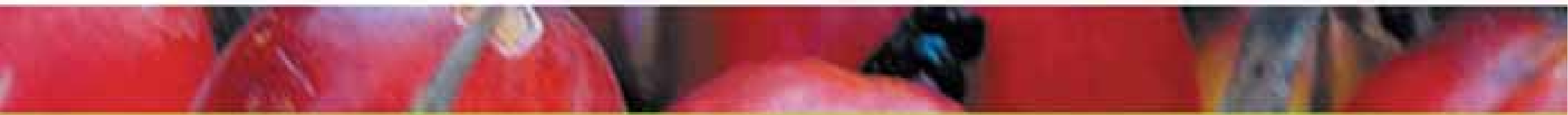
MHC Plantations Bhd

4060-V

(Incorporated in Malaysia)



Annual Report 2007

MHC Plantations Bhd
4060-V

CONTENTS

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Forty-Eighth Annual General Meeting of the Company will be held at Kompleks Pejabat Behrang 2020, Jalan Persekutuan 1, 35900 Tanjung Malim, Perak, Malaysia on Wednesday, 30 April 2008 at 11.00 a.m.

AGENDA	**RESOLUTION NO.**
1. To receive the Audited Financial Statements for the year ended 31 December 2007, together with the Directors' and Auditors' Reports thereon.	
2. To sanction the declaration of a first and final dividend of 3% less 26% income tax and a special dividend of 1% less 26% income tax.	**1**
3. To re-elect the following Director retiring in accordance with the Company's Articles of Association:	
Dato' Mah King Seng	**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 deletions, alterations, modifications and additions to the Company's Articles of Association as set out in Appendix I of the Annual Report dated 7 April 2008 be approved."	

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

Ipoh
7 April 2008

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 Darul Ridzuan not less than forty-eight (48) hours before the time appointed for holding the Meeting.

Notice of Annual General Meeting (cont'd)

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 Pages 7 to 8 and Pages 89 to 92 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
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)

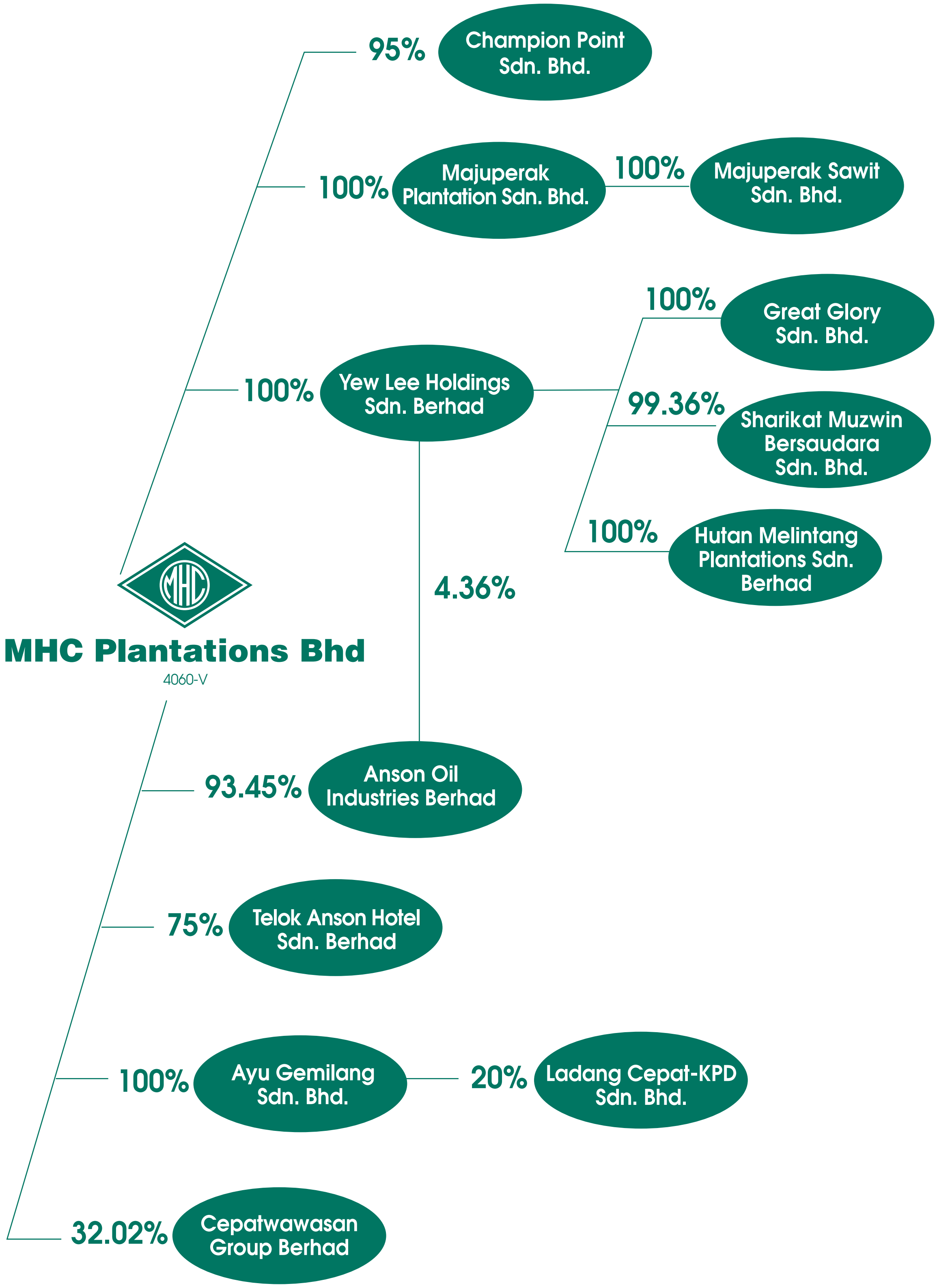
AUDITORS
Ernst & Young
Chartered Accountants

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 49, 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 is also the Managing Director 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 three out of the four Board Meetings held during the financial year.

Dato' Mah King Thian,
Managing Director

- Dato' Mah King Thian, a Malaysian, aged 44, 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.

Profile of Board of Directors (cont'd)

Koay Say Loke Andrew,
Senior Independent Non-Executive Director

- Koay Say Loke Andrew, a Malaysian, aged 42, 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 62, 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 is also a Director of Ho Hup Construction Company Berhad, a company listed on the Main Board of Bursa Securities.
- 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 2007.

Group Performance

For the year under review, the Group recorded a revenue of RM25.42 million and pre-tax profit of RM34.68 million compared to a revenue of RM20.76 million and pre-tax profit of RM7.93 million in the previous financial year.

Despite the disposal of a subsidiary during the financial year, revenue has increased mainly due to higher prices of Fresh Fruit Bunches ("FFB"). FFB selling prices improved significantly by 72% to RM491/MT in 2007. The annual FFB yield achieved in 2007 was 17.90 MT per hectare as compared to 20.26 MT per hectare previously. The Group's FFB production of 50,207 MT was lower by 29% compared to the preceding financial year. This was due to the disposal of a subsidiary during the financial year, the cyclical trend of the palm's production cycle, the lower yields from the ageing tall palms earmarked for replanting and the increasing hectarage of young maturing palms.

Profit before tax is significantly higher than the preceding financial year mainly due to the gain arising from the disposal of a subsidiary, higher FFB prices and higher contribution from our associated company.

