings Sdn Berhad

(3) through Ayu Sempurna Sdn Bhd and Ayu Gemilang Sdn Bhd

(4) through Majuperak Plantation Sdn Bhd



Notes to the Financial Statements



5. OTHER INVESTMENTS

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Malaysian investments, at cost				
Quoted investments	235,019	235,019	4,324	4,324
Unquoted investments	3,190,187	3,190,187	188,000	188,000
	<u>3,425,206</u>	<u>3,425,206</u>	<u>192,324</u>	<u>192,324</u>
At market value				
Quoted investments	<u>239,251</u>	<u>230,251</u>	<u>82,357</u>	<u>74,205</u>

Included in unquoted investments is an amount of RM3,000,000 (2001 - RM3,000,000) in respect of 7.5% Cumulative Inredeemable Preference Shares.

6. INVENTORIES

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
At cost				
Crude palm oil	708,305	767,016	-	-
Kernel	142,753	67,926	-	-
Fresh fruit bunches	94,735	205,045	-	-
Stores	430,271	219,711	154,433	1,034
	<u>1,376,064</u>	<u>1,259,698</u>	<u>154,433</u>	<u>1,034</u>
At net realisable value				
Kernel	-	62,816	-	-
	<u>1,376,064</u>	<u>1,322,514</u>	<u>154,433</u>	<u>1,034</u>

The cost of inventories recognised as an expense during the financial year for the Group amounted to RM42,318,090 (2001 - RM24,630,107).

7. RECEIVABLES

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Trade receivables	2,376,744	2,080,103	3,115	6,588
Other receivables	622,972	725,719	55,643	217,654
Prepayments and deposits	240,537	638,280	66,187	64,556
Dividends receivable	357,816	405,930	-	-
Amounts owing by subsidiary companies	-	-	45,671,653	41,622,078
	<u>3,598,069</u>	<u>3,850,032</u>	<u>45,796,598</u>	<u>41,910,876</u>

Trade receivables

The Company's trade receivables comprise receivables from hotel room sales only. The normal trade credit term given is 30 days.

The Group's normal trade credit term ranges from 10 to 30 days. Other credit terms are assessed and approved on a case-by-case basis.

Dividends receivable

These dividends are receivable from an investment in preference shares in a company where certain Directors have significant financial interests.



Notes to the Financial Statements

Amounts owing by subsidiary companies

The amounts owing by subsidiary companies are unsecured, interest free and without fixed terms of repayment.

The Company has undertaken not to recall amounts totalling RM45,671,653 (2001 - RM41,566,197) owing by certain subsidiary companies should such recall adversely affect the abilities of the subsidiary companies to carry on their businesses as going concerns. The Directors are confident that these subsidiary companies will be able to operate on a profitable footing and generate sufficient cash flows to repay the amounts owing. Accordingly, no allowance for doubtful recovery has been made in respect of these amounts owing as at balance sheet date.

8. FIXED DEPOSITS

Group

Fixed deposits with licensed banks amounting to RM237,500 (2001 - RM187,500) are pledged as securities for bankers' guarantee facilities granted to certain subsidiary companies.

The weighted average interest rate during the financial year and the average maturity of deposits as at 31 December 2002 were as follows:

	Weighted Average Interest Rate %	Average Maturity Days
Licensed banks	3.2	30 - 365

9. PAYABLES

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Trade payables	1,222,595	1,511,444	-	-
Other payables	1,296,687	2,191,550	252,234	317,409
Accruals	1,144,049	1,495,217	130,756	253,488
Amounts owing to				
- subsidiary companies	-	-	19,381,492	17,256,364
- Directors	111,052	12,302	111,052	12,302
- a corporate shareholder	-	938,954	-	938,954
	3,774,383	6,149,467	19,875,534	18,778,517

The normal trade credit term granted to the Group is 30 days.

	2002 RM	2001 RM
Amounts owing to subsidiary companies		
Interest bearing advances	1,900,000	1,900,000
Non-interest bearing advances	17,481,492	15,356,364
	19,381,492	17,256,364

These amounts are unsecured and without fixed terms of repayment. The interest bearing advances bear interest at 2% (2001 - 2.5%) per annum.

Amounts owing to Directors

These amounts owing are interest free, unsecured and without fixed terms of repayment.

Amount owing to a corporate shareholder

The amount owing which comprised mainly dividends payable was unsecured and interest free. The entire amount owing was settled in full in the year under review.



