MHC Plantations Bhd
4060-V

CONTENTS

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Forty-Seventh Annual General Meeting of the Company will be held at Kompleks Pejabat Behrang 2020, Jalan Persekutuan 1, 35900 Tanjung Malim, Perak, Malaysia on Wednesday, 25 April 2007 at 11.00 a.m.

AGENDA	**RESOLUTION NO.**
1. To receive the Audited Financial Statements for the year ended 31 December 2006, together with the Directors' and Auditors' Reports thereon.	
2. To sanction the declaration of a first and final dividend of 3% less 27% income tax.	**1**
3. To re-elect the following Director retiring in accordance with the Company's Articles of Association:	
Koay Say Loke Andrew	**2**
4. To appoint Auditors and authorise the Directors to fix their remuneration.	**3**
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 resolutions:	
ORDINARY RESOLUTION – AUTHORITY TO ALLOT AND ISSUE SHARES IN GENERAL PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965	**4**

"That, subject to the Companies Act, 1965 and the Articles of Association of the Company and approvals from Bursa Malaysia Securities Berhad, 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."

SPECIAL RESOLUTION – PROPOSED AMENDMENTS TO THE COMPANY'S ARTICLES OF ASSOCIATION	**5**

"That the Company's Articles of Association be amended as follows:

a) that the existing Article 6 be amended by deleting the words **"but the total nominal value of the issued preference shares shall not exceed the total nominal value of the issued ordinary shares at any time"** in the said Article to read as follows:

   6. Subject to the Act, any preference shares may with the sanction of an Ordinary Resolution, be issued on the terms that they are, or at the option of the Company are liable, to be redeemed and the Company shall not issue preference shares ranking in priority over preference shares already issued, but may issue preference shares ranking equally therewith.

b) that the existing Article 6A(2) which read as follows:

6A(2) the holder of a preference share must be entitled to a return of capital in preference to holders of ordinary shares when the Company is wound up.

be deleted in its entirety.

c) that the existing Article 54(a) be amended by substituting the words "the daily press" with the words **"at least one nationally circulated Bahasa Malaysia or English daily newspaper"** in the said Article to read as follows:

54(a) Subject to the provisions of the Act relating to convening meetings to pass Special Resolutions, every notice convening meetings shall specify the place, the day and the hour of the meeting and shall be given to all members at least fourteen (14) days before the meeting or at least 21 days before the meeting where any special resolution is to be proposed or where it is an annual general meeting. Any notice of a meeting called to consider special business shall specify the general nature of such business and shall also be accompanied by a statement regarding the effect of any proposed resolution in respect of such special business and shall be given in the manner hereinafter mentioned to such persons as are under the provisions of these Articles entitled to receive notice of general meetings from the Company. At least fourteen (14) days' notice or twenty one (21) days' notice in case where any special resolution is proposed or where it is the annual general meeting, of every such meeting shall be given by advertisement in at least one nationally circulated Bahasa Malaysia or English daily newspaper and in writing to the Exchange and other stock exchange, if any, upon which the Company is listed such that notices of all meetings shall be given to the Exchanges and other stock exchange, if any on which the shares of the Company is listed, and advertised in the press at the same time as shareholders are notified.

d) that the existing Article 54(c) be amended by inserting the words **"the latest date which is reasonably practicable which shall in any event be"** after the words "as at" in the said Article to read as follows:

54(c) The Company shall request the Central Depository in accordance with the Rules to prepare a Record of Depositors as at the latest date which is reasonably practicable which shall in any event be not less than three (3) Market Days before the general meeting (hereinafter referred to as the "General Meeting Record of Depositors").

e) that the existing Article 75 be amended by deleting the words "All the Directors of the Company shall be natural persons and" at the beginning of Article 75 to read as follows:

75. Until otherwise determined by general meeting, the number of Directors shall not be less than three (3) nor more than fifteen (15) but in the event of any casual vacancy occurring and reducing the number of Directors below the foresaid minimum the continuing Director or Directors may except in an emergency, act only for the purpose of increasing the number of Directors to such minimum number or to summon a general meeting of the Company. The first directors of the Company shall be Mah Pooi Soo and Mah King Woon.

Notice of Annual General Meeting (cont'd)

f) that the existing Article 87(a) be amended by inserting the words **"during his term of office"** at the end of Article 87(a) to read as follows:

87(a) has a Receiving Order in Bankruptcy made against him or makes any arrangement or composition with his creditors generally during his term of office;

g) the existing Article 87(d) be amended by inserting the words **"during his term of office"** at the end of Article 87(d) to read as follows:

87(d) becomes of unsound mind or a person whose person or estate is liable to be dealt with in any way under the law relating to mental disorder during his term of office;

h) the existing Article 87(h) which read as follows:

87(h) is absent from more than 50% of the total board of directors' meetings held during a financial year.

be deleted in its entirety.

By Order of the Board
CHAN YOKE YIN
WOO YING PUN
Secretaries

Ipoh
30 March 2007

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 with the Company Secretary, No. 55 Medan Ipoh 1A, Medan Ipoh Bistari, 31400 Ipoh, Perak not less than forty-eight (48) hours before the time appointed for holding the Meeting.

EXPLANATORY NOTES TO SPECIAL BUSINESS

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

The Ordinary Resolution proposed under item 6 if passed, will empower the Directors of the Company, from the date of the above Annual 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.

SPECIAL RESOLUTION – PROPOSED AMENDMENTS TO THE COMPANY'S ARTICLES OF ASSOCIATION

The proposed amendments allow the Articles to be in line with the amendments to the amended Bursa Malaysia Securities Berhad Listing Requirements.

Statement Accompanying the Notice of Annual General Meeting

Statement Accompanying Notice of Annual General Meeting of MHC Plantations Bhd pursuant to Paragraph 8.28(2) of the Listing Requirements of Bursa Malaysia Securities Berhad (Bursa Securities)

Further details of individual standing for election as Director is set out in the Profile of Directors and Statement of Shareholdings on Page 9 and 80 respectively of this Annual Report.

Corporate Information

DIRECTORS

Dato' Mah King Seng
(Executive Chairman)
Dato' Mah King Thian
(Managing Director)
Koay Say Loke Andrew
(Senior Independent Non-Executive Director)
Mustapha Bin Mohamed
(Independent Non-Executive Director)

AUDIT COMMITTEE
Koay Say Loke Andrew *(Chairman)*
Dato' Mah King Thian
Mustapha Bin Mohamed

EXECUTIVE COMMITTEE
Datin Seri Ooi Ah Thin (Chairperson)
Dato' Mah King Seng
Dato' Mah King Thian

NOMINATING COMMITTEE
Mustapha Bin Mohamed (Chairman)
Koay Say Loke Andrew

REMUNERATION COMMITTEE
Mustapha Bin Mohamed (Chairman)
Dato' Mah King Thian
Koay Say Loke Andrew

COMMITTEE TO REVIEW PRESS OR PUBLIC ANNOUNCEMENTS
Dato' Mah King Seng
Dato' Mah King Thian

REGISTERED OFFICE
Kompleks Pejabat Behrang 2020
Jalan Persekutuan 1
35900 Tanjung Malim
Perak Darul Ridzuan
Malaysia
Tel. No. 05-4590001
Fax No. 05-4590003

PRINCIPAL PLACE OF BUSINESS
Kompleks Pejabat Behrang 2020
Jalan Persekutuan 1
35900 Tanjung Malim
Perak Darul Ridzuan
Malaysia
Tel. No. 05-4590001
Fax No. 05-4590003

REGISTRARS
Symphony Share Registrars Sdn Bhd
No. 55 Medan Ipoh 1A
Medan Ipoh Bistari
31400 Ipoh
Perak Darul Ridzuan
Malaysia
Tel. No. 05-5474833
Fax No. 05-5474363

SECRETARIES
Chan Yoke Yin (MAICSA 7043743)
Woo Ying Pun (MAICSA 7001280)

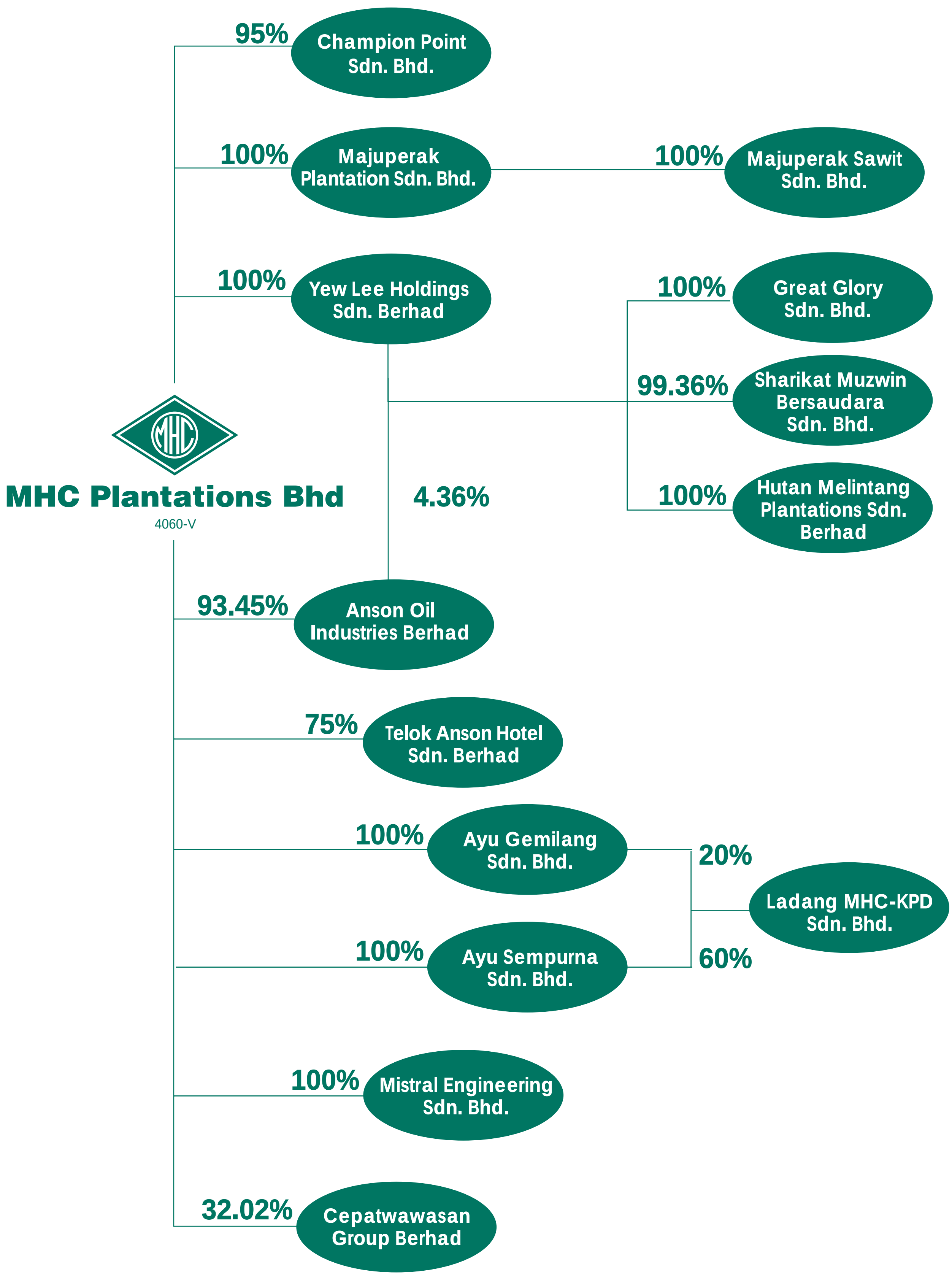
AUDITORS
Ernst & Young
Chartered Accountants

PRINCIPAL BANKERS
Malayan Banking Berhad
RHB Bank Berhad

STOCK EXCHANGE LISTING
Bursa Malaysia Securities Berhad
Main Board

COUNTRY OF INCORPORATION
Malaysia

Corporate Structure



Profile of Board of Directors

Dato' Mah King Seng,
Executive Chairman

- Dato' Mah King Seng, a Malaysian, aged 48, joined the Board of Directors on 20 September 1978. He was appointed the Executive Chairman on 13 July 2005.
- He is also a member of the Executive Committee and the Committee for the review 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 also sits on the Board of Cepatwawasan Group Berhad, a company listed on the Main Board of Bursa Securities.
- 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 and the elder brother of Dato' Mah King Thian, the Managing Director of the Company, who is also a Director and substantial shareholder of DMR.
- 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 Board Meetings held during the financial year.

Dato' Mah King Thian,
Managing Director

- Dato' Mah King Thian, a Malaysian, aged 43, joined the Board of Directors on 28 December 1992. He is currently the Managing Director responsible for the Group's operations, 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 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 then joined the Company in 1989. He is also a Fellow Member of Certified Practising Accountant Australia (FCPA).
- 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 also the Executive Chairman of Cepatwawasan Group Berhad, a company listed on the Main Board of Bursa Securities.
- 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 and the younger brother of Dato' Mah King Seng, the Executive Chairman of the Company, who is also a Director and substantial shareholder of DMR.
- 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 Board Meetings held during the financial year.

Koay Say Loke Andrew,
Senior Independent Non-Executive Director

- Koay Say Loke Andrew, a Malaysian, aged 41, was appointed to the Board on 16 August 2000 and is currently the Senior Independent Non-Executive Director of the Company.
- He is the Chairman of the Audit Committee. He is also a member of the Remuneration and 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 Master in Law Degree from Monash University in 1994. Upon obtaining his Bachelor Degree, 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 Fellow 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 Board Meetings held during the financial year.