Extension of Estate Land Lease

During the year, the Group has extended the State Lease for five (5) of its plantations in Teluk Intan to 60 years. The entire premium for the extension had been paid and the land titles are now being surrendered to the Land Office for the issuance of the new extended Lease.

Associated Company – Cepatwawasan Group Berhad ("CWG")

During the year, CWG changed its financial year-end from 30 April to 31 December 2007. CWG reported a substantial jump in its pre-tax profit from RM23.06 million (12 months) in the preceding financial year to RM41.98 million in the 8 months' financial period ended 31 December 2007. Profit after tax increased to RM32.63 million (8 months) from RM19.79 million (12 months) previously. Thus, our share of profit in CWG has increased substantially by 205% to RM13.01 million from RM4.27 million in the previous financial year.

Dividend

Your Board has recommended for your approval a first and final dividend of 3% less income tax for the financial year ended 31 December 2007. In view of the Group's impressive performance in 2007, your Board has also recommended for your approval a special dividend of 1% less income tax.

Borrowings

Your Board is pleased to inform you that the Group has reduced its bank borrowings from RM64.20 million as at 31st December 2006 to RM27.25 million as at 31 December 2007, which has resulted in interest savings of approximately RM1.43 million during the year under review.

Chairman's Statement (cont'd)

Outlook

The Board is confident that the Group's outlook remains satisfactory. Palm oil prices are anticipated to remain buoyant as a result of strong demand for edible oil from India and China as well as the growing usage of palm oil in the biodiesel energy sector. In relation to other vegetable oil such as rapeseed, corn and soy oil, palm oil remains competitive and is expected to fill some of the potential gaps if there are lower supplies of other vegetable oil.

Barring any unforeseen circumstance, your Board is confident that the Group will continue to improve its shareholder value and achieve another year of record earnings if palm oil prices continue to trade favorably.

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, saya dengan sukacitanya menyampaikan Laporan Tahunan Kumpulan dan Syarikat untuk tahun kewangan berakhir 31 Disember 2007.

Prestasi Kumpulan

Bagi tahun 2007, Kumpulan kami telah mencatatkan pendapatan sebanyak RM25.42 juta dan keuntungan sebelum cukai sebanyak RM34.68 juta berbanding dengan pendapatan RM20.76 juta dan keuntungan sebelum cukai sebanyak RM7.93 juta pada tahun kewangan sebelumnya.

Meskipun sebuah anak syarikat kami telah dijual pada tahun kewangan ini, pendapatan Kumpulan telah meningkat disebabkan terutamanya oleh peningkatan harga jualan Buah Tandan Segar ("FFB"). Harga jualan FFB bertambah baik dengan nyata sekali sebanyak 72% kepada RM491 / MT pada tahun 2007. Hasil keluaran FFB yang dicapai pada tahun ini ialah 17.90 MT sehektar berbanding dengan 20.26 MT sehektar pada tahun kewangan sebelumnya. Pengeluaran FFB Kumpulan ialah 50,207 MT sehektar, iaitu lebih rendah sebanyak 29% berbanding dengan tahun kewangan sebelumnya kerana penjualan anak syarikat kami semasa tahun kewangan ini, kitaran hasil pengeluaran pokok kelapa sawit yang turun-naik, hasil yang lebih rendah daripada pokok tua dalam kawasan yang dikenalpasti untuk ditanam semula serta keluasan kawasan pokok muda yang kian meningkat .

Keuntungan sebelum cukai ternyata sekali meningkat lebih tinggi berbanding dengan tahun kewangan sebelumnya. Ini berpunca sebahagian besarnya daripada keuntungan penjualan anak syarikat, harga FFB yang lebih tinggi dan sumbangan yang lebih tinggi daripada syarikat sekutu kami.

Tempoh pajakan tanah ladang

Pada tahun ini, Kumpulan telah melanjutkan tempoh Pajakan Negeri kepada 60 tahun untuk lima (5) daripada ladang-ladang di Teluk Intan. Kesemua premium untuk lanjutan itu telahpun dibayar dan hak milik tanah tersebut sedang diserahkan kepada Pejabat Tanah untuk membolehkan pengeluaran Pajakan baru.

Syarikat Sekutu – Cepatwawasan Group Berhad ("CWG")

CWG telah menukar tarikh akhir tahun kewangannya dari 30 April kepada 31 Disember 2007. CWG mencatatkan kenaikan yang besar dalam keuntungan sebelum cukai iaitu daripada RM23.06 juta (tempoh 12 bulan) pada tahun kewangan sebelumya kepada RM41.98 juta (tempoh 8 bulan) bagi tempoh kewangan berakhir 31 Disember 2007. Keuntungan selepas cukai meningkat kepada RM32.63 juta (tempoh 8 bulan) daripada RM19.79 juta (tempoh 12 bulan) pada tahun sebelumnya. Dengan itu, sumbangan keuntungan dari syarikat CWG telah meningkat sebanyak 205% kepada RM13.01 juta daripada RM4.27 juta pada tahun kewangan sebelumnya.

Dividen

Pihak Lembaga Pengarah telah mencadangkan supaya diluluskan dividen pertama dan muktamad sebanyak 3% kurang cukai pendapatan untuk tahun kewangan berakhir 31 Disember 2007. Memandangkan prestasi Kumpulan yang amat baik pada tahun 2007, pihak Lembaga Pengarah juga telah mencadangkan supaya dividen khas sebanyak 1% kurang cukai pendapatan diluluskan.

Pinjaman

Pihak Lembaga Pengarah dengan bangganya memaklumkan bahawa Kumpulan telah mengurangkan pinjaman bank daripada RM64.2 juta pada 31 Disember 2006 kepada RM27.25 juta pada 31 Disember 2007 dan justeru, menjimatkan faedah kira-kira RM1.43 juta bagi tahun kewangan 2007.

Penyata Pengerusi (samb)

Prospek

Pihak Lembaga Pengarah yakin bahawa masa depan Kumpulan masih tetap cerah kerana harga minyak sawit dijangka tetap kukuh akibat permintaan minyak masak yang kian meningkat dari negara India dan China serta penggunaan minyak sawit yang bertambah dalam sektor tenaga biodiesel. Minyak sawit tetap kompetitif berbanding dengan minyak sayur yang lain seperti biji sesawi, jagung dan minyak soya.

Pihak Lembaga Pengarah yakin bahawa Kumpulan akan terus mempertingkatkan nilai pemegang saham dan mencatatkan perolehan yang lebih tinggi jika harga minyak sawit terus diniagakan pada harga yang memuaskan.

Penghargaan

Saya ingin mengambil kesempatan ini untuk merakamkan ribuan terima kasih kepada pihak Pengurusan dan semua Kakitangan diatas dedikasi dan sumbangan mereka sepanjang tahun 2007.

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

Sebagai akhir kata kepada semua pemegang saham yang amat dihargai, terima kasih saya ucapkan di atas sokongan berterusan anda yang amat berharga sekali. Saya berharap anda semua akan direstui dengan kejayaan and kemakmuran di masa hadapan.

Dato' Mah King Seng
Pengerusi Eksekutif

Statement on Corporate Governance

Introduction

The Board of Directors (the Board) of the Company 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 Malaysian Code on Corporate Governance (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 7 to 8 of this Annual Report.