Notes to the Financial Statements



10. HIRE PURCHASE PAYABLES

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Payable not later than one year	859,476	707,853	32,772	-
Payable later than one year and not later than five years	706,452	1,085,854	60,062	-
	1,565,928	1,793,707	92,834	-
Finance charges on hire purchase	(214,315)	(253,518)	(9,724)	-
Present value of hire purchase liability	1,351,613	1,540,189	83,110	-
Represented by:				
Amount payable				
- not later than one year	740,377	608,132	29,340	-
- later than one year and not later than five years	611,236	932,057	53,770	-
	1,351,613	1,540,189	83,110	-

The terms of the hire purchase contracts range between 2 and 5 years. The interest rates, which are fixed at contract date, range between 3.9% and 5.9% (2001: 5.5% and 5.9%) per annum. All hire purchase contracts are on a fixed payment basis. The Company has granted a corporate guarantee for an amount of RM1,268,503 (2001 - RM1,527,077) for contracts entered into by a subsidiary company.

11. BANK BORROWINGS

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Short term				
Bank overdraft	1,109	1,674,605	1,109	1,674,605
Revolving credit	2,565,000	2,985,000	-	-
	2,566,109	4,659,605	1,109	1,674,605

The bank overdraft facility is secured by charges over certain of the Company's freehold land and is jointly and severally guaranteed by certain Directors of the Company and bears interest at 2% (2001 - 2%) per annum above the lending bank's base lending rate.

The revolving credit is secured by legal charges over certain subsidiary companies' leasehold estate land and is jointly and severally guaranteed by the Company and certain Directors of the Company. The revolving credit bears interest at 1.5% (2001 - 1.5%) per annum above the bank's cost of funds during the year.

12. SHARE CAPITAL

	Group and Company	
	2002 RM	2001 RM
Authorised:		
100,000,000 ordinary shares of RM1 each	100,000,000	100,000,000
Issued and fully paid:		
63,238,086 ordinary shares of RM1 each	63,238,086	63,238,086

Notes to the Financial Statements

13. RESERVES

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Distributable				
- Capital reserve	7,199,399	7,194,250	4,766,346	4,766,346
- Retained profits	37,086,740	33,242,096	8,376,296	6,438,683
	<u>44,286,139</u>	<u>40,436,346</u>	<u>13,142,642</u>	<u>11,205,029</u>
Non-distributable				
- Capital reserve	5,736,883	5,736,883	-	-
- Revaluation surplus	826,113	831,262	-	-
- Reserve on consolidation	4,884,167	4,884,167	-	-
- Share premium	8,212,680	8,212,680	8,212,680	8,212,680
	<u>19,659,843</u>	<u>19,664,992</u>	<u>8,212,680</u>	<u>8,212,680</u>
	<u>63,945,982</u>	<u>60,101,338</u>	<u>21,355,322</u>	<u>19,417,709</u>

Capital reserve

The distributable capital reserve comprises mainly gains arising from disposal of property, plant and equipment and investments whereas the non-distributable capital reserve represents amount capitalised for bonus issue from post-acquisition reserve of a subsidiary company.

Distributable reserves

Based on estimated tax credit under Section 108 of the Income Tax Act 1967 accrued up to balance sheet date and estimated tax-exempt account balances available, the Company is able to distribute RM4,131,000 (2001 - RM3,581,000) by way of the dividends without having to incur additional tax liability.

Any payment of dividend in excess of these amounts will be subjected to taxation charge at 28% of gross dividend declared.

Share premium

The share premium account may be applied in paying up unissued shares issuable to shareholders of the Company as fully paid bonus shares.

14. DEFERRED TAXATION

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Balance as at 1 January	1,209,348	1,129,348	195,348	195,348
Transfer from income statement	339,982	80,000	-	-
Balance as at 31 December	<u>1,549,330</u>	<u>1,209,348</u>	<u>195,348</u>	<u>195,348</u>

Details of potential deferred taxation not provided as at 31 December 2002 are set out below:

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Cumulative timing differences				
- excess of capital allowances over book depreciation	(14,425,000)	(9,470,000)	(698,000)	(698,000)
- unutilised tax losses	1,377,000	1,035,000	-	-
- unabsorbed capital and agriculture allowances	10,533,000	7,630,000	-	-
	<u>(2,515,000)</u>	<u>(805,000)</u>	<u>(698,000)</u>	<u>(698,000)</u>
Less: Timing differences which has been provided for	5,641,000	4,319,000	698,000	698,000
	<u>3,126,000</u>	<u>3,514,000</u>	<u>-</u>	<u>-</u>
Potential deferred tax benefits at 28% (2001 - 28%)	<u>875,280</u>	<u>983,920</u>	<u>-</u>	<u>-</u>

Included in excess of capital allowances over book depreciation are taxable timing differences that are expected to continue for considerable periods of not less than 3 years and not provided in the financial statements of the Group amounting to approximately RM770,000 (2001 - RM743,000).