Mustapha Bin Mohamed,
Independent Non-Executive Director

- Mustapha Bin Mohamed, a Malaysian, aged 61, was appointed to the Board on 30 June 2005 and is currently an Independent Non-Executive Director of the Company.
- He is the Chairman of the Remuneration and Nominating Committees. He is also a member of the Audit Committee of the Company.
- He is a Fellow of the Association of Chartered & Certified Accountants (U.K.), Chartered Accountant with the Malaysian Institute of Accountants and Certified Public Accountants (Malaysia).
- Mustapha Bin Mohamed was with Coopers & Lybrand Malaysia for 22 years from 1971 to 1993 of which he was a partner from 1987 to 1993. He had previously served as a Director of Gadek Berhad, Gadek Capital Berhad, Ipmuda Berhad and Credit Corporation of Malaysia Berhad. Currently, he is involved with his own business and provides advisory service in relation to his profession when necessary.
- 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 Board Meetings held during the financial year.

Chairman's Statement

On behalf of the Board of Directors of MHC Plantations Bhd, I am pleased to present the Annual Report of the Group and the Company for the financial year ended 31 December 2006.

Group Performance

For the year under review, the Group recorded a revenue of RM20.76 million and a pre-tax profit of RM7.54 million compared with a revenue of RM18.55 million and a pre-tax profit of RM5.50 million in the previous financial year.

The increase in revenue was mainly due to better yields and prices of Fresh Fruit Bunches ("FFB"). The annual FFB yield achieved in 2006 was 20.26 MT per hectare as compared to 17.69 MT per hectare in the previous financial year. The Group's FFB production improved to 70,503 MT from 65,385 MT in the previous financial year mainly due to the young mature palms reaching the prime production phase.

Profit before tax is higher than in the previous financial year mainly due to better FFB yields, favourable FFB prices and higher contribution from our associated company.

Associated Company

We are proud that our associated company, Cepatwawasan Group Berhad ("CGB"), was successfully transferred to the Main Board from the Second Board of Bursa Malaysia Securities Berhad on 11 December 2006.

Dividend

Your Board has recommended for your approval, a first and final dividend of 3% less 27% income tax, for the financial year ended 31 December 2006.

Significant Events

On 26 December 2006, the Company had entered into a Sale and Purchase Agreement with CGB for the proposed disposal to CGB of its entire equity interest in Ayu Sempurna Sdn Bhd which in turn owns approximately 60% equity interest in Ladang MHC-KPD Sdn Bhd for a total cash consideration of RM14,157,000.

The Proposed Disposal is part of our plan to progressively transfer ownership and management of our oil palm plantations in Sabah to our associated company, CGB. This would enable CGB to achieve further economies of scale in its plantation business since all its oil palm plantations are located in Sabah. We can also gain further economies of scale by focusing mainly on our plantations in Peninsular Malaysia.

This demarcation would also greatly reduce the likelihood of any future conflict of interest between CGB and us over the acquisition of plantations or investments in the State of Sabah.

The Proposed Disposal will also enable us to realise a gross gain on disposal of approximatey RM13.48 million or approximately RM0.16 per share.

Prospects

The Board is confident that the Group's outlook is still bright. Palm oil prices are anticipated to remain buoyant as a result of rising demand for edible oil from India and China as well as the growing usage of palm oil in the biodiesel energy sector.

Acknowledgement

I would like to take this opportunity to thank all the Management and Staff for their dedicated services and immense contributions during the year.

To all our valued suppliers, customers, bankers, business associates and advisers, thank you very much for your commitment and assistance to the Group.

And finally, to all our highly valued shareholders, please accept my heartfelt thanks for your unwavering and continuous support. May I wish you all a very successful and prosperous year ahead.

Dato' Mah King Seng
Executive Chairman

Penyata Pengerusi

Bagi pihak Lembaga Pengarah MHC Plantations Bhd. ("MHC"), dengan sukacitanya saya menyampaikan Laporan Tahunan bagi Syarikat bersama-sama dengan Kumpulannya untuk tahun kewangan berakhir 31 Disember 2006.

Prestasi Kumpulan

Bagi tahun 2006, Kumpulan kami telah merekodkan pendapatan sebanyak RM20.76 juta dan keuntungan sebelum cukai sebanyak RM7.54 juta berbanding dengan pendapatan sebanyak RM18.55 juta dan keuntungan sebelum cukai sebanyak RM5.50 juta dalam tahun kewangan sebelumnya.

Peningkatan pendapatan tersebut adalah disebabkan terutamanya oleh kadar penghasilan yang lebih tinggi dan peningkatan harga buah tandan segar ("FFB"). Pencapaian kadar hasil tahunan FFB dalam tahun 2006 adalah 20.26 MT sehektar berbanding dengan 17.69 MT sehektar dalam tahun kewangan sebelumnya. Pengeluaran FFB Kumpulan juga telah meningkat daripada 65,385 MT dalam tahun kewangan sebelumnya kepada 70,503 MT bagi tahun 2006. Peningkatan tersebut adalah disebabkan oleh penukaran fasa pokok kelapa sawit ke fasa penghasilan yang lebih tinggi.

Peningkatan kadar pengeluaran FFB, harga FFB yang memuaskan dan sumbagan keuntungan yang lebih tinggi daripada syarikat bersekutu kami telah menyebabkan keuntungan sebelum cukai yang lebih tinggi juga berbanding dengan tahun kewangan sebelumnya.

Syarikat Bersekutu

Kami amat berbangga dengan syarikat bersekutu kami, Cepatwawasan Group Berhad ("CGB") atas kejayaan pemindahan mereka dari Papan Kedua ke Papan Pertama di Bursa Malaysia Securities Berhad pada 11 Disember 2006.

Dividen

Lembaga pengarah telah mencadangkan dividen pertama dan muktamad sebanyak 3% kurang 27% cukai pendapatan bagi tahun kewangan berakhir 31 Disember 2006.

Peristiwa-Peristiwa Penting

Pada 26 Disember 2006, Syarikat kami telah menandatangi Perjanjian Jual Beli dengan CGB bagi CGB mengambilalih keseluruhan ekuiti saham dalam anak syarikat kami, Ayu Sempurna Sdn. Bhd., yang juga memiliki lebih kurang 60% equiti saham dalam Ladang MHC-KPD Sdn. Bhd., dengan balasan sebanyak RM14,157,000.

Cadangan pengambilalihan tersebut adalah rancangan kami untuk memindahkan hakmilik serta pengurusan ladang kelapa sawit di Sabah secara berperingkat kepada syarikat bersekutu kami, CGB. Ini akan membolehkan CGB mencapai lebih skala ekonomi dalam penanaman kelapa sawit mereka memandangkan kesemua ladang kelapa sawit CGB berlokasi di Sabah. Syarikat kami juga akan mencapai lebih skala ekonomi dengan menumpukan perhatian kami kepada penanaman kelapa sawit di Semenanjung Malaysia.

Langkah ini juga akan mengurangkan sebarang konflik di antara Syarikat kami dengan CGB dalam pengambilalihan ladang kelapa sawit ataupun pelaburan baru di Sabah.

Cadangan tersebut akan membolehkan Syarikat kami menrealisasikan keuntungan kasar sebanyak RM13.48 juta atau RM0.16 sesyer.

Prospek

Pihak Lembaga Pengarah amat yakin bahawa masa depan Kumpulan adalah amat cerah. Harga minyak sawit dijangka akan terus meningkat di atas permintaan yang menaik untuk minyak masak dari negara India dan China. Peningkatan dalam penggunaan minyak sawit dalam sector tenaga biodiesel juga dijangka akan meningkatkan harga minyak sawit.

Penghargaan

Saya ingin mengambil kesempatan ini untuk merakamkan ribuan terima kasih kepada pihak pengurusan dan semua kakitangan kami di atas dedikasi dan sumbangan mereka sepanjang tahun 2006.

Terima kasih juga kepada semua pembekal, pelanggan, pihak bank, rakan perniagaan dan pihak penasihat di atas komitment dan bantuan yang diberikan kepada Kumpulan kami.

Sebagai akhir kata, kepada semua pemegang-pemegang saham yang dihargai, sila terima ucapan terima kasih daripada saya di atas sokongan berterusan anda yang amat berharga. Saya berharap anda semua akan diberkati dengan kejayaan dan kemakmuran.

Dato' Mah King Seng
Pengerusi Eksekutif

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 the Executive Chairman, currently comprises four 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 two independent non-executive directors, which represent half of the Board. The Company has thus satisfied the Listing Requirements (LR) of Bursa Malaysia Securities Berhad (Bursa Securities) of having at least one-third of the Board members as independent non-executive directors.

The roles of the Executive Chairman and the Managing Director are distinct and segregated with responsibilities clearly drawn out to ensure a balance of power and authority. The Executive Chairman is responsible for ensuring Board effectiveness and conduct, whilst the Managing Director is primarily responsible for managing the Group's day-to-day operations and with his expert and intimate knowledge of the business of the Group, he is able to efficiently practise "hands on" management in his specific areas of responsibilities. The Non-Executive Directors are credible professionals of calibre, 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 Executive Chairman, Dato' Mah King Seng and the Managing Director, Dato' Mah King Thian both represent the significant major shareholder, DMR. The two Independent Non-Executive Directors represent the minority shareholders.

The profile of each Director is presented on pages 8 to 9 of this Annual Report.

Meetings
The Board meets five times a year on a scheduled basis with additional meetings held when specific urgent or important matters are required to be considered and decided 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.

A total of five (5) Board Meetings were held during the financial year under review, on 22 February 2006, 12 April 2006, 9 May 2006, 26 July 2006 and 20 November 2006. Details of attendance of the Directors at the Board Meetings are as follows:

Name	Number of Meetings Attended
Dato' Mah King Seng	5 of 5
Dato' Mah King Thian	5 of 5
Koay Say Loke Andrew	5 of 5
Mustapha Bin Mohamed	5 of 5

All the Directors have complied with the minimum attendance at Board Meetings as stipulated by Bursa Securities 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 peruse 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 requisite documents and 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.

Continuous Training of Directors
All the Directors have undergone the Mandatory Accreditation Programme (MAP). The Directors have complied with Practice Note 15/2003 (now repealed) and have all obtained the requisite Continuing Education Programme (CEP) points. During the financial year, the Directors had their continuous training by visiting several of the Group's plantations to gain first-hand knowledge on oil palm cultivation. The Nominating Committee has been given the responsibility of formulating an orientation programme for new directors. The Directors will continue to undergo training and other relevant programmes to further enhance their skills and knowledge where relevant.

Re-election
In accordance with the Articles of Association of the Company, all directors who are appointed by the Board are subject to election at the first opportunity after their appointment and at least one-third of the remaining directors are subject to re-election by rotation at each Annual General Meeting. The Articles of Association also provide that all directors shall retire at least once in three (3) years.

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 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 Bursa Securities LR. Details of the composition, terms of reference and activities of the Audit Committee are set out in the Audit Committee Report on pages 22 to 24 of this Annual Report.

The Executive Committee was set up on 24 May 2001 to act on behalf of the Board on matters concerning administration, 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 Executive Chairman, the Managing Director and a Senior Executive:

1) Datin Seri Ooi Ah Thin (Senior Executive) - Chairperson
2) Dato' Mah King Seng (Executive Chairman)
3) Dato' Mah King Thian (Managing Director)

The Nominating Committee was set up on 24 May 2001 with the objective of ensuring an effective process for director selection and also an appropriate structure for management succession and development. It is responsible for the recommendation of candidates for appointments to the Board, the formulation of a programme for the orientation of directors and the succession planning for the senior management. The Committee comprises the following two Independent Directors:

1) Mustapha Bin Mohamed (Chairman)
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, fixing the remuneration packages of individual directors and approving employee compensation and benefits. The Committee ensures that the Executive Directors are fairly rewarded for their contributions to the Group's overall performance and that 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. The Remuneration Committee has held a meeting on 2 February 2007 to decide on the payment of bonuses.

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

1) Mustapha Bin Mohamed (Chairman, Independent Non-Executive)
2) Dato' Mah King Thian (Managing Director)
3) Koay Say Loke Andrew (Senior Independent Non-Executive)

The Committee for the review of press releases or public announcements, comprising the Executive Chairman, Dato' Mah King Seng, and the Managing Director, 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.

Directors' Remuneration

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

The details of the remuneration of Directors comprising remuneration received/receivable from Group during the financial year are as follows:

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

Remuneration	Executive Directors (RM)	Non-Executive Directors (RM)	Total (RM)
(a) Directors' Fees	-	-	-
(b) Salaries	720,000	-	720,000
(c) Bonuses/Allowances	120,000	39,000	159,000
(d) Benefits in kind – EPF/Socso/Car	101,369	-	101,369

b) Analysis of Remuneration:

	Number of Directors	
Range of Remuneration	Executive	Non-Executive
Below RM50,000	-	2
RM450,000 - RM500,000	2	-

Shareholders

Investor Relations and 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 its 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 the Directors and the representatives of the external Auditors will be present to answer any questions that they may have.

The Board has identified Koay Say Loke Andrew, the Senior Independent Non-Executive Director, as 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.

Corporate Social Responsibilities

The Company is committed to ensuring that its actions not only benefit its shareholders but also its employees, the society and the environment.