Meetings
The Board meets four (4) 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 four (4) Board Meetings were held during the financial year under review on 28 February 2007, 25 April 2007, 8 August 2007 and 25 October 2007. Details of attendance of the Directors at the Board Meetings are as follows:

Name	Number of Meetings Attended
Dato' Mah King Seng	3 of 4
Dato' Mah King Thian	4 of 4
Koay Say Loke Andrew	4 of 4
Mustapha Bin Mohamed	4 of 4

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 year, the Executive Directors had their continuous training by visiting a Biogas Plant in Krabi, Southern Thailand to gain first-hand knowledge on sustainable methods to treat palm oil mill effluent by converting it to biogas to generate electricity for sale to the state electric utilities. 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 21 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 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.

Statement on Corporate Governance (cont'd)

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	285,000	58,000	343,000
(d) Benefits in kind – EPF/Socso	121,220	-	121,220

b) Analysis of Remuneration:

	Number of Directors	
Range of Remuneration	**Executive**	**Non-Executive**
Below RM50,000	-	2
RM550,001 - RM600,000	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.

Statement on Corporate Governance (cont'd)

Corporate Social Responsibilities

The Company is committed to ensuring that its actions not only benefit its shareholders but also its employees, the community and the environment. The Group intends to contribute up to 1% of its net profit after tax every year to the local community through Dato' Seri Mah Pooi Soo Benevolent Fund which is a trust maintained and operated by the majority shareholder of the Company since 1975. For the financial year ended 31 December 2007, the amount contributed is RM300,000.

Dato' Seri Mah Pooi Soo Benevolent Fund is dedicated to the advancement of education and religion, relief of poverty and other purposes beneficial to the community, mainly in Southern Perak. The Fund has donated an Old Folks Home and the Town Library in Teluk Intan, a Mosque and a Hindu Temple in Behrang, the new Tanjung Malim District Council Office and a library in Hulu Bernam.

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 18 of this Annual Report.

Internal Control
The Statement on Internal Control set out on Pages 19 to 20 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 Company 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 companies are 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. The costs incurred for the Internal Audit function for the financial year ended 31 December 2007 were RM30,000.

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 organisational 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.

Audit Committee Report (cont'd)

Rights

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

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

Functions

The functions of the Committee shall include the following:

(1) review the following and report the same to the Board:

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

(2) recommend the nomination of a person or persons as external auditors.

Meetings

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

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

The Company Secretary shall be the Secretary of the Committee.

Audit Committee Report (cont'd)

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 four meetings on 28 February 2007, 25 April 2007, 8 August 2007 and 25 October 2007 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	4 of 4
Dato' Mah King Thian	4 of 4
Mustapha Bin Mohamed	4 of 4

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 auditor;

Audit Committee Report (cont'd)

(g) Reviewed the related party transactions that had arisen prior to recommending them to the Board for approval;
(h) Reviewed the internal auditor's 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 auditor's 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.

Two internal audits had been performed during the year under review. 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 2007

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 RM8,800.

Variation in Results (subject to Audit)
There was no material variance between the audited results for the financial year ended 31 December 2007 and unaudited results previously released for the financial quarter ended 31 December 2007.

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 except for those disclosed under related party transaction on page 81 of this Annual Report.

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 2007

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	1,566	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	6,668	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	3,830	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	4,637	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	3,062	30.9.1998

List of Properties
as at 31 December 2007 (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	2,231	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	5,966	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	2,356	30.9.1998

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 financial year ended 31 December 2007.

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 7 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	32,794,583	18,239,074
Attributable to:		
Equity holders of the Company	32,589,098	18,239,074
Minority interests	205,485	-
	32,794,583	18,239,074

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 effects arising from the change in accounting policy which has resulted in an increase in the Group's profit for the year by RM223,453 as disclosed in Note 34 to the financial statements.

DIVIDENDS

During the financial year, the Company paid a final dividend of 3% less 27% taxation amounting to RM1,844,706 as proposed in the Directors' Report of the previous financial year.

At the forthcoming Annual General Meeting, a final dividend and a special dividend in respect of the current financial year ended 31 December 2007, of 3% and 1% respectively less 26% taxation on 84,233,130 ordinary shares, amounting to a total dividend of RM2,493,301 (2.96 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 2008.

Directors' Report (cont'd)

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 1.1.2007	**Bought During the year**	**Sold During the year**	**Balance as at 31.12.2007**
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	-	5,800	8,000
Mustapha Bin Mohamed	50,616	-	-	50,616
Deemed interest				
Dato' Mah King Seng	39,722,982	-	-	39,722,982
Dato' Mah King Thian	39,722,982	-	-	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 the 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.

(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.

Directors' Report (cont'd)

SIGNIFICANT EVENTS

The Company disposed of its entire equity interest in Ayu Sempurna Sdn Bhd ("ASSB") which in turn owns approximately 60% equity interest in Ladang Cepat-KPD Sdn Bhd (formerly known as Ladang MHC-KPD Sdn Bhd) to its associated company, Cepatwawasan Group Berhad, on 11 May 2007 for a total cash consideration of RM14,157,000.

On 19 November 2007, the Company also disposed of its entire equity interest in Mistral Engineering Sdn Bhd to its associated company, Cepatwawasan Group Berhad, for a total cash consideration of RM2.

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 28 February 2008.

DATO' MAH KING SENG

DATO' MAH KING THIAN

Balance Sheets
as at 31 December 2007

	Note	Group 2007 RM	Group 2006 RM (restated)	Company 2007 RM	Company 2006 RM (restated)
ASSETS					
Non-current assets					
Property, plant and equipment	3	15,582,939	20,796,411	7,028,962	7,586,726
Investment property	4	675,935	-	675,935	-
Prepaid land lease payments	5	19,003,579	18,501,070	388,220	388,220
Biological assets	6	16,535,556	31,603,608	3,565,843	3,565,843
Subsidiary companies	7	-	-	48,851,636	48,851,640
Associated companies	8	142,531,981	129,061,309	88,504,559	88,504,559
Other investments	9	3,364,181	3,551,056	222,735	378,173
Other receivables	10	-	-	1,907,488	1,910,667
Goodwill on consolidation	11	16,929,220	18,894,834	-	-
		214,623,391	222,408,288	151,145,378	151,185,828
Current assets					
Inventories	12	404,646	648,511	177,508	197,276
Trade and other receivables	10	1,979,553	1,964,183	28,183,607	48,838,344
Tax recoverable		124,552	395,429	-	-
Fixed deposits with licensed banks	13	434,813	845,000	279,813	690,000
Cash and bank balances		2,457,068	1,646,508	1,687,449	1,036,564
		5,400,632	5,499,631	30,328,377	50,762,184
TOTAL ASSETS		220,024,023	227,907,919	181,473,755	201,948,012
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	14	84,233,130	84,233,130	84,233,130	84,233,130
Reserves	15	100,668,468	69,924,076	30,773,935	14,379,567
		184,901,598	154,157,206	115,007,065	98,612,697
Minority interest		1,403,711	2,622,311	-	-
Total equity		186,305,309	156,779,517	115,007,065	98,612,697

Balance Sheets
as at 31 December 2007 (cont'd)

		Group		Company	
	Note	2007 RM	2006 RM (restated)	2007 RM	2006 RM (restated)
EQUITY AND LIABILITIES (cont'd)					
Non-current liabilities					
Hire purchase payables	16	579,583	149,400	52,592	64,743
Borrowings	17	-	27,200,000	-	27,200,000
Deferred tax liabilities	18	3,022,131	4,301,645	456,776	710,234
		3,601,714	31,651,045	509,368	27,974,977
Current liabilities					
Payables	19	2,318,776	2,170,942	38,488,427	38,161,999
Hire purchase payables	16	156,085	120,232	12,156	12,156
Borrowings	17	27,250,000	37,004,000	27,250,000	37,004,000
Taxation		392,139	182,183	206,739	182,183
		30,117,000	39,477,357	65,957,322	75,360,338
Total liabilities		33,718,714	71,128,402	66,466,690	103,335,315
TOTAL EQUITY AND LIABILITIES		220,024,023	227,907,919	181,473,755	201,948,012