Notes to the Financial Statements



15. REVENUE

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Sales of				
- fresh fruit bunches	3,881,946	118,123	3,147,596	1,714,104
- crude palm oil and palm kernel	52,857,658	33,052,041	-	-
- hotel rooms	266,896	324,640	266,896	324,640
	<u>57,006,500</u>	<u>33,494,804</u>	<u>3,414,492</u>	<u>2,038,744</u>

16. OTHER OPERATING INCOME

Group

Included in other operating income is an amount of RM402,645 (2001 - RM738,542), being the gain arising from the compulsory acquisition of long term leasehold land by the government.

17. FINANCE COSTS

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Interests on:				
- bank overdraft	57,486	194,538	57,486	194,538
- advances	-	4,236	38,000	96,173
- hire purchase	101,975	45,211	572	-
- revolving credits	156,034	175,433	-	-
	<u>315,495</u>	<u>419,418</u>	<u>96,058</u>	<u>290,711</u>

18. INCOME FROM OTHER INVESTMENTS

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Gross dividend income from:				
- a subsidiary company	-	-	2,825,044	-
- unquoted investments	225,000	255,496	-	8,640
- quoted investments	6,509	4,772	4,009	3,912
	<u>231,509</u>	<u>260,268</u>	<u>2,829,053</u>	<u>12,552</u>

Notes to the Financial Statements

19. PROFIT BEFORE TAXATION

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
This is arrived at after charging:				
Auditors' remuneration				
- audit fee				
- current year's provision	63,900	63,900	20,000	20,000
- over provision in prior year	-	(1,100)	-	-
- non-audit fee	45,000	10,000	45,000	10,000
Depreciation				
- current	2,043,241	1,968,686	206,305	190,230
- written back	-	(203,174)	-	(203,174)
Directors' fees	-	43,500	-	43,500
Directors' other emoluments				
- Directors of the Company	549,538	609,112	255,496	225,890
- other director of the subsidiary companies	139,305	48,103	-	-
Property, plant and equipment written off	31,462	-	-	-
Rental of equipment	13,584	30,690	-	-
Rental of premises	86,430	67,272	22,800	21,513
and crediting:				
Interest income	49,830	204,765	18,532	184,243
Rental income	117,069	54,102	113,844	51,222
Gain arising from disposals of property, plant and equipment	23,958	77,350	7,200	2,350
Gain arising from government acquisition of land	402,645	738,542	-	-
Directors' benefit-in-kind	56,000	-	-	-

20. TAXATION

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Current year provision	(1,568,186)	(893,478)	(924,725)	(134,000)
(Under)/Over provision in prior years	(19,562)	(67,210)	12,166	(11,894)
	(1,587,748)	(960,688)	(912,559)	(145,894)
Deferred taxation	(339,982)	(80,000)	-	-
	(1,927,730)	(1,040,688)	(912,559)	(145,894)

The effective tax rate for the Company in 2002 is lower than the statutory tax rate mainly due to tax exempt dividend received.

The Group has unabsorbed reinvestment allowance of approximately RM5,238,000 (2001 - RM406,000) available for set off against future taxable profits of a subsidiary company.

21. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the following:

	Group	
	2002 RM	2001 RM
Earnings for the purposes of basic earnings per share	5,210,587	2,005,383
Weighted average number of shares in issue	63,238,086	63,238,086



Notes to the Financial Statements



22. DIVIDENDS

	Group and Company	
	2002 RM	2001 RM
Dividends paid		
Proposed final dividend of 3% less tax at 28% as previously stated	-	1,365,943
Prior year adjustment:		
Dividend proposed in year 2000, paid in year 2001 - final 5% less tax at 28%	-	2,276,571
Dividend proposed in year 2001, paid in year 2002 - final 3% less tax at 28%	1,365,943	(1,365,943)
	<u>1,365,943</u>	<u>2,276,571</u>
Dividends proposed		
Proposed final dividend of 5% less tax at 28%	2,276,571	-
Prior year adjustment:		
Dividend proposed in year 2001 - final 3% less tax at 28%	-	1,365,943
	<u>2,276,571</u>	<u>1,365,943</u>

The proposed dividends have not been accounted for in the financial statements.