Accountability and Audit

Financial Reporting

In addition to providing financial reports on an annual basis, the Group's financial results are also presented to shareholders on a quarterly basis through the link to Bursa Securities known as BURSA Link. Before their release to the Bursa Securities, the quarterly financial results are reviewed by the Audit Committee and approved by the Board of Directors. A statement by the Directors of their responsibilities in preparing the financial statements is set out on Page 19 of this Annual Report.

Internal Control

The Statement on Internal Control set out on Pages 20 to 21 of the Annual Report provides a 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 categorised into the appropriate components and, in compliance with the Bursa Securities LR, analysed in bands of RM50,000.

Statement of Directors' Responsibility
for Preparing the Financial Statements

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 Group and of the Company as at the end of the financial year and of their results and cash flows for the financial year then ended.

In preparing the financial statements, the Directors have:

- selected appropriate accounting policies and applied them consistently;
- made judgments and estimates that are reasonable and prudent; and
- stated whether applicable accounting standards have been followed and made a statement to that effect in the financial statements, subject to any material departures being disclosed and explained in 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

BOARD'S RESPONSIBILITY

The Board acknowledges its responsibility for establishing an efficient and effective system of internal control covering not only financial controls but also controls relating to operational, compliance and risk management to safeguard shareholders' value and the Group's assets. There is an on-going review process by the Board to ensure the adequacy and integrity of the system.

In view of the limitations that are inherent in any system of internal control, this system is designed to manage, rather than eliminate the risk of failure to achieve corporate objectives. Accordingly, the system can only provide reasonable but not absolute assurance against material misstatement, operational failures, fraud or loss.

For the purpose of preparing this statement, the associated company is not dealt with as part of the Group.

RISK MANAGEMENT FRAMEWORK AND CONTROL SELF-ASSESSMENT

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 the Group's business, the Directors are of the view that the Group is not materially exposed to legal and environmental risks and therefore have concluded to focus on the operational risks relevant to the business. Although there is exposure to market risk as a result of price fluctuations in the commodity market, the Directors consider these as movement in market forces inherent in the industry in which the Group operates.

The Board has established a formal Group Risk Management Committee that comprises the Managing Director and senior management. The Group Risk Management Committee is entrusted with the responsibilities of identifying and evaluating 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 actions taken was compiled to produce a divisional risk profile of the business units evaluated under the risk management plan.

INTERNAL AUDIT FUNCTION

The Board recognises that effective monitoring on a continuous basis is a vital component of a sound internal control system. In this respect, the Board through the Audit Committee regularly receives and reviews reports on internal control from its internal audit function.

The internal audit function is outsourced to a professional services firm which reports directly to the Audit Committee. The scope of work covered by the internal audit function is determined by the Audit Committee after careful consideration and discussion of the audit plan with the Board.

OTHER KEY ELEMENTS OF INTERNAL CONTROL

Other key elements of the Group's internal control are as follows:

- The Board of Directors reviews the operational and financial performance of the Group every quarter and management meetings are conducted regularly at head office and operating division level.
- Existence of an organisation structure with clear delegation of responsibilities.
- The Company has implemented a system of controls as set out in the Operations Manual. The Board will review from time to time and update the financial authority limits set out therein as and when necessary.
- A detailed budgeting process takes place annually, where each business unit prepares its budget for the following financial year and the budget is then reviewed by the Managing Director, after which the budget is submitted to the Board for formal approval.
- Regular visits to the Operating Centres by the Managing Director and senior management whenever appropriate.
- Proposals for major capital expenditure and investment by the Group are reviewed and approved by the Board of Directors. All other purchases and payments are approved according to formalised limits of authority.
- The Remuneration Committee evaluates and reviews the remuneration packages of the executive directors and senior management.
- The Audit Committee reviews the internal audit plan for the year, and reviews and holds discussions on the actions taken on internal control issues identified in the reports prepared by the Internal Auditor.

WEAKNESS IN INTERNAL CONTROL

There were no material internal control failures nor have any of the reported weaknesses resulted in material losses or contingencies during the financial year.

Audit Committee Report

Members of the Committee
Koay Say Loke Andrew - Chairman
(Senior Independent Non-Executive Director)
Dato Mah King Thian – Member
(Managing Director)
Mustapha Bin Mohamed – 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.

Audit Committee Report (cont'd)

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 auditors are 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 auditors 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.

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 Bursa Securities 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's Chairman who is an Independent Director, is also a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act, 1967.

Number of Meetings & Details of Attendance

During the year under review, the Audit Committee held five meetings as scheduled, on 22 February 2006, 12 April 2006, 9 May 2006, 26 July 2006 and 20 November 2006 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 . 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	5 of 5
Mustapha Bin Mohamed	5 of 5

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 financial year are as summarised below:

(a) Reviewed the unaudited quarterly Group results prior to recommending them to the Board for approval for announcement to Bursa Securities;

(b) Reviewed, prior to the commencement of audit, the external auditors' scope of engagement, their audit plan and approach and their request for any increase in audit fees;

(c) Reviewed and discussed with the external auditors the updates or new developments on accounting standards issued by the Malaysian Accounting Standards Board and the Company's compliance with the applicable 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 recommending the same to the Board for approval;

(f) Considered the proposals received for the internal audit function and recommended the appointment of the internal auditors;

(g) Reviewed the related party transactions that had arisen prior to recommending them to the Board for approval;

(h) Reviewed the internal auditors' reports, their recommendations and the management responses. Improvement actions in the area of internal controls, systems and efficiency enhancements suggested by the internal auditors were discussed together with management.

(i) Followed up on the implementation actions taken by management in respect of the internal auditors' recommendations.

Internal Audit Function

The Group outsourced its internal audit function. 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 by 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.

An internal audit had been performed during the financial year ended 31 December 2006. The audit report incorporating the internal auditors' findings and recommendations with regard to the system operations and control weaknesses noted in the course of their audit and the management's responses thereto were subsequently submitted to the Audit Committee.

ADDITIONAL COMPLIANCE INFORMATION

Pursuant to the Listing Requirements of Bursa Malaysia Securities Berhad
for the year ended 31 December 2006

Utilisation of Proceeds
The Company did not raise any funds through any corporate proposal during the financial year.

Share Buy-Back
The Company did not make any share buy-back during the financial year.

Options, Warrants or Convertible Securities
No options, warrants or convertible securities were exercised during the financial year.

American Depository Receipt ("ADR") or Global Depository Receipt ("GDR") Programme
The Company did not sponsor any ADR or GDR programme during the financial year.

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

Non-Audit Fees
Non-audit fees paid to the external Auditors for the financial year amounted to RM4,000.00.

Variation in Results (subject to Audit)
There was no material variance between the audited results for the financial year ended 31 December 2006 and unaudited results previously released for the financial quarter ended 31 December 2006.

Profit Guarantee
There was no profit guarantee given by the Company during the financial year.

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.

Recurrent Related Party Transactions
The Company incurs related party transaction in the ordinary course of business with a private company connected to certain directors. The total amount involved falls below the threshold requiring announcements and/or shareholders' mandate.

Revaluation Policy on Landed Properties
There was no revaluation of landed properties during the financial year.

List of Properties
as at 31 December 2006

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 (MHC Plantations Bhd.)	Oil palm estate	849.8 acres	Grant in perpetuity	N/A	3,718	30.9.1998
Lot Nos. 2327, 5299, 5300, 8275 and 16413, Mukim of Durien Sebatang, District of Hilir Perak, Perak Darul Ridzuan (MHC Plantations Bhd.)	Oil palm estate	702.6 acres	Grant in perpetuity	N/A	2,799	30.9.1998
Lot Nos. 3318, 3319, 3342 to 3345 (incl.), Town of Teluk Intan, District of Hilir Perak, Perak Darul Ridzuan (MHC Plantations Bhd.)	6 1/2-storey commercial structure partly used as a hotel known as Hotel Anson and partly as office premises	10,142 sq. feet	Leasehold 999 years/ 23 years	21.2.2883	1,615	30.9.1998
Lot No. 7279, Mukim of Changkat Jong, District of Hilir Perak, Perak Darul Ridzuan (Anson Oil Industries Berhad)	Oil palm estate	992.3 acres	Leasehold 60 years	28.8.2039	5,292	30.9.1998
Lot No. 6872, Mukim of Hutan Melintang, District of Hilir Perak, Perak Darul Ridzuan (Anson Oil Industries Berhad)	Oil palm estate	906.9 acres	Leasehold 60 years	24.5.2033	2,262	30.9.1998
Lot No. 10471, Mukim of Hutan Melintang, District of Hilir Perak, Perak Darul Ridzuan (Majuperak Plantation Sdn. Bhd.)	Oil palm estate	1,000.5 acres	Leasehold 60 years	11.1.2055	4,137	30.9.1998
Lot No. P.T. 68 Mukim of Hutan Melintang, District of Hilir Perak, Perak Darul Ridzuan (Sharikat Muzwin Bersaudara Sdn. Bhd.)	Oil palm estate	1,000.0 acres	Leasehold 60 years	16.11.2032	1,802	30.9.1998

List of Properties
as at 31 December 2006 (cont'd)

Location	Description	Approximate Land Area	Tenure	Expiry dates of the leasehold interests	Net book value RM'000	Date of last revaluation
Lot No. 7328, Mukim of Changkat Jong, District of Hilir Perak, Perak Darul Ridzuan (Yew Lee Holdings Sdn. Berhad)	Oil palm estate	969.0 acres	Leasehold 60 years	1.3.2038	950	30.9.1998
Lot No. 6879, Mukim of Hutan Melintang, District of Hilir Perak, Perak Darul Ridzuan (Hutan Melintang Plantations Sdn. Berhad)	Oil palm estate	978.9 acres	Leasehold 60 years	24.7.2033	4,258	30.9.1998
Lot Nos. 10065, 10066, 10068, 10069, 10071 - 10076 (Incl.), Mukim of Durien Sebatang, District of Hilir Perak, Perak Darul Ridzuan (Champion Point Sdn. Bhd.)	Oil palm estate	193.3 acres	Grant in perpetuity	N/A	2,131	30.9.1998
PL 176291473 Kg. Lingkungan District of Beaufort, Sabah (Ladang MHC-KPD Sdn. Bhd.)	Oil palm estate	4,000.0 acres	Leasehold 99 years	31.12.2087	16,305	22.12.1998

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 2006.

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.

RESULTS

	Group RM	Company RM
Profit for the year	5,708,391	1,687,225
Attributable to:		
Equity holders of the Company	5,497,287	1,687,225
Minority interests	211,104	-
	5,708,391	1,687,225

There were no material transfers to or from reserves or provisions during the year other than as disclosed in the financial statements.

In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than the effect arising from changes in estimates where the residual values of certain motor vehicles were revised resulting in an increase in the Group's and the Company's profit for the year by RM133,330 and RM37,833 respectively as disclosed in Note 2.4 to the financial statements.

DIVIDENDS

During the financial year, the Company paid a final dividend of 3% less 28% taxation amounting to RM1,819,436 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 2006, of 3% less 27% taxation on 84,233,130 ordinary shares, amounting to a total dividend of RM1,844,706 (2.19 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 2007.

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:

Dato' Mah King Seng
Dato' Mah King Thian
Koay Say Loke Andrew
Mustapha Bin Mohamed

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.

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 1.1.2006	**Bought**	**Sold**	**Balance as at 31.12.2006**
		During the year		
MHC PLANTATIONS BHD				
Direct interest				
Dato' Mah King Seng	145,364	-	-	145,364
Dato' Mah King Thian	39,964	-	-	39,964
Koay Say Loke Andrew	13,800	-	-	13,800
Mustapha Bin Mohamed	50,616	-	-	50,616
Deemed interest				
Dato' Mah King Seng	38,222,982	1,500,000	-	39,722,982
Dato' Mah King Thian	38,222,982	1,500,000	-	39,722,982
Subsidiary company				
CHAMPION POINT SDN BHD				
Direct interest				
Dato' Mah King Thian	1	-	-	1
Deemed interest				
Dato' Mah King Seng	1,999,998	-	-	1,999,998
Dato' Mah King Thian	1,999,998	-	-	1,999,998

By virtue of their interests in the Company, Dato' Mah King Seng and Dato' Mah King Thian are also deemed to have interest in shares in the other 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 for those benefits as disclosed in the financial statements.

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 had 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 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 of the Group or of the Company which has arisen since the end of the financial year.

Directors' Report (cont'd)

(f) In the opinion of the Directors:

(i) no contingent 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.

SIGNIFICANT EVENTS DURING THE YEAR

(a) On 26 December 2006, the Company entered into a Sale and Purchase Agreement with its associated company, Cepatwawasan Group Bhd for the proposed disposal of its entire equity interest in Ayu Sempurna Sdn Bhd ("ASSB") which in turn owns approximately 60% equity interest in Ladang MHC-KPD Sdn Bhd for a total cash consideration of RM14,157,000.

As at the date of this report, the Company has obtained the approvals from the relevant authorities and shareholders on the disposal of ASSB.

Upon the completion of the disposal, the Group will realise a gross gain on disposal of approximately RM13.48 million or approximately RM0.16 per share.

(b) At an Extraordinary General Meeting held on 11 December 2006, it was resolved that Great Glory Sdn. Bhd. ("GGSB"), a wholly-owned subsidiary company be wound up voluntarily and Dato' Mah King Thian who is also a Director of GGSB, be appointed as Liquidator for the purpose of such winding up.

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 dated 5 March 2007.