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

Income Statements
for the year ended 31 December 2007

	Note	Group 2007 RM	Group 2006 RM (restated)	Company 2007 RM	Company 2006 RM
Revenue	20	25,423,667	20,761,041	7,748,156	5,265,417
Cost of sales		(10,728,983)	(10,833,537)	(2,709,706)	(2,218,435)
Gross profit		14,694,684	9,927,504	5,038,450	3,046,982
Other income		12,687,638	433,294	16,186,751	2,958,803
Administrative expenses		(3,216,658)	(2,774,344)	(1,601,750)	(1,307,598)
Operating profit		24,165,664	7,586,454	19,623,451	4,698,187
Finance costs	21	(2,735,540)	(4,168,346)	(2,705,933)	(4,137,820)
Income from investments	22	240,142	243,248	1,972,407	2,427,155
Share of profit in associated companies		13,008,882	4,265,724	-	-
Profit before taxation	23	34,679,148	7,927,080	18,889,925	2,987,522
Income tax expense	24	(1,884,565)	(1,901,920)	(650,851)	(1,300,297)
Profit for the year		32,794,583	6,025,160	18,239,074	1,687,225
Attributable to:					
Equity holders of the Company		32,589,098	5,795,119	18,239,074	1,687,225
Minority interests		205,485	230,041	-	-
		32,794,583	6,025,160	18,239,074	1,687,225
Earnings per share	25	38-69 sen	6-88 sen		
Proposed net dividends per share	26	2-96 sen	2-19 sen		

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

Statements of Changes in Equity
for the year ended 31 December 2007

		Attributable to Equity Holders of the Company								
			Non-distributable			Distributable				
	Note	Share capital RM	Share premium RM	Capital reserve RM	Revaluation reserve RM	Capital reserve RM	Retained earnings RM	Total RM	Minority interest RM	Total equity RM
Group										
As at 1 January 2006										
As previously stated		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
Prior year adjustment	34	-	-	-	-	-	4,077,265	4,077,265	34,768	4,112,033
As restated		84,233,130	8,212,680	5,736,883	557,113	7,198,292	44,243,425	150,181,523	2,392,270	152,573,793
Transfer		-	-	-	-	(2,000,000)	2,000,000	-	-	-
Profit for the year		-	-	-	-	-	5,795,119	5,795,119	230,041	6,025,160
Dividend	26	-	-	-	-	-	(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	50,219,108	154,157,206	2,622,311	156,779,517
As at 1 January 2007										
As previously stated		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
Prior year adjustment	34	-	-	-	-	-	4,375,097	4,375,097	53,705	4,428,802
As restated		84,233,130	8,212,680	5,736,883	557,113	5,198,292	50,219,108	154,157,206	2,622,311	156,779,517
Profit for the year		-	-	-	-	-	32,589,098	32,589,098	205,485	32,794,583
Arising from disposal of subsidiary companies		-	-	-	-	-	-	-	(1,424,085)	(1,424,085)
Dividend	26	-	-	-	-	-	(1,844,706)	(1,844,706)	-	(1,844,706)
As at 31 December 2007		84,233,130	8,212,680	5,736,883	557,113	5,198,292	80,963,500	184,901,598	1,403,711	186,305,309

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

Statements of Changes in Equity
for the year ended 31 December 2007 (cont'd)

			Non-distributable	Distributable		
	Note	Share capital RM	Share premium RM	Capital reserve RM	Retained earnings RM	Total equity RM
Company						
As at 1 January 2006		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	26	-	-	-	(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
Profit for the year		-	-	-	18,239,074	18,239,074
Dividend	26	-	-	-	(1,844,706)	(1,844,706)
As at 31 December 2007		84,233,130	8,212,680	2,496,239	20,065,016	115,007,065

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

Cash Flow Statements
for the year ended 31 December 2007

	Group		Company	
	2007 RM	2006 RM (restated)	2007 RM	2006 RM
OPERATING ACTIVITIES				
Profit before taxation	34,679,148	7,927,080	18,889,925	2,987,522
Adjustments for:				
Depreciation of property, plant and equipment	632,933	890,190	337,119	315,658
Amortisation of prepaid land lease payments	439,994	361,067	-	-
Depreciation of investment property	15,021	-	15,021	-
Interest expense	2,735,540	4,168,346	2,705,933	4,137,820
Gain on disposal of quoted investments	(366,892)	-	(221,265)	-
Gain on disposal of subsidiary companies	(12,061,267)	-	(13,978,636)	-
Loss/(Gains) on disposal of property, plant and equipment	36,333	(331,582)	-	(8,298)
Share of profit in associated company	(13,008,882)	(4,265,724)	-	-
Interest income	(80,217)	(33,166)	(1,861,589)	(2,881,959)
Dividend income	(240,142)	(243,248)	(1,972,407)	(2,427,155)
Operating profit before working capital changes	12,781,569	8,472,963	3,914,101	2,123,588
Changes in working capital:				
Inventories	103,487	193,754	19,768	(61,413)
Receivables	18,258,978	(634,045)	(273,565)	(143,210)
Payables	586,017	(1,217,627)	99,573	(120,041)
Subsidiary companies' accounts	-	-	21,158,336	(1,801,333)
Cash generated from/(used in) operations	31,730,051	6,815,045	24,918,213	(2,409)
Interest received	80,217	33,166	1,861,589	2,881,959
Interest paid	(2,735,540)	(4,168,346)	(2,705,933)	(4,137,820)
Tax paid	(1,584,120)	(1,667,196)	(350,125)	(611,077)
Net cash generated from/(used in) operating activities	27,490,608	1,012,669	23,723,744	(1,869,347)

Cash Flow Statements
for the year ended 31 December 2007 (cont'd)

	Note	Group 2007 RM	Group 2006 RM (restated)	Company 2007 RM	Company 2006 RM
INVESTING ACTIVITIES					
Dividend received		2,193,093	178,005	1,442,780	1,750,419
Acquisition of property, plant and equipment		(1,172,092)	(1,125,926)	(470,311)	(299,819)
Additions of biological assets		(340,077)	(595,853)	-	-
Prepayment of land lease		(3,411,309)	(753,200)	-	-
Adjustment on the purchase consideration of investment		-	31,414	-	21,663
Placement of pledged fixed deposits		(29,813)	-	(29,813)	-
Proceeds from disposal of quoted investments		553,766	-	376,704	-
Net proceeds from disposal of subsidiary companies	32	13,655,295	-	13,978,638	-
Proceeds from disposal of property, plant and equipment		398,000	365,890	-	32,197
Net cash generated from/(used in) investing activities		11,846,863	(1,899,670)	15,297,998	1,504,460
FINANCING ACTIVITIES					
(Repayment)/Drawdown of revolving credit		(7,354,000)	1,350,000	(7,354,000)	1,350,000
(Repayment)/Drawdown of term loan		(29,600,000)	(400,000)	(29,600,000)	(400,000)
Payment of hire purchase obligations		(168,205)	(228,549)	(12,151)	(8,101)
Dividends paid		(1,844,706)	(1,819,436)	(1,844,706)	(1,819,436)
Net cash used in financing activities		(38,966,911)	(1,097,985)	(38,810,857)	(877,537)
Net increase/(decrease) in cash and cash equivalents		370,560	(1,984,986)	210,885	(1,242,424)
Cash and cash equivalents as at 1 January		2,086,508	4,071,494	1,476,564	2,718,988
Cash and cash equivalents as at 31 December		2,457,068	2,086,508	1,687,449	1,476,564