23. EMPLOYEE INFORMATION

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Staff cost (including Directors' other emoluments)	<u>3,673,982</u>	<u>4,346,817</u>	<u>717,655</u>	<u>834,855</u>
Number of employees at the end of the year	<u>403</u>	<u>340</u>	<u>71</u>	<u>67</u>

24. SEGMENT INFORMATION

Segment information is not presented as the Group operates solely in Malaysia and the combined revenues, operating results and assets employed of business segments other than the plantation segment represents less than 10% of the Group's revenues, operating results and assets employed respectively.

Notes to the Financial Statements

25. RELATED PARTY TRANSACTIONS

Transactions with non-Group members

Non-Group enterprise is considered to be related where the Directors have control over the financial and operating decisions of the enterprise or where the Directors have significant financial interest. Dato Mah King Seng, DPMP, PMP and Dato Mah King Thian, DSSA, AMP, JP are directors/members of the enterprises listed below which had the following transactions with the Group:

Party	Transactions	Amount 2002 RM	Amount outstanding 2002 RM	Amount 2001 RM	Amount outstanding 2001 RM
Anson Oil Properties Sdn Bhd	Dividend receivable	225,000	225,000	225,000	225,000
Dato Mah Pooi Soo Benevolent Fund	Rental payable	(81,000)	-	(81,000)	-

Transactions with Directors

The remunerations of the Directors is disclosed in Note 19 to the financial statements and the Corporate Governance Statement. In addition, two Directors, Dato Mah King Seng, DPMP, PMP and Dato Mah King Thian, DSSA, AMP, JP, have provided personal guarantees to secure bank borrowing facilities of the Company and the Group, at no charge.

Transactions with subsidiary companies

Transactions with subsidiary companies are mainly in the normal course of business and advances granted.

Subsidiary	Transactions	Amount 2002 RM	Amount outstanding 2002 RM	Amount 2001 RM	Amount outstanding 2001 RM
Anson Oil Industries Berhad	- Sale of oil palm fresh fruit bunches	3,147,596	-	1,672,050	-
	- Transport charges receivable	152,063	-	251,190	-
	- Transport charges payable	(63,198)	-	(57,311)	-
	- Interest payable on advances	(38,000)	(38,000)	(91,937)	(91,937)
	- Rental payable	(1,800)	(1,800)	-	-
Champion Point Sdn Bhd	- Transport charges receivable	1,530	-	1,914	-
Majuperak Plantation Sdn Bhd	- Transport charges receivable	71,015	-	56,410	27,188
Yew Lee Holdings Sdn Berhad	- Transport charges receivable	10,048	-	10,233	-
	- Transport charges payable	(29,771)	-	(36,403)	-
Sharikat Muzwin Bersaudara Sdn Bhd	- Transport charges receivable	69,112	-	80,703	28,693
Hutan Melintang Plantations Sdn Bhd	- Transport charges receivable	59,114	-	64,144	-
Ladang MHC-KPD Sdn Bhd	- Manpower secondment receivable	87,314	7,194	92,168	14,264
MHC Kemayan Plantation Sdn Bhd	- Purchase of motor vehicle	(47,000)	-	-	-

All transactions above are at mutually agreed terms.

26. CAPITAL COMMITMENT

	Group	
	2002 RM	2001 RM
Contracted but not provided for	-	895,952
Approved but not contracted for	1,839,000	4,224,000
	<u>1,839,000</u>	<u>5,119,952</u>

Notes to the Financial Statements



27. CONTINGENT LIABILITIES

In previous financial year, the Company disclosed corporate guarantee given to a finance company for hire purchase facility granted to a subsidiary company and bank guarantee facility utilised as contingent liabilities.

With the adoption of MASB 20 - Provisions, Contingent Liabilities and Contingent Assets, the Directors are of the opinion that the abovementioned are not contingent liabilities as the likelihood of an outflow of resources from these corporate and bank guarantees are remote. In addition, the subsidiary company is within the control of the Company.