DATO' MAH KING SENG **DATO' MAH KING THIAN**

Balance Sheets
as at 31 December 2006

	Note	Group 2006 RM	Group 2005 RM	Company 2006 RM	Company 2005 RM
ASSETS					
Non-current assets					
Property, plant and equipment	3	65,896,139	64,913,579	11,540,789	11,495,527
Subsidiary companies	4	-	-	48,851,640	48,851,640
Associated company	5	129,061,309	124,826,999	88,504,559	88,526,222
Other investments	6	3,551,056	3,551,056	378,173	378,173
Other receivables	7	-	-	1,910,667	880,785
Goodwill on consolidation	8	18,894,834	18,894,834	-	-
		217,403,338	212,186,468	151,185,828	150,132,347
Current assets					
Inventories	9	648,511	842,265	197,276	135,863
Trade and other receivables	7	1,964,183	1,330,138	48,838,344	47,461,523
Tax recoverable		395,429	565,702	-	-
Fixed deposits with licensed banks	10	845,000	3,315,600	690,000	2,447,600
Cash and bank balances		1,646,508	1,160,894	1,036,564	521,388
		5,499,631	7,214,599	50,762,184	50,566,374
TOTAL ASSETS		222,902,969	219,401,067	201,948,012	200,698,721
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	11	84,233,130	84,233,130	84,233,130	84,233,130
Reserves	12	65,548,979	61,871,128	14,379,567	14,511,778
		149,782,109	146,104,258	98,612,697	98,744,908
Minority interest		2,568,606	2,357,502	-	-
Total equity		152,350,715	148,461,760	98,612,697	98,744,908

Balance Sheets
as at 31 December 2006 (cont'd)

	Note	Group 2006 RM	Group 2005 RM	Company 2006 RM	Company 2005 RM
EQUITY AND LIABILITIES (cont'd)					
Non-current liabilities					
Hire purchase payables	13	149,400	89,352	64,743	-
Borrowings	14	27,200,000	29,600,000	27,200,000	29,600,000
Deferred tax liabilities	15	3,725,497	3,830,305	710,234	732,960
		31,074,897	33,519,657	27,974,977	30,332,960
Current liabilities					
Payables	16	2,170,942	3,409,848	38,161,999	37,819,880
Hire purchase payables	13	120,232	208,829	12,156	-
Borrowings	14	37,004,000	33,654,000	37,004,000	33,654,000
Taxation		182,183	146,973	182,183	146,973
		39,477,357	37,419,650	75,360,338	71,620,853
Total liabilities		70,552,254	70,939,307	103,335,315	101,953,813
TOTAL EQUITY AND LIABILITIES		222,902,969	219,401,067	201,948,012	200,698,721

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

Income Statements
for the year ended 31 December 2006

		Group		Company	
		2006	2005	2006	2005
	Note	RM	RM	RM	RM
Revenue	17	20,761,041	18,550,181	5,265,417	4,874,948
Cost of sales		(11,219,112)	(11,888,267)	(2,218,435)	(2,103,089)
Gross profit		9,541,929	6,661,914	3,046,982	2,771,859
Other income		433,294	1,165,592	2,958,803	1,351,217
Administrative expenses		(2,774,344)	(2,979,840)	(1,307,598)	(1,489,073)
Operating profit		7,200,879	4,847,666	4,698,187	2,634,003
Finance costs	18	(4,168,346)	(758,495)	(4,137,820)	(727,493)
Income from investments	19	243,248	251,397	2,427,155	1,001,752
Share of profit in associated company		4,265,724	1,161,225	-	-
Profit before taxation	20	7,541,505	5,501,793	2,987,522	2,908,262
Taxation	21	(1,833,114)	(1,497,998)	(1,300,297)	(932,548)
Profit for the year		5,708,391	4,003,795	1,687,225	1,975,714
Attributable to:					
Equity holders of the Company		5,497,287	3,926,285	1,687,225	1,975,714
Minority interests		211,104	77,510	-	-
		5,708,391	4,003,795	1,687,225	1,975,714
Earnings per share	22	6-53 sen	4-66 sen		
Proposed net dividends per share	23	2-19 sen	2-16 sen		

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

Statements of Changes in Equity
for the year ended 31 December 2006

		← Attributable to Equity Holders of the Company →									
			Non-distributable				Distributable				
	Note	Share capital RM	Share premium RM	Capital reserve RM	Revaluation reserve RM	Negative goodwill RM	Capital reserve RM	Retained earnings RM	Total RM	Minority Interest RM	Total equity RM
Group											
As at 1 January 2005		70,194,275	8,212,680	5,736,883	557,113	4,231,065	7,198,292	47,563,870	143,694,178	2,279,992	145,974,170
Bonus issue	11	14,038,855	-	-	-	-	-	(14,038,855)	-	-	-
Profit for the year		-	-	-	-	-	-	3,926,285	3,926,285	77,510	4,003,795
Dividend	23	-	-	-	-	-	-	(1,516,205)	(1,516,205)	-	(1,516,205)
As at 31 December 2005		84,233,130	8,212,680	5,736,883	557,113	4,231,065	7,198,292	35,935,095	146,104,258	2,357,502	148,461,760
Effect of adopting FRS 3	2.3(a)	-	-	-	-	(4,231,065)	-	4,231,065	-	-	-
Restated as at 1 January 2006		84,233,130	8,212,680	5,736,883	557,113	-	7,198,292	40,166,160	146,104,258	2,357,502	148,461,760
Transfer		-	-	-	-	-	(2,000,000)	2,000,000	-	-	-
Profit for the year		-	-	-	-	-	-	5,497,287	5,497,287	211,104	5,708,391
Dividend	23	-	-	-	-	-	-	(1,819,436)	(1,819,436)	-	(1,819,436)
As at 31 December 2006		84,233,130	8,212,680	5,736,883	557,113	-	5,198,292	45,844,011	149,782,109	2,568,606	152,350,715

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

Statements of Changes in Equity
for the year ended 31 December 2006 (cont'd)

	Note		Non distributable	Distributable		
		Share capital RM	Share premium RM	Capital reserve RM	Retained earnings RM	Total equity RM
Company						
As at 1 January 2005		70,194,275	8,212,680	4,496,239	15,382,205	98,285,399
Bonus issue	11	14,038,855	-	-	(14,038,855)	-
Profit for the year		-	-	-	1,975,714	1,975,714
Dividend	23	-	-	-	(1,516,205)	(1,516,205)
As at 31 December 2005		84,233,130	8,212,680	4,496,239	1,802,859	98,744,908
Transfer		-	-	(2,000,000)	2,000,000	-
Profit for the year		-	-	-	1,687,225	1,687,225
Dividend	23	-	-	-	(1,819,436)	(1,819,436)
As at 31 December 2006		84,233,130	8,212,680	2,496,239	3,670,648	98,612,697

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

Cash Flow Statements
for the year ended 31 December 2006

	Note	Group 2006 RM	Group 2005 RM	Company 2006 RM	Company 2005 RM
OPERATING ACTIVITIES					
Profit before taxation		7,541,505	5,501,793	2,987,522	2,908,262
Adjustments for:					
Depreciation		1,658,111	1,657,195	315,658	335,054
Interest expense		4,168,346	758,495	4,137,820	727,493
Gains arising from disposal of property, plant and equipment		(331,582)	(25,000)	(8,298)	-
Prospecting expenses written off		-	33,282	-	-
Share of profit in associated company		(4,265,724)	(1,161,225)	-	-
Interest income		(33,166)	(1,074,631)	(2,881,959)	(1,294,703)
Dividend income		(243,248)	(251,397)	(2,427,155)	(1,001,752)
Operating profit before working capital changes		8,494,242	5,438,512	2,123,588	1,674,354
Changes in working capital:					
Inventories		193,754	(223,548)	(61,413)	230,507
Receivables		(634,045)	5,162,364	(143,210)	5,169,010
Payables		(1,238,906)	1,007,802	(120,041)	379,570
Subsidiary companies' accounts		-	-	(1,801,333)	(12,325,137)
Cash generated from/(used in) operations		6,815,045	11,385,130	(2,409)	(4,871,696)
Interest received		33,166	1,074,631	2,881,959	1,294,703
Interest paid		(4,168,346)	(758,495)	(4,137,820)	(727,493)
Tax paid		(1,667,196)	(2,324,942)	(611,077)	(575,209)
Net cash generated from/(used in) operating activities		1,012,669	9,376,324	(1,869,347)	(4,879,695)
INVESTING ACTIVITIES					
Dividend received		178,005	1,174,605	1,750,419	721,897
Acquisition of property, plant and equipment		(2,474,979)	(3,581,413)	(299,819)	(66,587)
Adjustment on the purchase consideration of investment/ (Purchase of investment)		31,414	(124,659,375)	21,663	(88,526,222)
Proceeds from disposal of property, plant and equipment		365,890	52,740	32,197	-
Net cash (used in)/generated from investing activities		(1,899,670)	(127,013,443)	1,504,460	(87,870,912)

Cash Flow Statements
for the year ended 31 December 2006 (cont'd)

	Note	Group 2006 RM	Group 2005 RM	Company 2006 RM	Company 2005 RM
FINANCING ACTIVITIES					
Drawdown of revolving credit		1,350,000	33,254,000	1,350,000	33,254,000
(Repayment)/Drawdown of term loan		(400,000)	30,000,000	(400,000)	30,000,000
Payment of hire purchase obligations		(228,549)	(245,260)	(8,101)	(24,430)
Dividends paid		(1,819,436)	(1,516,205)	(1,819,436)	(1,516,205)
Net cash (used in)/generated from financing activities		(1,097,985)	61,492,535	(877,537)	61,713,365
Net decrease in cash and cash equivalents		(1,984,986)	(56,144,584)	(1,242,424)	(31,037,242)
Cash and cash equivalents as at 1 January		4,071,494	60,216,078	2,718,988	33,756,230
Cash and cash equivalents as at 31 December		2,086,508	4,071,494	1,476,564	2,718,988

(a) Cash and cash equivalents

Cash and cash equivalents as at 31 December comprise the following balance sheet amounts:

	Group 2006 RM	Group 2005 RM	Company 2006 RM	Company 2005 RM
Fixed deposits	845,000	3,315,600	690,000	2,447,600
Cash and bank balances	1,646,508	1,160,894	1,036,564	521,388
	2,491,508	4,476,494	1,726,564	2,968,988
Fixed deposits pledged	(405,000)	(405,000)	(250,000)	(250,000)
	2,086,508	4,071,494	1,476,564	2,718,988

(b) Property, plant and equipment

During the year, the Group and the Company acquired property, plant and equipment by:

	Group 2006 RM	Group 2005 RM	Company 2006 RM	Company 2005 RM
Cash	2,474,979	3,581,413	299,819	66,587
Hire purchase arrangement	200,000	-	85,000	-
Capitalisation of depreciation charge	85,929	58,482	-	-
	2,760,908	3,639,895	384,819	66,587

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

Notes to the Financial Statements
– 31 December 2006

1. CORPORATE INFORMATION

MHC Plantations Bhd is a public limited liability company listed on the Main Board of Bursa Malaysia Securities Berhad. The Company is incorporated and domiciled in Malaysia.

The registered office and principal place of business of the Company is at Kompleks Pejabat Behrang 2020, Jalan Persekutuan 1, 35900 Tanjung Malim, 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.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 5 March 2007.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The financial statements comply with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities.

At the beginning of the current financial year, the Group and the Company had adopted new and revised FRSs which are mandatory for financial periods beginning on or after 1 January 2006 as described fully in Note 2.3.

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.

The financial statements are presented in Ringgit Malaysia ("RM").

2.2 Summary of Significant Accounting Policies

(a) Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary companies as at the balance sheet date. The financial statements of the subsidiary companies are prepared for the same reporting date as the Company.

Subsidiary companies are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. In preparing the consolidated financial statements, intragroup balances, transactions and unrealised gains or losses are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Summary of Significant Accounting Policies (cont'd)

(a) Basis of Consolidation (cont'd)

Acquisitions of subsidiary companies are accounted for using the purchase method. The purchase method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in the income statement.

Minority interests represent the portion of profit or loss and net assets in subsidiary companies not held by the Group. It is measured at the minorities' share of the fair value of the subsidiary companies' identifiable assets and liabilities at the acquisition date and the minorities' share of changes in the subsidiary companies' equity since then.

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

(b) Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(c) Property, Plant and Equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Subsequent to recognition, property, plant and equipment except for freehold land are stated at cost less accumulated depreciation and any accumulated impairment losses.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Summary of Significant Accounting Policies (cont'd)

(c) Property, Plant and Equipment (cont'd)

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 previously 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.

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 has an unlimited useful life and therefore is not depreciated whilst leasehold land is amortised over the term of lease ranging between 43 to 89 years. Amortisation is not provided on the long term leasehold land of the Company with lease period of 999 years as the Directors consider that the economic life of the property and its residual value are such that amortisation is not significant.

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 and fittings, office equipment, roads and drainage	5 - 10
Plant and machinery	5

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Summary of Significant Accounting Policies (cont'd)

(c) Property, Plant and Equipment (cont'd)

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

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in the income statement and the unutilised portion of the revaluation surplus on that item is taken directly to retained earnings.

(d) Inventories

Inventories comprise nursery plant, store and materials which are stated at the lower of cost and net realisable value.

Nursery plant is valued at the cost of seed, fertilisers and sprays.

Store and materials are stated at the lower of cost and net realisable value. Cost is determined on the weighted average method.