Cash Flow Statements
for the year ended 31 December 2007 (cont'd)

	Group		Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
(a) Cash and cash equivalents				
Cash and cash equivalents as at 31 December comprise the following balance sheet amounts:				
Fixed deposits	434,813	845,000	279,813	690,000
Cash and bank balances	2,457,068	1,646,508	1,687,449	1,036,564
	2,891,881	2,491,508	1,967,262	1,726,564
Fixed deposits pledged	(434,813)	(405,000)	(279,813)	(250,000)
	2,457,068	2,086,508	1,687,449	1,476,564
(b) Property, plant and equipment				
During the year, the Group and the Company acquired property, plant and equipment by:				
Cash	1,172,092	1,125,926	470,311	299,819
Hire purchase arrangement	663,000	200,000	-	85,000
	1,835,092	1,325,926	470,311	384,819
(c) Biological assets				
During the year, the Group acquired biological assets by:				
Cash	340,077	595,853	-	-
Capitalisation of depreciation charge	28,287	85,929	-	-
	368,364	681,782	-	-

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

Notes to the Financial Statements
– 31 December 2007

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 7 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 28 February 2008.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The financial statements comply with the provisions of the Companies Act 1965 and applicable Financial Reporting Standards in Malaysia.

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 October 2006 and 1 January 2007 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 and biological assets.

Prior to 1 January 2007, expenditure incurred on new planting and upkeep of trees to maturity are capitalised under plantation development expenditure and amortised over the remaining lease period of the lease on the oil palm estate. In order to conform with the Group's accounting policies, the Group and the Company has changed their accounting policy to that of capitalisation of the plantation development expenditure without any amortisation. This change in accounting policy has been accounted for retrospectively and the effects of this change has been disclosed in Note 34.

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

Acquisitions of subsidiary companies are accounted for using the acquisition method. The acquisition 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.

Notes to the Financial Statements
– 31 December 2007 (cont'd)

2. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

2.2 **Summary of Significant Accounting Policies** (cont'd)

(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 are stated at cost less accumulated depreciation and any accumulated impairment losses.

Certain property, plant and equipment have subsequently been revalued and are stated in the balance sheet at their revalued amounts, being the fair value on the basis of their existing use at the date of revaluation. The Group and the Company has availed itself of the transitional provision in International Accounting Standard 16 (Revised) - '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.

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

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

Notes to the Financial Statements
– 31 December 2007 (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Summary of Significant Accounting Policies (cont'd)

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

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) Biological Assets

The expenditure on new planting and replanting of a different produce crop incurred from land clearing to the point of harvesting is capitalised and is not amortised. Replanting expenditure incurred in respect of the same crop is recognised as an expense in the income statement as incurred.

Biological assets are initially recorded at cost. Certain biological assets have subsequently been revalued and stated in the balance sheet at its revalued amount, being the fair value on the basis of their existing use at the date of revaluation. These assets have since not been revalued. The Group and the Company has not adopted a policy of regular revaluation of such assets and has availed itself of the transitional provisions of International Accounting Standard 16 (Revised) - '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 asset, the attributable revaluation surplus remaining in the revaluation reserve is transferred to distributable reserve.

(e) Investment Property

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and impairment losses. Depreciation is provided for on a straight-line basis at the annual rate of 2%.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or losses on the retirement or disposal of an investment property are recognised in the income statement in the year in which they arise.

Notes to the Financial Statements
– 31 December 2007 (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Summary of Significant Accounting Policies (cont'd)

(f) Inventories

Inventories comprise nursery plant, stores 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.

Stores 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.

(g) 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.

(h) Investment in Associated Companies

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.

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.

Notes to the Financial Statements
– 31 December 2007 (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Summary of Significant Accounting Policies (cont'd)

(h) Investment in Associated Companies (cont'd)

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.

(i) 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.

(j) 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

Notes to the Financial Statements
– 31 December 2007 (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Summary of Significant Accounting Policies (cont'd)

(k) Receivables

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

(l) Payables

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

(m) 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.

(n) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Summary of Significant Accounting Policies (cont'd)

(o) 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 statutory pension scheme, the Employees Provident Fund. Such contributions are recognised as an expense in the income statement as incurred.

(p) 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.

(q) Leases

(i) Classification

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification.

(ii) Finance Leases

Assets acquired by way of hire purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum hire purchase or lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the balance sheet as borrowings. In calculating the present value of the minimum hire purchase or lease payments, the discount factor used is the interest rate implicit in the hire purchase or lease, when it is practicable to determine; otherwise, the Group's incremental borrowing rate is used. Any initial direct costs are also added to the carrying amount of such assets.

Notes to the Financial Statements
– 31 December 2007 (cont'd)

2. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

2.2 **Summary of Significant Accounting Policies** (cont'd)

(q) **Leases** (cont'd)

(ii) **Finance Leases** (cont'd)

Hire purchase or lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total hire purchase or leasing commitments and the fair value of the assets acquired, are recognised in the profit or loss over the term of the relevant hire purchase or lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

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

(iii) **Operating Leases**

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

In the case of a lease of land and buildings, the minimum lease payments or the up-front payments made are allocated, whenever necessary, between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment represents prepaid lease payments and are amortised on a straight-line basis over the lease term.

(r) **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)

(r) 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.

(s) 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.

Notes to the Financial Statements
– 31 December 2007 (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Summary of Significant Accounting Policies (cont'd)

(t) 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.

(u) Equity Instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

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

On 1 January 2007, the Group and the Company adopted the following revised FRSs mandatory for financial periods beginning on or after 1 October 2006:

FRS 117	Leases
FRS 124	Related Party Disclosures

The MASB has also issued FRS 6: Exploration for and Evaluation of Mineral Resources and Amendment to FRS 119_{2004}: Employee Benefits – Actuarial Gains and Losses, Group Plans and Disclosures which are effective for financial periods beginning on or after 1 January 2007. Both FRS 6 and Amendment to FRS 119_{2004} are not applicable to the Group and the Company.

The adoption of the revised FRS 124 gives rise to additional disclosures but did not result in significant changes in accounting policies and had no effect on the financial statements of the Group and the Company. The principal changes in accounting policies and its effect resulting from the adoption of the revised FRS 117 are discussed below:

(a) FRS 117: Leases

Leasehold land held for own use

Prior to 1 January 2007, leasehold land held for own use was classified as property, plant and equipment and was stated at cost less accumulated depreciation and impairment losses. The adoption of the revised FRS 117 has resulted in a change in the accounting policy relating to the classification of leases of land and buildings. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification. Leasehold land held for own use is now classified as operating lease and where necessary, the minimum lease payments or the up-front payments made are allocated between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment represents prepaid land lease payments and are amortised on a straight-line basis over the lease term.

Notes to the Financial Statements
– 31 December 2007 (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

(a) FRS 117: Leases (cont'd)

Leasehold land held for own use (cont'd)

The Group has applied the change in accounting policy in respect of leasehold land in accordance with the transitional provisions of FRS 117. As at 1 January 2007, the unamortised amount of leasehold land is retained as the surrogate carrying amount of prepaid land lease payments as allowed by the transitional provisions. The reclassification of leasehold land as prepaid land lease payments has been accounted for retrospectively and as disclosed in Note 2.3(b)(ii), certain comparatives have been restated. The effects on the consolidated and Company's balance sheets as at 31 December 2007 are set out in Note 2.3(b)(i). There were no effects on the income statements for the year ended 31 December 2007.