28. PRIOR YEAR ADJUSTMENT

Proposed dividend

In the previous financial year, dividends proposed after the balance sheet date were accrued as a liability in the financial statements.

In the current year, in compliance with the new MASB Standard 19 'Events after the Balance Sheet Date', dividends proposed by the Board of Directors after the balance sheet date are not recorded as a liability in the financial statements.

The change in accounting policy has been applied retrospectively in the financial statements and has resulted in an increase in the Group's and Company's reserves brought forward for the year by RM1,365,943 (2001 - RM2,276,571) and a decrease of dividends charged to reserves for the year from RM2,276,571 to RM1,365,943.

29. COMPARATIVE FIGURES

The following comparatives figures have been reclassified to conform with current year's presentation:

	Group		Company	
	As previously reported RM	As restated RM	As previously reported RM	As restated RM
Balance Sheets				
Arising from change in accounting policy on adoption of MASB Standard 19				
- Events after the Balance Sheet Date:				
Proposed dividends	1,365,943	-	1,365,943	-
Reserves	58,735,395	60,101,338	18,051,766	19,417,709



Notes to the Financial Statements

30. FINANCIAL INSTRUMENTS

(a) Financial risk management objectives and policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate, liquidity and credit risks. The Group operates within clearly defined guidelines approved by the Board and it is the Group's policy not to engage in any speculative transactions.

(b) Interest rate risk

The Group's primary interest rate risk relates to interest-bearing debt. The investment in financial assets are mainly short term in nature and they are not held for speculative purposes but have been placed in fixed deposits which yield better returns than cash at bank.

The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes.

(c) Foreign exchange risk

The Group operates principally in Malaysia and is deemed not materially exposed to any fluctuation in foreign exchange rate.

(d) Liquidity risk

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements.

(e) Credit risk

Credit risks, or the risk of counterparties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored via strictly limiting the Group's associations to business partners with high creditworthiness. Trade receivables are monitored on an ongoing basis via Company management reporting procedures.

(f) Fair values

The carrying amounts of the Group's financial assets and financial liabilities approximate their fair values. The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

(i) Trade and other receivables/payables

The historical cost carrying amounts of receivables and payables that are subject to normal credit terms approximate fair value. The carrying amounts of other receivables and payables are reasonable estimates of fair value because of their nature and short maturity.

(ii) Cash and cash equivalents

The carrying amounts of cash and bank balances and bank overdraft approximate fair values due to the relatively short term nature and maturity of these instruments.

(iii) Borrowings and hire purchase obligations

The carrying amounts of short term borrowings approximate fair value because of the nature and short period to maturity of those instruments. The hire purchase is stated after deducting finance expenses.

(iv) Amounts owing by/to subsidiary companies, amount owing to Directors

The carrying amount of amounts owing by/to subsidiary companies and amount owing to Directors approximate fair value because the carrying amounts are receivable and repayable on demand.

(v) Quoted investment

The fair value of quoted shares is determined by reference to stock exchange quoted market bid prices at the close of the business on the balance sheet date.



Statement by Directors



We, the undersigned, being two of the Directors of **MHC PLANTATIONS BHD**, do hereby state that in the opinion of the Directors, the accompanying financial statements together with the notes thereto, are drawn up in accordance with applicable Approved Accounting Standards in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2002 and of the results of the business of the Group and of the Company and of the cash flows of the Group and of the Company for the year ended on that date.

The Board of Directors authorised these financial statements for issue on 20 March 2003

Signed on behalf of the Board
in accordance with a resolution
of the Directors

DATO MAH KING SENG, DPMP, PMP

DATO MAH KING THIAN, DSSA, AMP, JP

Ipoh, Perak Darul Ridzuan, Malaysia
Date: 20 March 2003



Statutory Declaration

DECLARATION PURSUANT TO SECTION 169 (16) OF THE COMPANIES ACT 1965

I, **DATO MAH KING THIAN**, being the Director primarily responsible for the financial management of **MHC PLANTATIONS BHD**, do solemnly and sincerely declare that the accompanying financial statements together with the notes thereto, are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovenamed at Ipoh in the State of Perak Darul Ridzuan on 20 March 2003