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

(e) Investments in Subsidiary Companies

Subsidiary companies are entities over which the Group has the ability to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

In the Company's separate financial statements, investments in subsidiary companies are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in the income statement.

(f) Investment in Associated Company

Associated companies are entities in which the Group has significant influence and that is neither a subsidiary company nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not in control or joint control over those policies.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Summary of Significant Accounting Policies (cont'd)

(f) Investment in Associated Company (cont'd)

Investments in associated companies are accounted for in the consolidated financial statements using the equity method of accounting. Under the equity method, the investment in associated company is carried in the consolidated balance sheet at cost adjusted for post-acquisition changes in the Group's share of net assets of the associated company. The Group's share of the net profit or loss of the associated company is recognised in the consolidated profit or loss. Where there has been a change recognised directly in the equity of the associated company, the Group recognises its share of such changes. In applying the equity method, unrealised gains and losses on transactions between the Group and the associated company are eliminated to the extent of the Group's interest in the associated company. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the associated company. The associated company is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associated company.

Goodwill relating to an associated company is included in the carrying amount of the investment and is not amortised. Any excess of the Group's share of the net fair value of the associated company's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associated company's profit or loss in the period in which the investment is acquired.

When the Group's share of losses in an associated company equals or exceeds its interest in the associated company, including any long-term interests that, in substance, form part of the Group's net investment in the associated company, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associated company.

The audited financial statements of associated companies with coterminous financial year end are used by the Group in applying the equity method. For associated companies with non-coterminous financial year end, the share of results is arrived at from the management financial statements as of the same date as the Group's accounting period. Uniform accounting polices are adopted for like transactions and events in similar circumstances.

In the Company's separate financial statements, investments in associated companies are stated at cost less impairment losses.

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in the income statement.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Summary of Significant Accounting Policies (cont'd)

(g) Other Investments

Other investments are stated at cost less allowance for any permanent diminution in value. Such allowance 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 collectibles 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 initially recognised at their cost when the contractual right to receive cash or another financial asset from another entity is established.

Subsequent to initial recognition, receivables are stated at cost less allowance for doubtful debts.

Receivables are not held for the purpose of trading.

(j) Payables

Payables are measured initially and subsequently at cost. Payables are recognised when there is a contractual obligation to deliver cash or another financial asset to another entity.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Summary of Significant Accounting Policies (cont'd)

(l) Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity, or when it arises from a business that is an acquisition, in which case the deferred tax is included in the resulting goodwill or the amount of any excess of the acquirer's interest is the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination.

(m) Employee Benefits

(i) Short term benefits

Short term benefits such as wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group and of the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plans

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund. Such contributions are recognised as an expense in the income statement as incurred.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Summary of Significant Accounting Policies (cont'd)

(n) Provisions for Liabilities

Provisions for liabilities 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.

(o) Hire Purchase

Assets acquired under hire purchase agreement are included in property, plant and equipment and the corresponding liability is included in the balance sheet as hire purchase payables.

The hire purchase instalments are allocated between the reduction of the hire purchase liability and hire purchase interest expense for the period. The hire purchase interest is charged to the income statement over the hire purchase period so as to give a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for the hire purchase assets is consistent with that for depreciable property, plant and equipment as described in Note 2.2(c).

(p) Impairment of Non-Financial Assets

The carrying amounts of the Group's assets, other than inventories, deferred tax assets and financial assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For goodwill, assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date or more frequently when indicators of impairment are identified.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs to. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Summary of Significant Accounting Policies (cont'd)

(p) Impairment of Non-Financial Assets (cont'd)

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised in income statement in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for as a revaluation decrease to the extent that the impairment loss does not exceed the amount held in the asset revaluation reserve for the same asset.

Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in income statement, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

(q) 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.

(r) 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 for guarantee facilities granted and thus not available for use by the Group and the Company.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.3 Changes in Accounting Policies and Effects Arising from Adoption of New and Revised FRSs

On 1 January 2006, the Group and the Company adopted the following FRSs mandatory for financial periods beginning on or after 1 January 2006:

FRS 3	Business Combinations
FRS 101	Presentation of Financial Statements
FRS 102	Inventories
FRS 108	Accounting Policies, Changes in Estimates and Errors
FRS 110	Events after the Balance Sheet Date
FRS 116	Property, Plant and Equipment
FRS 127	Consolidated and Separate Financial Statements
FRS 128	Investments in Associates
FRS 132	Financial Instruments: Disclosure and Presentation
FRS 133	Earnings Per Share
FRS 136	Impairment of Assets
FRS 138	Intangible Assets

The Group and the Company has not early adopted the deferred FRS 139 - Financial Instruments: Recognition and Measurement and the following new and revised FRSs that are mandatory for financial periods beginning on or after 1 October 2006:

(i) FRS 117 Leases
(ii) FRS 124 Related Party Disclosures

At the date of authorisation of these financial statements, the following FRS, amendments to FRSs and Interpretations were in issue but not yet effective:

(i) FRS 6 Exploration for and Evaluation of Mineral Resources
(ii) Amendment to FRS 119_{2004}: Employee Benefits - Actuarial Gains and Losses, Group Plans and Disclosures
(iii) Amendment to FRS 121: The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation
(iv) IC Interpretation 1: Changes in Existing Decommissioning, Restoration and Similar Liabilities
(v) IC Interpretation 2: Members' Shares in Co-operative Entities and Similar Instruments
(vi) IC Interpretation 5: Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
(vii) IC Interpretation 6: Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment
(viii) IC Interpretation 7: Applying the Restatement Approach under FRS 129_{2004} Financial Reporting in Hyperinflationary Economies
(ix) IC Interpretation 8: Scope of FRS 2

Except for FRS 117 and FRS 124, the above FRSs are not relevant to the Group and the Company's operations.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.3 Changes in Accounting Policies and Effects Arising from Adoption of New and Revised FRSs (cont'd)

The adoption of revised FRS 102, 108, 110, 127, 128, 132, 133, 136 and 138 does not result in significant changes in accounting policies and had no effect on the financial statements of the Group and of the Company. The principal changes in accounting policy and their effects resulting from the adoption of the other new and revised FRSs are discussed below:

(a) FRS 3: Business Combinations

Excess of Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost (previously known as negative goodwill)

Under FRS 3, any excess of the Group's interest in the fair value of acquirees' identifiable assets, liabilities and contingent liabilities over cost of acquisitions (previously known as "negative goodwill"), after reassessment, is now recognised immediately in the income statement. In accordance with the transitional provisions of FRS 3, the negative goodwill as at 1 January 2006 of RM4,231,065 was derecognised with a corresponding increase in retained earnings.

(b) FRS 101: Presentation of Financial Statements

Prior to 1 January 2006, minority interests at the balance sheet date were presented in the consolidated balance sheet separately from liabilities and equity. Upon the adoption of the revised FRS 101, minority interests are now presented within total equity. In the consolidated income statement, minority interests are presented as an allocation of the total profit or loss for the year. A similar requirement is also applicable to the statement of changes in equity. The revised FRS 101 also requires disclosure, on the face of the statement of changes in equity, total recognised income and expenses for the year, showing separately the amounts attributable to equity holders of the Company and to minority interests.

Prior to 1 January 2006, the Group's share of taxation of associated company accounted for using the equity method was included as part of the Group's income tax expense in the consolidated income statement. Upon the adoption of the revised FRS 101, the share of taxation of associated company accounted for using the equity method are now included in the respective share of profit or loss reported in the consolidated income statement before arriving at the Group's profit or loss before tax.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.3 Changes in Accounting Policies and Effects Arising from Adoption of New and Revised FRSs (cont'd)

(b) FRS 101: Presentation of Financial Statements (cont'd)

These changes in presentation have been applied retrospectively and as disclosed below, certain comparatives have been restated. These changes in presentation have no impact on the Company's financial statements.

Restatement of comparatives

	Previously stated RM	Decrease RM	Restated RM
Group			
Effect on income statements for the year ended 31 December 2005			
Share of profit in associated company	1,605,731	(444,506)	1,161,225
Taxation	1,942,504	(444,506)	1,497,998

2.4 Change in Estimates

The revised FRS 116: Property, Plant and Equipment requires the review of the residual value of an item of property, plant and equipment at least at each financial year end. The Group and the Company revised the residual values of certain motor vehicles with effect from 1 January 2006. The revisions were accounted for prospectively as a change in accounting estimates and as a result, the depreciation charges of the Group and of the Company for the current financial year have been reduced by RM133,330 and RM37,833 respectively.

2.5 Significant Accounting Estimates and Judgements

Key Sources of Estimation Uncertainty

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The total carrying value of recognised tax losses and capital allowances of a subsidiary of the Group was RM56,361 (2005 - RMNil) and the unrecognised tax losses and capital allowances of a subsidiary of the Group was RMNil (2005 - RM28,093).

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 and fittings RM	Office equipment RM	Motor vehicles RM	Electrical installation, road and drainage RM	Capital work-in-progress RM	Total RM
As at 31 December 2006												
Cost/Valuation												
As at 1 January 2006												
At cost	6,127,269	11,950,426	3,740,600	5,278,335	20,127,504	1,967,062	1,193,434	351,889	3,214,829	2,774,712	1,817,341	58,543,401
At valuation	5,909,582	159,522	15,583,044	673,316	1,115,246	-	-	-	-	-	-	23,440,710
	12,036,851	12,109,948	19,323,644	5,951,651	21,242,750	1,967,062	1,193,434	351,889	3,214,829	2,774,712	1,817,341	81,984,111
Additions	-	753,200	-	204,737	681,782	2,070	107,822	24,444	225,800	15,667	745,386	2,760,908
Disposals/Write off	-	-	(20,646)	-	-	-	-	-	(64,932)	-	-	(85,578)
Transfer	-	-	-	25,605	-	-	-	-	-	2,513,723	(2,539,328)	-
As at 31 December 2006	12,036,851	12,863,148	19,302,998	6,181,993	21,924,532	1,969,132	1,301,256	376,333	3,375,697	5,304,102	23,399	84,659,441
Representing:												
At cost	6,127,269	12,703,626	3,719,954	5,508,677	20,809,286	1,969,132	1,301,256	376,333	3,375,697	5,304,102	23,399	61,218,731
At valuation -1976	5,909,582	80,000	-	135,896	-	-	-	-	-	-	-	6,125,478
-1982	-	-	7,968,290	537,420	-	-	-	-	-	-	-	8,505,710
-1988	-	79,522	7,614,754	-	1,115,246	-	-	-	-	-	-	8,809,522
	12,036,851	12,863,148	19,302,998	6,181,993	21,924,532	1,969,132	1,301,256	376,333	3,375,697	5,304,102	23,399	84,659,441
Accumulated depreciation												
As at 1 January 2006	-	1,610,998	7,463,748	1,913,434	2,434,087	715,105	428,292	173,993	1,890,681	440,194	-	17,070,532
Depreciation charge	-	279,087	202,921	168,511	371,842	144,557	124,065	23,117	166,446	263,494	-	1,744,040
Written back	-	-	(10,237)	-	-	-	-	-	(41,033)	-	-	(51,270)
As at 31 December 2006	-	1,890,085	7,656,432	2,081,945	2,805,929	859,662	552,357	197,110	2,016,094	703,688	-	18,763,302
Net book value												
As at 31 December 2006	12,036,851	10,973,063	11,646,566	4,100,048	19,118,603	1,109,470	748,899	179,223	1,359,603	4,600,414	23,399	65,896,139

3. PROPERTY, PLANT AND EQUIPMENT (cont'd)

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 and fittings RM	Office equipment RM	Motor vehicles RM	Electrical installation, road and drainage RM	Capital work-in-progress RM	Total RM
As at 31 December 2005												
Cost/Valuation												
As at 1 January 2005												
At cost	6,127,269	11,950,426	3,740,600	4,924,104	18,447,671	1,961,262	1,207,179	327,283	3,272,829	1,363,795	1,666,872	54,989,290
At valuation	5,909,582	159,522	15,583,044	673,316	1,115,246	-	-	-	-	-	-	23,440,710
	12,036,851	12,109,948	19,323,644	5,597,420	19,562,917	1,961,262	1,207,179	327,283	3,272,829	1,363,795	1,666,872	78,430,000
Additions	-	-	-	115,570	1,679,833	5,800	14,039	24,606	-	5,000	1,795,047	3,639,895
Disposals/Write off	-	-	-	-	-	-	-	-	(58,000)	-	-	(58,000)
Adjustments	-	-	-	-	-	-	(27,784)	-	-	-	-	(27,784)
Transfer	-	-	-	238,661	-	-	-	-	-	1,405,917	(1,644,578)	-
As at 31 December 2005	12,036,851	12,109,948	19,323,644	5,951,651	21,242,750	1,967,062	1,193,434	351,889	3,214,829	2,774,712	1,817,341	81,984,111
Representing:												
At cost	6,127,269	11,950,426	3,740,600	5,278,335	20,127,504	1,967,062	1,193,434	351,889	3,214,829	2,774,712	1,817,341	58,543,401
At valuation -1976	5,909,582	80,000	-	135,896	-	-	-	-	-	-	-	6,125,478
-1982	-	-	7,968,290	537,420	-	-	-	-	-	-	-	8,505,710
-1988	-	79,522	7,614,754	-	1,115,246	-	-	-	-	-	-	8,809,522
	12,036,851	12,109,948	19,323,644	5,951,651	21,242,750	1,967,062	1,193,434	351,889	3,214,829	2,774,712	1,817,341	81,984,111
Accumulated depreciation												
As at 1 January 2005	-	1,331,909	7,260,829	1,751,021	2,072,895	568,721	303,073	152,671	1,657,185	314,592	-	15,412,896
Depreciation charge	-	279,089	202,919	162,413	361,192	146,384	125,219	21,322	291,496	125,602	-	1,715,636
Written back	-	-	-	-	-	-	-	-	(58,000)	-	-	(58,000)
As at 31 December 2005	-	1,610,998	7,463,748	1,913,434	2,434,087	715,105	428,292	173,993	1,890,681	440,194	-	17,070,532
Net book value												
As at 31 December 2005	12,036,851	10,498,950	11,859,896	4,038,217	18,808,663	1,251,957	765,142	177,896	1,324,148	2,334,518	1,817,341	64,913,579

3. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Freehold land RM	Long term leasehold land RM	Buildings RM	Plantation development expenditure RM	Plant and machinery RM	Motor vehicles RM	Furniture and fittings RM	Office equipment RM	Electrical installation RM	Capital work-in-progress RM	Total RM
Company											
As at 31 December 2006											
Cost/Valuation											
As at 1 January 2006											
At cost	102,664	308,220	4,144,499	560,214	130,965	1,141,517	1,097,548	326,680	165,566	21,666	7,999,539
At valuation	5,909,582	80,000	135,896	-	-	-	-	-	-	-	6,125,478
	6,012,246	388,220	4,280,395	560,214	130,965	1,141,517	1,097,548	326,680	165,566	21,666	14,125,017
Additions	-	-	143,267	-	2,070	95,644	101,447	23,894	1,580	16,917	384,819
Disposal	-	-	-	-	-	(64,932)	-	-	-	-	(64,932)
Transfer	-	-	21,666	-	-	-	-	-	-	(21,666)	-
As at 31 December 2006	6,012,246	388,220	4,445,328	560,214	133,035	1,172,229	1,198,995	350,574	167,146	16,917	14,444,904
Representing:											
At cost	102,664	308,220	4,309,432	560,214	133,035	1,172,229	1,198,995	350,574	167,146	16,917	8,319,426
At valuation - 1976	5,909,582	80,000	135,896	-	-	-	-	-	-	-	6,125,478
	6,012,246	388,220	4,445,328	560,214	133,035	1,172,229	1,198,995	350,574	167,146	16,917	14,444,904
Accumulated depreciation											
As at 1 January 2006	-	-	1,480,034	-	22,094	496,425	338,372	193,267	99,298	-	2,629,490
Depreciation charge	-	-	103,845	-	6,548	60,708	116,225	21,512	6,820	-	315,658
Disposal	-	-	-	-	-	(41,033)	-	-	-	-	(41,033)
As at 31 December 2006	-	-	1,583,879	-	28,642	516,100	454,597	214,779	106,118	-	2,904,115
Net book value											
As at 31 December 2006	6,012,246	388,220	2,861,449	560,214	104,393	656,129	744,398	135,795	61,028	16,917	11,540,789

3. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Company	Freehold land RM	Long term leasehold land RM	Buildings RM	Plantation development expenditure RM	Plant and machinery RM	Motor vehicles RM	Furniture and fittings RM	Office equipment RM	Electrical installation RM	Capital work-in-progress RM	Total RM
As at 31 December 2005											
Cost/Valuation											
As at 1 January 2005											
At cost	102,664	308,220	4,103,395	560,214	130,965	1,141,517	1,119,733	306,797	165,566	21,666	7,960,737
At valuation	5,909,582	80,000	135,896	-	-	-	-	-	-	-	6,125,478
	6,012,246	388,220	4,239,291	560,214	130,965	1,141,517	1,119,733	306,797	165,566	21,666	14,086,215
Additions	-	-	41,104	-	-	-	5,600	19,883	-	-	66,587
Adjustments	-	-	-	-	-	-	(27,785)	-	-	-	(27,785)
As at 31 December 2005	6,012,246	388,220	4,280,395	560,214	130,965	1,141,517	1,097,548	326,680	165,566	21,666	14,125,017
Representing:											
At cost	102,664	308,220	4,144,499	560,214	130,965	1,141,517	1,097,548	326,680	165,566	21,666	7,999,539
At valuation - 1976	5,909,582	80,000	135,896	-	-	-	-	-	-	-	6,125,478
	6,012,246	388,220	4,280,395	560,214	130,965	1,141,517	1,097,548	326,680	165,566	21,666	14,125,017
Accumulated depreciation											
As at 1 January 2005	-	-	1,379,828	-	15,545	400,951	232,155	173,495	92,462	-	2,294,436
Depreciation charge	-	-	100,206	-	6,549	95,474	106,217	19,772	6,836	-	335,054
As at 31 December 2005	-	-	1,480,034	-	22,094	496,425	338,372	193,267	99,298	-	2,629,490
Net book value											
As at 31 December 2005	6,012,246	388,220	2,800,361	560,214	108,871	645,092	759,176	133,413	66,268	21,666	11,495,527

3. PROPERTY, PLANT AND EQUIPMENT (cont'd)

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', previously 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 FRS 116 - Property, Plant and Equipment.

The Group's freehold and leasehold land with an aggregate carrying amount of RM30,247,981 (2005 - RM29,494,781) and the Company's freehold and leasehold land with carrying amount of RM6,012,246 (2005 - RM6,012,246) are pledged as securities for banking facilities granted to the Company.

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

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Plant and machinery	416,047	587,482	-	-
Motor vehicles	210,720	-	88,580	-
	626,767	587,482	88,580	-

Included in additions of plantation development expenditure are estate expenses, depreciation of property, plant and equipment and new planting expenses directly attributed to plantation development. Capitalised in plantation development expenditure of the Group during the year are the following:

	Group	
	2006 RM	2005 RM
Depreciation	85,929	58,482
Staff cost:		
Salaries, wages and other related staff cost	50,534	57,024
Employees Provident Fund contributions	9,383	7,592

4. SUBSIDIARY COMPANIES

	Company	
	2006 RM	2005 RM
At cost		
Unquoted investments		
	48,851,640	48,851,640

4. SUBSIDIARY COMPANIES (cont'd)

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

	Group's effective equity interest 2006 %	Group's effective equity interest 2005 %		Principal activities
Direct subsidiary companies				
Champion Point Sdn Bhd	95	95	)	
Majuperak Plantation Sdn Bhd	100	100	)	Cultivation of oil palm and
Yew Lee Holdings Sdn Berhad	100	100	)	sale of fresh fruit bunches.
Anson Oil Industries Berhad	98	98	)	
Ayu Sempurna Sdn Bhd	100	100	)	Investment holding.
Ayu Gemilang Sdn Bhd	100	100	)	
Telok Anson Hotel Sdn Berhad	75	75		Property development.
Mistral Engineering Sdn Bhd	100	100		Investment holding.
Indirect subsidiary companies				
Sharikat Muzwin Bersaudara Sdn Bhd (1)	99	99	)	Cultivation of oil palm and
Hutan Melintang Plantations Sdn Berhad (1)	100	100	)	sale of fresh fruit bunches.
Great Glory Sdn Bhd (1)	100	100		Investment holding (under members' voluntary liquidation).
Ladang MHC-KPD Sdn Bhd (2)	80	80		Cultivation of oil palm and sale of fresh fruit bunches.
Majuperak Sawit Sdn Bhd (3)	100	100		Dormant.

(1) through Yew Lee Holdings Sdn Berhad
(2) through Ayu Sempurna Sdn Bhd and Ayu Gemilang Sdn Bhd
(3) through Majuperak Plantation Sdn Bhd

At an Extraordinary General Meeting of Great Glory Sdn Bhd ("GGSB") held on 11 December 2006, it was resolved that GGSB be wound up voluntarily and a director of the Company, Dato' Mah King Thian was appointed as the liquidator.

5. ASSOCIATED COMPANY

	Group		Company	
	2006	2005	2006	2005
	RM	RM	RM	RM
In Malaysia:				
Quoted shares at cost	124,627,960	124,659,374	88,504,559	88,526,222
Share of post acquisition reserves	4,433,349	167,625	-	-
	129,061,309	124,826,999	88,504,559	88,526,222
At market value				
Quoted investments	56,580,000	51,405,000	40,180,000	36,505,000

The summarised financial information of the associated company are as follows:

	2006	2005
	RM	RM
Assets and liabilities		
Current assets	37,430,543	31,430,648
Non-current assets	308,988,148	302,588,776
Total assets	346,418,693	334,019,424
Current liabilities	19,503,817	29,809,519
Non-current liabilities	61,771,594	52,471,164
Total liabilities	81,275,411	82,280,683
Results		
Revenue	122,087,481	113,464,513
Profit for the year	13,489,875	1,117,392

The details of goodwill included within the Group's carrying amount of investment in associated company are as follows:

	RM
At 1 January 2005	-
Arising from investment in associated company	44,207,707
At 31 December 2005 and 2006	44,207,707

Notes to the Financial Statements
– 31 December 2006 (cont'd)

5. ASSOCIATED COMPANY (cont'd)

Details of the associated company incorporated in Malaysia, are as follows:

	Group's effective equity interest 2006 %	2005 %	Principal activities
Cepatwawasan Group Berhad	32.02	32.02	Investment holding, cultivation of oil palm and operation of oil mill and quarry.

The Directors are of the opinion that the investment in associated company whose shares are quoted shall be held for the long term with no intention of disposal below cost and that the market value is not reflective of the associated company's net tangible assets or earnings potential. The Directors are therefore of the opinion that there is no impairment in the value of the investment in the associated company as at 31 December 2006.

6. OTHER INVESTMENTS

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Malaysian investments, at cost				
Quoted investments	420,869	420,869	190,173	190,173
Allowance for diminution in value	(60,000)	(60,000)	-	-
	360,869	360,869	190,173	190,173
Unquoted investments	3,190,187	3,190,187	188,000	188,000
	3,551,056	3,551,056	378,173	378,173
At market value				
Quoted investments	561,031	415,286	331,759	266,698

Included in unquoted investments of the Group is an amount of RM3,000,000 (2005 - RM3,000,000) in respect of 7.5% Cumulative Irredeemable Preference Shares.

7. RECEIVABLES

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Current				
Trade receivables	1,111,331	651,340	217,953	81,962
Other receivables	204,340	133,047	-	78,817
Prepayments and deposits	324,512	221,751	253,396	167,360
Dividends receivable	324,000	324,000	-	-
Amounts owing by subsidiary companies	-	-	48,366,995	47,133,384
	1,964,183	1,330,138	48,838,344	47,461,523
Non-current				
Amounts owing by subsidiary companies	-	-	1,910,667	880,785
	1,964,183	1,330,138	50,749,011	48,342,308

7. RECEIVABLES (cont'd)

Trade receivables

The Group's primary exposure to credit risk arises through its trade receivables. The Group's trading terms with its customers are mainly on credit. The credit period is generally for a period of one month, extending up to three months for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest bearing.

Dividends receivable

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

Amounts owing by subsidiary companies

	Company	
	2006 RM	2005 RM
Interest bearing advances	40,949,367	40,318,226
Non-interest bearing advances	9,328,295	7,695,943
	50,277,662	48,014,169

The amounts owing by subsidiary companies are unsecured, repayable on demand and to be settled in cash. The interest bearing advances bear interests ranging from 5.30% to 7.75% (2005 - 5.40% to 7.00%) per annum.

8. GOODWILL ON CONSOLIDATION

	Group	
	2006 RM	2005 RM
At cost		
As at 1 January and 31 December	18,894,834	18,894,834

Based on indicative market value information of oil palm land, the fair value less cost to sell for the subsidiaries which represents the recoverable amounts exceed the carrying amounts of the subsidiaries.

9. INVENTORIES

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
At cost				
Nursery plant, stores and materials	648,511	842,265	197,276	135,863

10. FIXED DEPOSITS WITH LICENSED BANKS

Group

Fixed deposits with licensed banks amounting to RM405,000 (2005 - RM405,000) are pledged as securities for bankers' guarantee facilities granted to the Group.

Included also in fixed deposits is an amount of RM250,000 (2005 - RM250,000) held in trust by certain directors of the Group.

Company

Fixed deposits with a licensed bank amounting to RM250,000 (2005 - RM250,000) are pledged and held in trust by certain directors of the Company as security for bankers' guarantee facilities granted to the Company.

The interest rates of deposits were as follows:

	Group		Company	
	2006	2005	2006	2005
	%	%	%	%
Licensed banks	3.1	2.5 - 3.0	3.1	2.5 - 3.0

The maturities of deposits were as follows:

	Group		Company	
	2006	2005	2006	2005
	Days	Days	Days	Days
Licensed banks	31	31 - 365	31	31

11. SHARE CAPITAL

	Number of ordinary shares of RM1 each		Amount	
	2006	2005	2006 RM	2005 RM
Authorised:	100,000,000	100,000,000	100,000,000	100,000,000
Issued and fully paid:				
As at 1 January	84,233,130	70,194,275	84,233,130	70,194,275
Issue of bonus shares	-	14,038,855	-	14,038,855
As at 31 December	84,233,130	84,233,130	84,233,130	84,233,130

The holders of ordinary shares are entitleld to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

12. RESERVES

	Group		Company	
	2006	2005	2006	2005
	RM	RM	RM	RM
Distributable				
- Capital reserve	5,198,292	7,198,292	2,496,239	4,496,239
- Retained earnings	45,844,011	35,935,095	3,670,648	1,802,859
	51,042,303	43,133,387	6,166,887	6,299,098
Non-Distributable				
- Capital reserve	5,736,883	5,736,883	-	-
- Revaluation reserve	557,113	557,113	-	-
- Negative goodwill	-	4,231,065	-	-
- Share premium	8,212,680	8,212,680	8,212,680	8,212,680
	14,506,676	18,737,741	8,212,680	8,212,680
	65,548,979	61,871,128	14,379,567	14,511,778

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

As at 31 December 2006, the Company has tax exempt account balances of approximately RM3,555,000 (2005 - RM3,555,000) available for distribution as tax exempt dividends.