(b) Summary of effects and changes arising from adoption of new and revised FRSs

The following tables provide estimates of the extent to which each of the line items in the balance sheet for the year ended 31 December 2007 is higher or lower than it would have been had the previous policies been applied in the current year:

(i) Effects on balance sheets as at 31 December 2007

Description of change	Increase/ (Decrease) FRS 117 Note 2.3(a) RM
Group	
Property, plant and equipment	(19,003,579)
Prepaid land lease payments	19,003,579
Company	
Property, plant and equipment	(388,220)
Prepaid land lease payments	388,220

Notes to the Financial Statements
– 31 December 2007 (cont'd)

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) Summary of effects and changes arising from adoption of new and revised FRSs (cont'd)

(ii) Restatement of comparatives

The following comparative amounts have been restated as a result of adopting the new and revised FRSs:

Description of change	Previously stated RM	Increase/ (Decrease) FRS 117 Note 2.3 (a) RM	Restated RM
At 31 December 2006			
Group			
Property, plant and equipment (Note 35)	65,896,139	(18,501,070)	47,395,069
Prepaid land lease payments	-	18,501,070	18,501,070
Company			
Property, plant and equipment (Note 35)	11,540,789	(388,220)	11,152,569
Prepaid land lease payments	-	388,220	388,220

Notes to the Financial Statements
– 31 December 2007 (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.4 Standards and IC Interpretations Issued but Not Yet Effective

At the date of authorisation of these financial statements, the following FRSs, amendments to FRSs and IC Interpretations were issued but not yet effective and have not been applied by the Group and the Company:

FRSs, Amendments to FRSs and IC Interpretations	Effective for financial periods beginning on or after
(i) FRS 139 Financial Instruments: Recognition and Measurement	Deferred
(ii) FRS 107 Cash Flow Statements	1 July 2007
(iii) FRS 111 Construction Contracts	1 July 2007
(iv) FRS 112 Income Taxes	1 July 2007
(v) FRS 118 Revenue	1 July 2007
(vi) FRS 120 Accounting for Government Grants and Disclosure of Government Assistance	1 July 2007
(vii) FRS 134 Interim Financial Reporting	1 July 2007
(viii) FRS 137 Provisions, Contingent Liabilities and Contingent Assets	1 July 2007
(ix) Amendment to FRS 121: The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation	1 July 2007
(x) IC Interpretation 1: Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 July 2007
(xi) IC Interpretation 2: Members' Shares in Co-operative Entities and Similar Instruments	1 July 2007
(xii) IC Interpretation 5: Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1 July 2007
(xiii) IC Interpretation 6: Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment	1 July 2007
(xiv) IC Interpretation 7: Applying the Restatement Approach under FRS 129_{2004} Financial Reporting in Hyperinflationary Economies	1 July 2007
(xv) IC Interpretation 8: Scope of FRS 2	1 July 2007

Notes to the Financial Statements
– 31 December 2007 (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.4 Standards and IC Interpretations Issued but Not Yet Effective (cont'd)

The above FRSs, amendments to FRSs and IC Interpretations are expected to have no significant impact on the financial statements of the Group and the Company upon their initial application.

The Group and the Company are exempted from disclosing the possible impact, if any, to the financial statements upon the initial application of FRS 139.

2.5 Significant Accounting Estimates and Judgements

(a) Critical Judgements Made in Applying Accounting Policies

The following are critical judgements made by the management in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements.

Classification between Investment Properties and Property, Plant and Equipment

The Group has developed certain criteria based on FRS 140 in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

(b) Key Sources of Estimation Uncertainty

There are no key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

3. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM	Buildings 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 2007									
Cost/Valuation									
As at 1 January 2007									
At cost	5,760,751	6,046,097	1,952,233	1,306,457	373,633	3,375,697	5,300,622	23,399	24,138,889
At valuation	2,903,953	135,896	-	-	-	-	-	-	3,039,849
	8,664,704	6,181,993	1,952,233	1,306,457	373,633	3,375,697	5,300,622	23,399	27,178,738
Additions	-	26,091	1,935	326,557	28,569	1,001,620	1,630	448,690	1,835,092
Disposals/Write off	-	-	-	-	-	(1,360,000)	-	-	(1,360,000)
Arising from disposal of subsidiary companies	-	(799,418)	(1,159,218)	(25,097)	(7,231)	(62,565)	(4,218,095)	(50,000)	(6,321,624)
Transfer	-	-	-	16,917	-	-	-	(16,917)	-
Transfer to investment property (Note 4)	-	(751,039)	-	-	-	-	-	-	(751,039)
As at 31 December 2007	8,664,704	4,657,627	794,950	1,624,834	394,971	2,954,752	1,084,157	405,172	20,581,167
Representing:									
At cost	5,760,751	4,521,731	794,950	1,624,834	394,971	2,954,752	1,084,157	405,172	17,541,318
At valuation - 1976	2,903,953	135,896	-	-	-	-	-	-	3,039,849
	8,664,704	4,657,627	794,950	1,624,834	394,971	2,954,752	1,084,157	405,172	20,581,167
Accumulated depreciation									
As at 1 January 2007	-	2,081,946	840,080	513,728	224,221	2,007,149	715,203	-	6,382,327
Depreciation charge	-	128,189	69,439	156,718	25,319	158,515	122,941	-	661,121
Arising from disposal of subsidiary companies	-	(157,687)	(445,811)	(8,368)	(1,828)	(49,932)	(395,844)	-	(1,059,470)
Transfer to investment property (Note 4)	-	(60,083)	-	-	-	-	-	-	(60,083)
Written back on disposals	-	-	-	-	-	(925,667)	-	-	(925,667)
As at 31 December 2007	-	1,992,365	463,708	662,078	247,712	1,190,065	442,300	-	4,998,228
Net carrying amount									
As at 31 December 2007	8,664,704	2,665,262	331,242	962,756	147,259	1,764,687	641,857	405,172	15,582,939

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

Group (cont'd)	**Freehold land RM**	**Buildings 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	5,760,751	5,815,755	1,950,163	1,198,635	349,189	3,214,829	2,771,232	1,817,341	22,877,895
At valuation	2,903,953	135,896	-	-	-	-	-	-	3,039,849
	8,664,704	5,951,651	1,950,163	1,198,635	349,189	3,214,829	2,771,232	1,817,341	25,917,744
Additions	-	204,737	2,070	107,822	24,444	225,800	15,667	745,386	1,325,926
Disposals/Write off	-	-	-	-	-	(64,932)	-	-	(64,932)
Transfer	-	25,605	-	-	-	-	2,513,723	(2,539,328)	-
As at 31 December 2006	8,664,704	6,181,993	1,952,233	1,306,457	373,633	3,375,697	5,300,622	23,399	27,178,738
Representing:									
At cost	5,760,751	6,046,097	1,952,233	1,306,457	373,633	3,375,697	5,300,622	23,399	24,138,889
At valuation - 1976	2,903,953	135,896	-	-	-	-	-	-	3,039,849
	8,664,704	6,181,993	1,952,233	1,306,457	373,633	3,375,697	5,300,622	23,399	27,178,738
Accumulated depreciation									
As at 1 January 2006	-	1,913,435	695,523	389,663	201,104	1,881,736	451,709	-	5,533,170
Depreciation charge	-	168,511	144,557	124,065	23,117	166,446	263,494	-	890,190
Written back on disposals	-	-	-	-	-	(41,033)	-	-	(41,033)
As at 31 December 2006	-	2,081,946	840,080	513,728	224,221	2,007,149	715,203	-	6,382,327
Net carrying amount									
As at 31 December 2006	8,664,704	4,100,047	1,112,153	792,729	149,412	1,368,548	4,585,419	23,399	20,796,411