DATO MAH KING THIAN, DSSA, AMP, JP

Before me,

ABD. RAHIM B. HJ. MAT TAIB, AMN, AMP
Commissioner for Oaths

Report of the Auditors to the Members of MHC Plantations Bhd



We have audited the financial statements set out on pages 32 to 60. These financial statements are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with applicable Approved Standards on Auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act 1965 and applicable Approved Accounting Standards in Malaysia so as to give a true and fair view of:
 - (i) the financial position of the Group and of the Company as at 31 December 2002 and of the results and the cash flows of the Group and of the Company for the year then ended; and
 - (ii) the matters required by Section 169 of the Companies Act 1965 to be dealt with in the financial statements of the Group and of the Company.
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by the subsidiary companies for which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and auditors' reports of the subsidiary companies for which we have not acted as auditors, as indicated in Note 4 to the financial statements, being financial statements which are included in the consolidated financial statements.

We are satisfied that the financial statements of the subsidiary companies that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purpose of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The Auditors' reports on the financial statements of the subsidiary companies were not subject to any qualification material to the consolidated financial statements and did not include any comment required to be made under Section 174(3) of the Act.

ERNST & YOUNG
(AF: 0039)
Chartered Accountants

LEONG KENG YUEN
No. 1851/09/03 (J)
Partner

Ipoh, Perak Darul Ridzuan, Malaysia.
Date: 20 March 2003

Statement of Shareholdings *as at 5 March 2003*

Authorised Capital	:	RM100,000,000.00
Issued and Fully Paid-up Capital	:	RM63,238,086.00
Class of Shares	:	Ordinary shares of RM1.00 each fully paid
Voting Rights	:	One vote per RM1.00 share

DISTRIBUTION OF SHAREHOLDINGS

Range of Shareholdings	No. of Holders	% of Holders	No. of RM1.00 Shares	% of Issued Capital
Less than 1,000	1	0.04	6	0.00
1,000 - 10,000	2,092	94.28	3,609,009	5.71
10,001 - 100,000	94	4.24	2,555,254	4.04
100,001 - 3,161,903 *	30	1.35	20,364,626	32.20
3,161,904 and above **	2	0.09	36,709,191	58.05
TOTAL	2,219	100.00	63,238,086	100.00

Note: * - Less than 5% of issued shares

** - 5% and above of issued shares

THIRTY LARGEST REGISTERED HOLDERS *AS AT 5 MARCH 2003*

Name of Holder	Holdings	% of Issued Capital
1. Dato Mah Pooi Soo Realty Sdn Bhd	28,443,680	44.98
2. Mah King Woon Holdings Sdn Bhd	8,265,511	13.07
3. Juwitawan Sdn Bhd	3,079,000	4.87
4. Tan Lai Kim (Holdings) Sdn Bhd	2,911,240	4.60
5. Utama Dot Com Sdn Bhd	2,700,000	4.27
6. Syarikat Majuperak Berhad	1,750,000	2.77
7. Koperasi Angkatan Tentera Malaysia Berhad	1,500,000	2.37
8. Datin Seri Ooi Ah Thin	1,107,511	1.75
9. Lembaga Tabung Angkatan Tentera	1,000,000	1.58
10. Perbadanan Nasional Berhad	888,000	1.40
11. Cartaban Nominees (Asing) Sdn Bhd		
Credit Suisse Singapore for Dowell Investments Ltd	883,000	1.40
12. Lim Chiang Hang	702,000	1.11
13. JB Nominees (Tempatan) Sdn Bhd		
Pledged Securities Account for Cheah Chee Choong	516,000	0.82
14. Low Pak Seng	500,000	0.79
15. City Hansome Industries Sdn Bhd	485,000	0.77
16. Affin-UOB Nominees (Tempatan) Sdn Bhd		
Pledged Securities Account for Rovent Sdn Bhd (SXM778)	429,750	0.68
17. Yayasan Perak	300,000	0.47
18. Koperasi Peserta-Peserta Rancangan Felcra Seberang Perak	253,000	0.40
19. Mayban Nominees (Tempatan) Sdn Bhd		
Pledged Securities Account for Mah Siew Seong (138AB9398)	177,000	0.28
20. HDM Nominees (Asing) Sdn Bhd		
DBS Vickers Secs (S) Pte Ltd for Cecilia Chia Hyau Lian	150,000	0.24
21. Chang Meng Keng	144,000	0.23
22. Vensta Co Sdn Bhd	140,000	0.22
23. JMF Asset Management Sdn Bhd	136,125	0.22
24. T.O. Lim Holdings Sdn Bhd	132,000	0.21
25. Lim Tock Ooi	127,000	0.20
26. Universal Trustee (Malaysia) Berhad	126,000	0.20
27. Lee Chee Ming	125,000	0.20
28. Affin-UOB Nominees (Tempatan) Sdn Bhd		
Pledged Securities Account for Lee Bong Huat (SXL290)	103,000	0.16
29. Mayban Nominees (Tempatan) Sdn Bhd		
Pledged Securities Account for Mah Siew Seng (138AB0427)	100,000	0.16
30. Ng Yin Choong	94,000	0.15
TOTAL	57,267,817	90.57