Based on tax credit under Section 108 of the Income Tax Act 1967 as at balance sheet date and tax-exempt account balances available, the Company is able to frank payments of dividends out of all (2005 - All) its distributable reserves without having to incur additional tax liability.

Revaluation reserve

Revaluation reserve represents net surplus arising from the revaluation of certain subsidiary companies' properties in 1987 and 1988.

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

Share premium

The share premium account may be applied in paying up unissued shares as fully paid bonus shares.

13. HIRE PURCHASE PAYABLES

	Group		Company	
	2006	2005	2006	2005
	RM	RM	RM	RM
Payable				
- within one year	137,811	238,032	14,412	-
- within one to two years	36,600	101,211	14,412	-
- within two to three years	36,600	-	14,412	-
- within three to four years	36,600	-	14,412	-
- within four to five years	36,600	-	14,412	-
- later than five years	28,354	-	19,159	-
	312,565	339,243	91,219	-
Finance charges on hire purchase	(42,933)	(41,062)	(14,320)	-
Present value of hire purchase liability	269,632	298,181	76,899	-
Represented by:				
Amount payable				
- within one year	120,232	208,829	12,156	-
- within one to two years	31,320	89,352	12,156	-
- within two to three years	31,320	-	12,156	-
- within three to four years	31,320	-	12,156	-
- within four to five years	31,320	-	12,156	-
- later than five years	24,120	-	16,119	-
	269,632	298,181	76,899	-

The terms of the hire purchase contracts range between 2 and 7 years. The interest rates, which are fixed at contract date, range between 2.7% to 5.0% (2005 - 3.4% to 5.0%) per annum. All hire purchase contracts are on a fixed payment basis. The Company has granted a corporate guarantee for an amount of RM518,400 (2005 - RM518,400) for hire purchase contracts entered into by a subsidiary company.

14. BORROWINGS

	Group and Company	
	2006	2005
	RM	RM
Short Term Borrowings		
Secured:		
Term loan	2,400,000	400,000
Short term revolving credit	34,604,000	33,254,000
	37,004,000	33,654,000
Long Term Borrowings		
Secured:		
Term loan	27,200,000	29,600,000

14. BORROWINGS (cont'd)

	Group and Company 2006 RM	Group and Company 2005 RM
Total Borrowings		
Secured:		
Term loan	29,600,000	30,000,000
Short term revolving credit	34,604,000	33,254,000
	64,204,000	63,254,000
Maturity of term loan:		
Within one year	2,400,000	400,000
More than 1 year and less than 2 years	2,400,000	2,400,000
More than 2 years and less than 3 years	2,632,000	2,400,000
More than 3 years and less than 4 years	3,792,000	2,632,000
More than 4 years and less than 5 years	3,792,000	3,792,000
5 years and more	14,584,000	18,376,000
	29,600,000	30,000,000

The term loan is repayable by the following terms:-

a) first 36 principal repayments of RM200,000 per month commencing in November 2006;
b) followed by 71 principal repayments of RM316,000 per month; and
c) final principal repayment of RM364,000.

The revolving credit is repayable upon demand and subject to periodic review.

The interest rates as at the balance sheet date for borrowings were as follows:

	Group and Company 2006 %	Group and Company 2005 %
Short term revolving credit	5.30	5.40
Term loan	7.75	7.00

The revolving credit and term loan facilities are secured by way of fixed and floating charges over all the assets of the Company and certain subsidiary companies as well as third party charges over the plantation land of the Company and certain subsidiary companies.

15. DEFERRED TAX LIABILITIES

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
As at 1 January	3,830,305	3,853,222	732,960	746,648
Recognised in the income statement (Note 21)	(104,808)	(22,917)	(22,726)	(13,688)
At 31 December	3,725,497	3,830,305	710,234	732,960
Presented after appropriate offsetting as follows:				
Deferred tax assets	(2,975,350)	(2,703,553)	-	(30,076)
Deferred tax liabilities	6,700,847	6,533,858	710,234	763,036
	3,725,497	3,830,305	710,234	732,960

The components and movements of deferred tax (assets)/liabilities during the financial year prior to offsetting are as follows:

Deferred Tax Liabilities of the Group:

	Property, plant and equipment RM	Revaluation of freehold and leasehold land and buildings RM	Total RM
At 1 January 2005	4,234,743	1,797,107	6,031,850
Recognised in the income statement	539,548	(37,540)	502,008
At 31 December 2005	4,774,291	1,759,567	6,533,858
Recognised in the income statement	326,045	(159,056)	166,989
At 31 December 2006	5,100,336	1,600,511	6,700,847

15. DEFERRED TAX LIABILITIES (cont'd)

Deferred Tax Assets of the Group:

	Unabsorbed business losses RM	Unabsorbed capital and agriculture allowances RM	Total RM
At 1 January 2005	(200,779)	(1,977,849)	(2,178,628)
Recognised in the income statement	-	(524,925)	(524,925)
At 31 December 2005	(200,779)	(2,502,774)	(2,703,553)
Recognised in the income statement	(42,020)	(229,777)	(271,797)
At 31 December 2006	(242,799)	(2,732,551)	(2,975,350)

Deferred Tax Liabilities of the Company:

	Property, plant and equipment RM	Revaluation of freehold and leasehold land and buildings RM	Total RM
At 1 January 2005	508,127	270,107	778,234
Recognised in the income statement	(15,198)	-	(15,198)
At 31 December 2005	492,929	270,107	763,036
Recognised in the income statement	(51,508)	(1,294)	(52,802)
At 31 December 2006	441,421	268,813	710,234

Deferred Tax Assets of the Company:

	Unabsorbed capital allowances RM
At 1 January 2005	(31,586)
Recognised in the income statement	1,510
At 31 December 2005	(30,076)
Recognised in the income statement	30,076
At 31 December 2006	-

15. DEFERRED TAX LIABILITIES (cont'd)

Deferred tax assets have not been recognised in respect of the following items:

	Group 2006 RM	Group 2005 RM
Unused tax losses	-	139,405
Unabsorbed capital allowances	-	1,062
	-	140,467

The availability of the unused tax losses and unabsorbed capital allowances for offsetting against future taxable profits of the respective subsidiary companies are subject to no substantial changes in shareholdings of those subsidiary companies under Section 44(5A) and (5B) of the Income Tax Act, 1967.

16. PAYABLES

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Other payables	1,003,348	2,171,815	160,424	259,376
Accruals and deposits	1,167,594	1,238,033	744,676	765,765
Amounts owing to subsidiary companies	-	-	37,256,899	36,794,739
	2,170,942	3,409,848	38,161,999	37,819,880

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

Company

The amounts owing to subsidiary companies are unsecured, non-interest bearing and repayable in cash on demand.

17. REVENUE

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Sales of				
- fresh fruit bunches	20,126,437	17,947,901	4,630,813	4,272,668
- hotel rooms	634,604	602,280	634,604	602,280
	20,761,041	18,550,181	5,265,417	4,874,948

Notes to the Financial Statements
– 31 December 2006 (cont'd)

18. FINANCE COSTS

	Group		Company	
	2006	2005	2006	2005
	RM	RM	RM	RM
Interests on:				
- hire purchase	32,033	33,862	1,507	2,860
- term loan	2,295,932	388,767	2,295,932	388,767
- revolving credit	1,840,381	335,866	1,840,381	335,866
	4,168,346	758,495	4,137,820	727,493

19. INCOME FROM INVESTMENTS

	Group		Company	
	2006	2005	2006	2005
	RM	RM	RM	RM
Gross dividend income from:				
- subsidiary companies	-	-	2,413,553	-
- associated company	-	-	-	980,000
- unquoted investments	230,760	225,000	5,760	-
- quoted investments	12,488	26,397	7,842	21,752
	243,248	251,397	2,427,155	1,001,752

20. PROFIT BEFORE TAXATION

	Group		Company	
	2006	2005	2006	2005
	RM	RM	RM	RM
This is arrived at after charging:				
Auditors' remuneration				
- audit fee				
- current year provision	53,900	53,900	20,000	20,000
- under provision in prior years	-	3,000	-	-
- non-audit fee	4,000	6,000	4,000	6,000
Bad debts written off	-	18,250	-	-
Depreciation	1,658,111	1,657,195	315,658	335,054
Directors' other emoluments				
- Directors of the Company (Note 25)	980,369	1,138,399	474,128	507,200
- Other director of the subsidiary companies (Note 25)	420,000	415,008	-	-
Prospecting expenses written off	-	33,282	-	-
Rental				
- premises	44,580	5,560	44,400	5,200
- land	40,419	1,350	1,180	600

20. PROFIT BEFORE TAXATION (cont'd)

	Group		Company	
	2006	2005	2006	2005
	RM	RM	RM	RM
and crediting:				
Interest income from:				
- fixed deposits	33,166	1,074,631	13,339	605,285
- advances to subsidiary companies	-	-	2,868,620	689,418
Rental income	31,224	112,041	31,224	107,721
Gain arising from disposal of property, plant and equipment	331,582	25,000	8,298	-

21. TAXATION

	Group		Company	
	2006	2005	2006	2005
	RM	RM	RM	RM
Current tax:				
Malaysian income tax	1,935,193	1,421,523	1,360,431	946,236
Under/(Over) provision in prior years	2,729	99,392	(37,408)	-
	1,937,922	1,520,915	1,323,023	946,236
Deferred tax (Note 15):				
- relating to origination and reversal of temporary differences	122,136	65,741	(12,609)	(14,043)
- relating to reduction in the income tax rate	(267,040)	-	(36,220)	-
- Under/(Over) provision in prior years	40,096	(88,658)	26,103	355
	(104,808)	(22,917)	(22,726)	(13,688)
	1,833,114	1,497,998	1,300,297	932,548

Income tax is calculated at the Malaysian statutory tax rate of 28% of assessable profit for the year. For companies with paid up capital of RM2.5 million and below, income tax is calculated at the Malaysian statutory tax rate of 20% on the first RM500,000 of assessable profit for the year and where applicable, 28% on all assessable profit in excess of RM500,000.

The statutory tax rate will be reduced to 27% from the current year's rate of 28%, effective year of assessment 2007 and to 26% effective year of assessment 2008. The computation of deferred tax as at 31 December 2006 has reflected these changes.

21. TAXATION (cont'd)

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rates to income tax expense at the effective income tax rates of the Group and of the Company is as follows:

	Group		Company	
	2006	2005	2006	2005
	RM	RM	RM	RM
Profit before taxation	7,541,505	5,501,793	2,987,522	2,908,262
Taxation at applicable statutory tax rate	2,111,621	1,540,502	836,506	814,313
Effect of income subject to tax at 20%	(75,414)	(79,384)	-	-
Effect on changes in tax rates on opening balance of deferred tax	(267,040)	-	(36,220)	-
Effect of share of associated results	(1,194,403)	(325,143)	-	-
Income not subject to tax	(90,520)	-	-	-
Expenses not deductible for tax purposes	1,378,958	288,665	494,382	120,762
Deferred tax assets recognised on previously unrecognised unused tax losses and capital allowances	(28,093)	-	-	-
Others	(44,820)	34,531	16,934	(2,882)
Deferred tax assets not recognised	-	28,093	-	-
Under/(Over) provision in prior years				
- Current tax	2,729	99,392	(37,408)	-
- Deferred tax	40,096	(88,658)	26,103	355
Tax expense for the year	1,833,114	1,497,998	1,300,297	932,548

22. EARNINGS PER SHARE

The earnings per share are calculated by dividing the Group's profit for the year attributable to ordinary equity holders of the Company of RM5,497,287 (2005 - RM3,926,285) over the number of ordinary shares of 84,233,130 (2005 - on the enlarged share capital of 84,233,130 ordinary shares after the bonus issue of 14,038,855 ordinary shares of RM1 each as disclosed in Note 11 to the financial statements).

23. DIVIDEND

	Group and Company 2006 RM	2005 RM
Dividend paid		
Dividend proposed in year 2005, paid in year 2006		
- final 3% less tax at 28%	1,819,436	-
Dividend proposed in year 2004, paid in year 2005		
- final 3% less tax at 28%	-	1,516,205
	1,819,436	1,516,205

At the forthcoming Annual General Meeting, a final dividend in respect of the current financial year ended 31 December 2006, of 3% less 27% taxation on 84,233,130 ordinary shares, amounting to a total dividend of RM1,844,706 (2.19 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 earnings in the next financial year ending 31 December 2007.

24. EMPLOYEE INFORMATION

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Staff costs (including Directors)				
Salaries, wages, bonus, overtime, allowances, annual leave pay and other related expenses	4,214,629	4,333,653	824,526	904,328
Employees Provident Fund	299,302	321,069	76,118	75,806
	4,513,931	4,654,722	900,644	980,134

Included in staff costs of the Group and of the Company are directors' remuneration amounting to RM980,369 (2005 - RM1,138,399) and RM474,128 (2005 - RM507,200) respectively as further disclosed in Note 25.