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

	Freehold land RM	Buildings 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 2007									
Cost/Valuation									
As at 1 January 2007									
At cost	102,664	4,309,432	133,035	1,172,229	1,198,995	350,574	167,146	16,917	7,450,992
At valuation	2,903,953	135,896	-	-	-	-	-	-	3,039,849
	3,006,617	4,445,328	133,035	1,172,229	1,198,995	350,574	167,146	16,917	10,490,841
Additions	-	26,091	900	-	319,704	25,186	1,630	96,800	470,311
Transfer	-	-	-	-	16,917	-	-	(16,917)	-
Transfer to investment property (Note 4)	-	(751,039)	-	-	-	-	-	-	(751,039)
As at 31 December 2007	3,006,617	3,720,380	133,935	1,172,229	1,535,616	375,760	168,776	96,800	10,210,113
Representing:									
At cost	102,664	3,584,484	133,935	1,172,229	1,535,616	375,760	168,776	96,800	7,170,264
At valuation - 1976	2,903,953	135,896	-	-	-	-	-	-	3,039,849
	3,006,617	3,720,380	133,935	1,172,229	1,535,616	375,760	168,776	96,800	10,210,113
Accumulated depreciation									
As at 1 January 2007	-	1,583,879	28,642	516,100	454,597	214,779	106,118	-	2,904,115
Depreciation charge	-	90,168	6,697	58,951	150,576	23,857	6,870	-	337,119
Transfer to investment property (Note 4)	-	(60,083)	-	-	-	-	-	-	(60,083)
As at 31 December 2007	-	1,613,964	35,339	575,051	605,173	238,636	112,988	-	3,181,151
Net carrying amount									
As at 31 December 2007	3,006,617	2,106,416	98,596	597,178	930,443	137,124	55,788	96,800	7,028,962

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

	Freehold land RM	Buildings 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 (cont'd)									
As at 31 December 2006									
Cost/Valuation									
As at 1 January 2006									
At cost	102,664	4,144,499	130,965	1,141,517	1,097,548	326,680	165,566	21,666	7,131,105
At valuation	2,903,953	135,896	-	-	-	-	-	-	3,039,849
	3,006,617	4,280,395	130,965	1,141,517	1,097,548	326,680	165,566	21,666	10,170,954
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	3,006,617	4,445,328	133,035	1,172,229	1,198,995	350,574	167,146	16,917	10,490,841
Representing:									
At cost	102,664	4,309,432	133,035	1,172,229	1,198,995	350,574	167,146	16,917	7,450,992
At valuation - 1976	2,903,953	135,896	-	-	-	-	-	-	3,039,849
	3,006,617	4,445,328	133,035	1,172,229	1,198,995	350,574	167,146	16,917	10,490,841
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
Written back on disposals	-	-	-	(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 carrying amount									
As at 31 December 2006	3,006,617	2,861,449	104,393	656,129	744,398	135,795	61,028	16,917	7,586,726

Notes to the Financial Statements
– 31 December 2007 (cont'd)

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

Group and Company

Property, plant and equipment of the Company 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 1976.

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 land with an aggregate carrying amount of RM6,675,455 (2006 - RM6,675,455) and the Company's freehold land with carrying amount of RM3,006,617 (2006 - RM3,006,617) 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 arrangements are as follows:

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Plant and machinery	-	416,047	-	-
Motor vehicles	1,136,822	210,720	81,516	88,580
	1,136,822	626,767	81,516	88,580

4. INVESTMENT PROPERTY

	Group and Company	
	2007 RM	2006 RM
Cost		
As at 1 January	-	-
Transfer from property, plant and equipment (Note 3)	751,039	-
As at 31 December	751,039	-

4. INVESTMENT PROPERTY (cont'd)

	Group and Company 2007 RM	Group and Company 2006 RM
Accumulated depreciation		
As at 1 January	-	-
Transfer from property, plant and equipment (Note 3)	60,083	-
Depreciation charge	15,021	-
As at 31 December	75,104	-
Net carrying amount	675,935	-
Fair value	1,180,000	-

5. PREPAID LAND LEASE PAYMENTS

	Group 2007 RM	Group 2006 RM	Company 2007 RM	Company 2006 RM
As at 1 January	18,501,070	18,862,137	388,220	388,220
Additions	3,411,309	-	-	-
Arising from disposal of subsidiary companies	(2,468,806)	-	-	-
Amortisation for the year	(439,994)	(361,067)	-	-
As at 31 December	19,003,579	18,501,070	388,220	388,220
Analysed as:				
Long term leasehold land	388,220	9,108,050	388,220	388,220
Short term leasehold land	18,615,359	9,393,020	-	-
	19,003,579	18,501,070	388,220	388,220

Prepaid land lease payments shown at Directors' valuation are based on fair market value expressed by independent licensed appraisers. Certain leasehold land of the Group has not been revalued since it was revalued in 1976, 1982 and 1988 respectively. The unamortised balance of the revalued carrying value was treated as the surrogate cost upon adoption of FRS 117 - Leases.

The Group's leasehold land with carrying amount of RM18,615,359 (2006 - RM15,985,273) is pledged as securities for banking facilities granted to the Company.

Notes to the Financial Statements
– 31 December 2007 (cont'd)

6. BIOLOGICAL ASSETS

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Plantation development expenditure				
As at 1 January	31,603,608	30,921,826	3,565,843	3,565,843
Additions	368,364	681,782	-	-
Arising from disposal of subsidiary companies	(15,436,416)	-	-	-
As at 31 December	16,535,556	31,603,608	3,565,843	3,565,843
Representing:				
At cost	7,191,913	22,259,965	3,565,843	3,565,843
At valuation				
- 1982	5,351,230	5,351,230	-	-
- 1988	3,992,413	3,992,413	-	-
	16,535,556	31,603,608	3,565,843	3,565,843

Plantation development expenditure shown at Directors' valuation is based on the opinion of open market value expressed by independent licensed appraisers. Certain plantation development expenditure of the Group has not been revalued since it was revalued in 1982 and 1988. As allowed by the transitional provisions of International Accounting Standard 16 (Revised), 'Property, Plant and Equipment', this asset has continued to be stated on the basis of its valuation in the respective years.

Information on the carrying amount of the revalued asset that would has been included in these financial statements had this asset been carried at cost is not available and therefore has not been disclosed as required by FRS 116 - Property, Plant and Equipment.