Statement of Shareholdings

as at 5 March 2003



SUBSTANTIAL SHAREHOLDERS AS AT 5 MARCH 2003

According to the Register of Substantial Shareholders required to be kept under Section 69L of the Companies Act, 1965, the following are the substantial shareholders of the Company:

Name of Substantial Shareholder	Direct Interest (A)	%	Deemed Interest (B)	%	Total Interest (A+B)	%
Amsenbina Sdn Bhd	-	-	8,265,511	13.07	8,265,511	13.07
Dato Mah Pooi Soo Realty Sdn Bhd	28,443,680	44.98	-	-	28,443,680	44.98
Hooi Yoke Lin	-	-	8,265,511	13.07	8,265,511	13.07
Hooi Yoke Lin (as trustee for Mah Li-Jeen)	-	-	8,265,511	13.07	8,265,511	13.07
Dato Mah King Seng	35,003	0.06	28,443,680	44.98	28,478,683	45.04
Dato Mah King Thian	30,003	0.05	28,443,680	44.98	28,473,683	45.03
Mah King Woon Holdings Sdn Bhd	8,265,511	13.07	-	-	8,265,511	13.07
Mah Siew Keong	-	-	8,265,511	13.07	8,265,511	13.07
MSH Sdn Bhd	-	-	8,265,511	13.07	8,265,511	13.07
Mah Siew Chuan	-	-	8,265,511	13.07	8,265,511	13.07
Datin Seri Ooi Ah Thin	1,107,511	1.75	28,443,680	44.98	29,551,192	46.73
S.C. Mah Sdn Bhd	-	-	8,265,511	13.07	8,265,511	13.07
S.K. Mah Sdn Bhd	-	-	8,265,511	13.07	8,265,511	13.07
Wong Leng Wah	-	-	8,265,511	13.07	8,265,511	13.07

DIRECTORS' INTEREST AS AT 5 MARCH 2003

According to the Register of Directors' Shareholdings required to be kept under Section 134 of the Companies Act, 1965 the Directors' interests in the ordinary share capital of RM1 each of the Company and its subsidiary companies are as follows:

MHC PLANTATIONS BHD

Name of Director	Direct Interest (A)	%	Deemed Interest (B)	%	Total Interest (A+B)	%
Aznam bin Mansor	7,000	0.01	2,700,000	4.27	2,707,000	4.28
Dato Mah King Seng	35,003	0.06	28,443,680	44.98	28,478,683	45.04
Dato Mah King Thian	30,003	0.05	28,443,680	44.98	28,473,683	45.03
Mah Siew Hoe	7,003	0.01	-	-	7,003	0.01
Koay Say Loke Andrew	7,000	0.01	-	-	7,000	0.01
Azizah binti Kassim	7,000	0.01	-	-	7,000	0.01

Subsidiary company

CHAMPION POINT SDN BHD

Name of Director	Direct Interest (A)	%	Deemed Interest (B)	%	Total Interest (A+B)	%
Dato Mah King Seng ^	-	-	99,998	5.00	99,998	5.00
Dato Mah King Thian ^	1	0.00	99,998	5.00	99,998	5.00

^ By virtue of shares held by Rare Properties Sdn Bhd

By virtue of their interests in the Company, Dato Mah King Seng and Dato Mah King Thian are deemed to be interested in shares in the subsidiary companies to the extent that the Company has an interest.

None of the other Directors had any interest in shares in the Company's related corporations.