25. DIRECTORS' REMUNERATION

	Group		Company	
	2006	2005	2006	2005
	RM	RM	RM	RM
Directors of the Company				
Executive:				
Salaries and other emoluments	840,568	916,035	388,568	347,940
Employees Provident Fund contribution	100,801	102,219	46,560	39,115
Benefits-in-kind	-	31,000	-	-
	941,369	1,049,254	435,128	387,055
Non-Executive:				
Allowance	39,000	120,145	39,000	120,145
Total	980,369	1,169,399	474,128	507,200
Total excluding benefits-in-kind	980,369	1,138,399	474,128	507,200
Director of the subsidiary companies				
Executive:				
Salaries and other emoluments	420,000	415,008	-	-

The number of directors of the Company whose total remuneration during the financial year fall within the following bands is as follows:

	Number of Directors	
	2006	2005
	RM	RM
Executive directors:		
RM450,001 – RM500,000	2	2
Non-Executive directors:		
Below RM50,000	2	4

26. 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.

27. RELATED PARTY TRANSACTIONS

Transactions with non-group enterprise

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 and Dato' Mah King Thian are directors/members of the enterprises listed below which had the following transactions with the Group:

Party	Transactions	Amount 2006 RM	Amount outstanding 2006 RM	Amount 2005 RM	Amount outstanding 2005 RM
Anson Oil Properties Sdn Bhd	Dividend receivable	225,000	324,000	225,000	324,000
Behrang 2020 Sdn Bhd	Rental of premises	36,000	3,538	-	-

Transactions with directors

The remunerations of the directors is disclosed in Note 25 to the financial statements and the Corporate Governance Statement.

27. RELATED PARTY TRANSACTIONS (cont'd)

Transactions with subsidiary companies

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

Subsidiary	Transactions	Amount 2006 RM	Amount outstanding 2006 RM	Amount 2005 RM	Amount outstanding 2005 RM
Anson Oil Industries Berhad	- Interest payable on advances	-	(27,637,308)	-	(27,272,409)
	- Sale of oil palm seedlings	100		77,575	
	- Foreman service receivable	15,725		-	
Champion Point Sdn Bhd	- Transport charges receivable	944	(48,764)	-	(83,329)
	- Sale of oil palm seedlings	285		3,750	
Majuperak Plantations Sdn Bhd	- Foreman service receivable	12,338	(4,145,043)	-	(4,098,811)
Yew Lee Holdings Sdn Berhad	- Interest receivable on advances	1,449,950	16,143,388	245,518	15,063,500
	- Foreman service receivable	13,900		-	
	- Sale of oil palm seedlings	22,095		-	
Sharikat Muzwin Bersaudara Sdn Bhd	- Foreman service receivable	13,847	(3,973,762)	-	(3,886,502)
	- Sale of oil palm seedlings	23,400		-	
Hutan Melintang Plantations Sdn Bhd	- Interest receivable on advances	1,143,004	12,515,466	197,739	12,279,057
	- Foreman service receivable	9,457		-	
Ladang MHC-KPD Sdn Bhd	- Manpower secondment receivable	93,851	-	145,223	-
Ayu Sempurna Sdn Bhd	- Interest receivable on advances	275,665	19,708,142	246,161	19,544,666

All transactions above are at mutually agreed terms.

28. CAPITAL COMMITMENTS

	Group 2006 RM	Group 2005 RM
Capital expenditure		
Approved but not contracted for:		
- Property, plant and equipment	3,385,400	3,748,364

29. SIGNIFICANT EVENTS DURING THE YEAR

(a) On 26 December 2006, the Company entered into a Sale and Purchase Agreement with its associated company for the proposed disposal of its entire equity interest in Ayu Sempurna Sdn Bhd ("ASSB") which in turn owns approximately 60% equity interest in Ladang MHC-KPD Sdn Bhd for a total cash consideration of RM14,157,000.

As at the date of the Report, the Company has obtained the approvals from the relevant authorities and shareholders on the disposal of ASSB.

Upon the completion of the Disposal, the Group will realise a gross gain on disposal of approximately RM13.48 million or approximately RM0.16 per share.

(b) At an Extraordinary General Meeting held on 11 December 2006, it was resolved that Great Glory Sdn. Bhd. ("GGSB"), a wholly-owned subsidiary company be wound up voluntarily and Dato' Mah King Thian who is also a Director of GGSB, be appointed as Liquidator for the purpose of such winding up.

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 risk, liquidity risk and credit risk. The Group operates within clearly defined guidelines approved by the Board. The Board reviews and agrees policies for managing each of these risks and they are summarised below. It is, and has been throughout the year under review, the Group's policy that no trading in derivative financial instruments shall be undertaken.

(b) Interest Rate Risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. As the Group has no significant interest-bearing financial assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest-bearing financial assets are mainly short term in nature and have been placed in fixed deposits.

The Group's interest rate risk arises primarily from interest-bearing borrowings. Borrowings at floating rates expose the Group to cash flow interest rate risk. Borrowings obtained at fixed rates expose the Group to fair value interest risk. The Group manages its interest rate exposure by maintaining a mix of fixed and floating rate borrowings.

Interest on financial instruments subject to floating interest rates is contractually repriced annually. Interest on financial instruments at fixed rates are fixed until the maturity of the instruments.

The information on maturity dates and interest rates of financial assets and liabilities are disclosed in their respective notes.

Notes to the Financial Statements
– 31 December 2006 (cont'd)

30. FINANCIAL INSTRUMENTS (cont'd)

(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. In addition, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from both capital markets and financial institutions and balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

(e) Credit Risk

The Company credit risk is primarily attributable to trade receivables. The Company trades only with recognised and creditworthy customers. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivables balances are monitored on an going basis and the Company's exposure to bad debts is very minimal. Since the Company trades only with recognised and creditworthy customers, there is no requirement for collateral.

The credit risk of the Company's other financial asset which comprise cash and cash equivalents, arises from default of the counterparty, with a maximum exposure equal to the carrying amount of this financial asset.

The Company does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial assets.

(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 period to 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.

30. FINANCIAL INSTRUMENTS (cont'd)

(f) Fair Values (cont'd)

(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

The fair value of amounts owing by/to subsidiary companies approximate its carrying amount as the Company does not anticipate its carrying amount recorded at balance sheet date to be significantly different from the values that would eventually be received or settled.

(v) Quoted investments

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.

(vi) Non-current unquoted investments

Due to lack of quoted market prices and the inability to estimate fair value without incurring excessive costs, the fair value of the Group's non-current unquoted investments cannot be measured reliably. However, the Group believes that the carrying amount represents the recoverable value.

31. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's presentation.

	Previously stated RM	Reclassification RM	Restated RM
Company			
Other Receivables			
- Current	48,342,308	(880,785)	47,461,523
- Non-current	-	880,785	880,785

Statement by Directors

Pursuant to Section 169(15) of the Companies Act, 1965

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 MASB Approved Accounting Standards for Entities Other Than Private Entities and the provisions of the Companies Act, 1965 so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2006 and of the results and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 5 March 2007.

DATO' MAH KING SENG **DATO' MAH KING THIAN**

Statutory 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 5 March 2007.) **DATO' MAH KING THIAN**

Before me,

MOHD YUSOF BIN HARUN, PJK., PNPBB., KPP.
Pesuruhjaya Sumpah
(Commissioner for Oaths)

Report of the Auditors

to the Members of MHC Plantations Bhd (4060-V)
(Incorporated in Malaysia)

We have audited the financial statements set out on pages 32 to 76. These financial statements are the responsibility of the Company's Directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

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 MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities 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 2006 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 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 CHOOI MAY
No. 1231/03/07 (J)
Partner

Ipoh, Perak Darul Ridzuan, Malaysia
Date: 5 March 2007

Statement of Shareholdings

STATEMENT OF SHAREHOLDINGS AS AT 05.03.2007

Authorised Capital	:	RM100,000,000.00
Issued and Fully Paid-up Capital	:	RM84,233,130.00
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 100	377	14.41	9,261	0.01
100 – 1,000	274	10.47	164,226	0.19
1,001 – 10,000	1,674	63.97	4,873,334	5.79
10,001 – 100,000	248	9.48	8,430,912	10.01
100,001 – 4,211,655 (*)	42	1.60	26,672,755	31.67
4,211,656 and above (**)	2	0.08	44,082,642	52.33
TOTAL	2,617	100.00	84,233,130	100.00

Note: * - Less than 5% of issued holdings
** - 5% and above of issued holdings

THIRTY LARGEST REGISTERED HOLDERS AS AT 05.03.2007

	Name of Holder	Holdings	% of Issued Capital
1.	Dato Mah Pooi Soo Realty Sdn. Bhd.	38,222,982	45.38
2.	HSBC Nominees (Asing) Sdn. Bhd. Exempt An For Credit Suisse (SG BR-TST-Asing)	5,859,660	6.96
3.	Tan Lai Kim (Holdings) Sdn. Bhd.	2,920,078	3.47
4.	Juwitawan Sdn. Bhd.	2,428,374	2.88
5.	Reg Board of T'Tees of Dato Mah Pooi Soo Benevolent Fund	1,760,600	2.09
6.	TA Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Mandy Ong Siew Kin	1,648,000	1.96
7.	RHB Nominees (Tempatan) Sdn. Bhd. Pledged Securites Account for Lee Leck Cheng	1,625,800	1.93
8.	Menjelang Citarasa Sdn. Bhd.	1,500,000	1.78
9.	Datin Seri Ooi Ah Thin	1,475,204	1.75
10.	Loke Mei Ping	1,474,820	1.75
11.	TA Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Ronald Seto Kong Seng	1,393,100	1.65
12.	Syarikat Majuperak Berhad	994,600	1.18
13.	TA Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for George Chee Tat Min	966,500	1.15
14.	Tan Lai Kim (Holdings) Sdn. Bhd.	957,695	1.14
15.	Cheong Yen Yong	858,600	1.02
16.	Juwitawan Sdn. Bhd.	685,500	0.81
17.	Tan Lai Kim	510,800	0.61
18.	City Hansome Industries Sdn. Bhd.	431,540	0.51
19.	Ko Kai Leong	398,100	0.47
20.	HLB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Mah Siew Seong	310,084	0.37
21.	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Kuek Hann Yih	310,000	0.37
22.	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for George Toh Kin Siang	300,000	0.36
23.	HLB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Yong Chaw Nam	290,000	0.34
24.	T.O. Lim Holdings Sdn. Bhd.	282,000	0.33
25.	Ong Sim Guan	213,552	0.25
26.	Tan Jen Hock	200,000	0.24
27.	Leou Thiam Lai	200,000	0.24
28.	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Li Wing Fong	200,000	0.24
29.	RHB Capital Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Tiang Ming Sing	200,000	0.24
30.	Vensta Co Sdn. Bhd.	196,480	0.23
	TOTAL	68,814,069	81.69

SUBSTANTIAL SHAREHOLDERS AS AT 05.03.2007

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)	%
Dato Mah Pooi Soo Realty Sdn. Bhd.	38,222,982	45.38	-	-	38,222,982	45.38
Dato Mah King Seng	145,364	0.17	39,722,982	47.16	39,868,346	47.33
Dato Mah King Thian	39,964	0.05	39,722,982	47.16	39,762,946	47.21
Datin Seri Ooi Ah Thin	1,475,204	1.75	39,722,982	47.16	41,198,186	48.91
Camassia Consulting Inc.	5,859,660	6.96	-	-	5,859,660	6.96

DIRECTORS' INTEREST AS AT 05.03.2007

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)	%
Dato Mah King Seng	145,364	0.17	39,722,982	47.16	39,868,346	47.33
Dato Mah King Thian	39,964	0.05	39,722,982	47.16	39,762,946	47.21
Koay Say Loke Andrew	8,000	0.01	-	-	8,000	0.01
Mustapha Bin Mohamed	50,616	0.06	-	-	50,616	0.06

Subsidiary company
CHAMPION POINT SDN. BHD.

Name of Director	Direct Interest (A)	%	Deemed Interest (B)	%	Total Interest (A+B)	%
Dato Mah King Seng	-	-	1,999,998	100.00	1,999,998	100.00
Dato Mah King Thian	1	0.00	1,999,998	100.00	1,999,999	100.00

By virtue of their interests in the Company, Dato Mah King Seng and Dato Mah King Thian are deemed to have interests 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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MHC Plantations Bhd

4060-V

Proxy Form

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-Seventh Annual General Meeting of the Company, to be held on Wednesday, 25 April 2007 and at any adjournment thereof in the manner indicated below in respect of the following Resolutions:

Resolution No.	Ordinary Business	For	Against
1	Declaration of a First and Final Dividend		
2	Re-election of Director: Koay Say Loke Andrew		
3	Appointment of Auditors and their remuneration		
4	**Special Business** Ordinary Resolution - Authority to Allot and Issue Shares in General Pursuant to Section 132D of the Companies Act, 1965		
5	Special Resolution – Proposed Amendments to the Company's Articles of Association		

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

No. of shares held	
CDS A/C No.	

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 with the Company Secretary, No. 55 Medan Ipoh 1A, Medan Ipoh Bistari, 31400 Ipoh, Perak 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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Stamp

The Secretary

MHC Plantations Bhd 4060-V

NO. 55 MEDAN IPOH 1A,
MEDAN IPOH BISTARI,
31400 IPOH, PERAK DARUL RIDZUAN,
MALAYSIA.

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