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I/We,
of being a member of
MHC Plantations Bhd hereby appoint +the Chairman of the Meeting
of
or failing him,
of

as my/our proxy, to vote for me/us and on my/our behalf at the Forty-Third Annual General Meeting of the Company, to be held on 30 April 2003 and at any adjournment thereof in the manner indicated below in respect of the following Resolutions:

Resolutions relating to:	For	Against
1. The adoption of Reports and Audited Financial Statements		
2. The declaration of a First and Final Dividend		
3. The re-election of Directors: Dato Mah King Thian, DSSA, AMP, JP Mah Siew Hoe		
4. The appointment of Auditors and their remuneration		
5. Ordinary Resolution - Authority to Allot and Issue Shares in General Pursuant to Section 132D of the Companies Act, 1965		

Please indicate with (✓) how you wish your vote to be cast.

No. of shares held

Date:
Signature of Shareholder

NOTES:

A member entitled to attend and vote at the Meeting is not entitled to appoint more than two proxies to attend and vote on his behalf. A proxy may but need not be a member of the Company. The instrument appointing a proxy must be deposited at the registered office of the Company not less than forty-eight (48) hours before the time for holding the Meeting.

+If it is desired to appoint another person as a proxy, the words the Chairman of the Meeting should be deleted and the name of the proxy should be inserted in block capitals, and the alteration should be initialled.

Where a member appoints two proxies, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.

If this Form is signed and returned without any indication as to how the person appointed proxy shall vote, he will exercise his discretion as to how he votes or whether he abstains from voting.

In the case of a corporation, the proxy must be executed under its Common Seal, or under the hand of a duly authorised officer.

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The Secretary

STAMP



MHC Plantations Bhd (4060-V)

NO 35, JALAN HUSSEIN,
30250 IPOH, PERAK DARUL RIDZUAN.

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Saya/Kami,
beralamat sebagai
ahli **MHC Plantations Bhd** dengan ini melantik +Pengerusi Mesyuarat
beralamat
atau, jika beliau tidak dapat hadir,
beralamat

sebagai proksi saya/kami untuk mengundi bagi saya/kami dan sebagai pihak saya/kami di Mesyuarat Agung Tahunan Syarikat yang ke-43 yang diadakan pada 30 April 2003 dan pada sebarang penangguhan dengan cara seperti yang ditunjukkan di bawah ini berkenaan Resolusi-resolusi di bawah:

Resolusi berkenaan:	Menyokong	Menentang
1. Meluluskan Laporan dan Penyata Kewangan yang telah diaudit.		
2. Pengisytiharan Dividen yang Pertama dan Muktamad.		
3. Perlantikan semula pengarah-pengarah: Dato Mah King Thian, DSSA, AMP, JP Mah Siew Hoe		
4. Perlantikan Juruaudit dan penetapan bayaran mereka.		
5. Resolusi Biasa-Kuasa untuk memperuntukkan dan menerbitkan Saham mengikut Seksyen 132D, Akta Syarikat 1965.		

Sila tandakan (✓) dalam ruang yang anda hendak mengundi.

Bilangan Saham dipegang

Tarikh:
Tandatangan Pemegang Saham

NOTA-NOTA:

Seorang ahli yang berhak hadir dan mengundi dalam Mesyuarat tidak berhak melantik lebih daripada dua orang proksi untuk hadir dan mengundi bagi pihak dirinya. Seorang proksi boleh jadi tetapi tidak semestinya seorang ahli Syarikat. Surat perlantikan proksi mestilah diserahkan kepada pejabat berdaftar Syarikat tidak kurang daripada empat puluh lapan (48) jam sebelum waktu yang ditetapkan untuk Mesyuarat.

+Jika ingin melantik seorang yang lain menjadi proksi, perkataan-perkataan "Pengerusi Mesyuarat" harus dipotong dan dimasukkan nama proksi itu dengan huruf besar dan perubahan ini mesti diparapi.

Sekiranya seorang ahli melantik dua orang proksi, perlantikan beliau menjadi tak sah kecuali beliau menetapkan bahagian saham yang diwakili oleh setiap orang proksi.

Jika Borang ini yang telah ditandatangani dan dikembalikan tanpa memberi arahan kepada orang yang dilantik tentang cara mengundi, proksi yang dilantik akan menggunakan budi bicara sendiri untuk mengundi atau tidak mengundi.

Bagi sebuah badan korporat, borang proksi ini mestilah dimeterai atau ditandatangani oleh seorang pegawai yang diberi kuasa.

2. Lipat di sini

Setiausaha



MHC Plantations Bhd (4060-V)

NO 35, JALAN HUSSEIN,
30250 IPOH, PERAK DARUL RIDZUAN.

STEM

1. Lipat di sini