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	
	2007 RM	2006 RM
Depreciation	28,287	85,929
Staff cost:		
Salaries, wages and other related staff cost	16,318	50,534
Employees Provident Fund contributions	2,202	9,383

Notes to the Financial Statements
– 31 December 2007 (cont'd)

7. SUBSIDIARY COMPANIES

	Company 2007 RM	Company 2006 RM
At cost		
Unquoted investments	48,851,636	48,851,640

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

Direct subsidiary companies	Group's effective equity interest 2007 %	Group's effective equity interest 2006 %	Principal activities
Champion Point Sdn Bhd	95	95	Cultivation of oil palm and sale of fresh fruit bunches.
Majuperak Plantation Sdn Bhd	100	100	
Yew Lee Holdings Sdn Berhad	100	100	
Anson Oil Industries Berhad	98	98	
Ayu Sempurna Sdn Bhd	-	100	Investment holding.
Ayu Gemilang Sdn Bhd	100	100	
Telok Anson Hotel Sdn Berhad	75	75	Property development.
Mistral Engineering Sdn Bhd	-	100	Investment holding.
Indirect subsidiary companies			
Sharikat Muzwin Bersaudara Sdn Bhd (1)	99	99	Cultivation of oil palm and sale of fresh fruit bunches.
Hutan Melintang Plantations Sdn Berhad (1)	100	100	
Great Glory Sdn Bhd (1)	100	100	Investment holding. (under members' voluntary liquidation)
Ladang Cepat-KPD Sdn Bhd (2) (formerly known as Ladang MHC-KPD Sdn Bhd)	-	80	Cultivation of oil palm and sale of fresh fruit bunches.
Majuperak Sawit Sdn Bhd (3)	100	100	Dormant.

Notes to the Financial Statements
– 31 December 2007 (cont'd)

7. SUBSIDIARY COMPANIES (cont'd)

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

Disposal of subsidiary companies

Information relating to the disposal of subsidiary companies is set out in Note 32.

8. ASSOCIATED COMPANIES

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
In Malaysia:				
Quoted shares at cost	124,627,960	124,627,960	88,504,559	88,504,559
Unquoted shares at cost	1,879,000	-	-	-
Share of post acquisition reserves	16,025,021	4,433,349	-	-
	142,531,981	129,061,309	88,504,559	88,504,559
At market value				
Quoted shares in Malaysia	99,360,000	56,580,000	70,560,000	40,180,000

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

	2007 RM	2006 RM
Assets and liabilities		
Current assets	71,364,197	37,430,545
Non-current assets	393,098,998	308,988,148
Total assets	464,463,195	346,418,693
Current liabilities	50,378,419	19,503,817
Non-current liabilities	90,363,402	61,771,594
Total liabilities	140,741,821	81,275,411
Results		
Revenue	223,034,163	122,087,481
Profit for the year	43,188,471	13,489,875

Notes to the Financial Statements
– 31 December 2007 (cont'd)

8. ASSOCIATED COMPANIES (cont'd)

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

	2007 RM	2006 RM
As at 1 January	44,207,707	44,207,707
Arising from investment in an associated company	862,195	-
As at 31 December	45,069,902	44,207,707

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

	Group's effective equity interest 2007 %	2006 %	Principal activities
Cepatwawasan Group Berhad	32.02	32.02	Investment holding, cultivation of oil palm and operation of oil mill and quarry.
Ladang Cepat-KPD Sdn Bhd [(1)] (formerly known as Ladang MHC-KPD Sdn Bhd)	20	-	Cultivation of oil palm and sale of fresh fruit bunches.

[(1)] through Ayu Gemilang Sdn Bhd

The Company disposed of its entire equity interest in Ayu Sempurna Sdn Bhd ("ASSB") which in turn owns approximately 60% equity interest in Ladang Cepat-KPD Sdn Bhd (formerly known as Ladang MHC-KPD Sdn Bhd) on 11 May 2007. Ladang Cepat-KPD Sdn Bhd become an associated company of the Group as the Group still retains 20% equity interest in Ladang Cepat-KPD Sdn Bhd.

The Directors are of the opinion that the investment in an 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 companies as at 31 December 2007.

Notes to the Financial Statements
– 31 December 2007 (cont'd)

9. OTHER INVESTMENTS

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Malaysian investments				
Quoted investments at cost	233,994	420,869	34,735	190,173
Allowance for diminution in value	(60,000)	(60,000)	-	-
	173,994	360,869	34,735	190,173
Unquoted investments at cost	3,190,187	3,190,187	188,000	188,000
	3,364,181	3,551,056	222,735	378,173
At market value				
Quoted investments at cost	253,552	561,031	119,003	331,759

Included in unquoted investments of the Group is an amount of RM3,000,000 (2006 - RM3,000,000) in respect of 7.5% Cumulative Irredeemable Preference Shares.

10. RECEIVABLES

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Current				
Trade receivables	1,108,629	1,111,331	443,618	217,953
Other receivables	36,122	204,340	22,023	-
Prepayments and deposits	346,552	324,512	279,273	253,396
Dividends receivable	488,250	324,000	-	-
Amounts owing by subsidiary companies	-	-	27,438,693	48,366,995
	1,979,553	1,964,183	28,183,607	48,838,344
Non-current				
Amounts owing by subsidiary companies	-	-	1,907,488	1,910,667
	1,979,553	1,964,183	30,091,095	50,749,011

10. 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. 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, 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	
	2007 RM	2006 RM
Interest bearing advances	27,437,875	40,949,367
Non-interest bearing advances	1,908,306	9,328,295
	29,346,181	50,277,662

The amounts owing by subsidiary companies are unsecured, repayable on demand and to be settled in cash. The interest bearing advances bear interest at 5.08% (2006 - 5.30% to 7.75%) per annum.

11. GOODWILL ON CONSOLIDATION

	Group	
	2007 RM	2006 RM
At cost		
As at 1 January	18,894,834	18,894,834
Arising from disposal of subsidiary companies	(1,965,614)	-
As at 31 December	16,929,220	18,894,834

Based on indicative market value information of oil palm land, the fair value less cost to sell for the subsidiary companies which represents the recoverable amounts exceed the carrying amounts of the subsidiary companies. The Directors are therefore of the opinion that there is no indication of impairment in relation to the goodwill on consolidation.

Notes to the Financial Statements
– 31 December 2007 (cont'd)

12. INVENTORIES

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
At cost				
Nursery plant, stores and materials	404,646	648,511	177,508	197,276

13. FIXED DEPOSITS WITH LICENSED BANKS

Group

Fixed deposits with licensed banks amounting to RM434,813 (2006 - RM405,000) are pledged as securities for bankers' guarantee facilities granted to the Group.

Included also in fixed deposits is an amount of RM279,813 (2006 - RM250,000) held in trust by certain directors of the Group.

Company

Fixed deposits with a licensed bank amounting to RM279,813 (2006 - 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	
	2007 %	2006 %	2007 %	2006 %
Licensed banks				
- Fixed deposits	3.1	3.1	3.1	3.1

The maturities of deposits were as follows:

	Group		Company	
	2007 Days	2006 Days	2007 Days	2006 Days
Licensed banks				
- Fixed deposits	31	31	31	31

Notes to the Financial Statements
– 31 December 2007 (cont'd)

14. SHARE CAPITAL

	Group and Company			
	Number of ordinary shares of RM1 each		Amount	
	2007	2006	2007 RM	2006 RM
Authorised:	100,000,000	100,000,000	100,000,000	100,000,000
Issued and fully paid	84,233,130	84,233,130	84,233,130	84,233,130

The holders of ordinary shares are entitled 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.

15. RESERVES

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Distributable				
- Capital reserve	5,198,292	5,198,292	2,496,239	2,496,239
- Retained earnings	80,963,500	50,219,108	20,065,016	3,670,648
	86,161,792	55,417,400	22,561,255	6,166,887
Non-Distributable				
- Capital reserve	5,736,883	5,736,883	-	-
- Revaluation reserve	557,113	557,113	-	-
- Share premium	8,212,680	8,212,680	8,212,680	8,212,680
	14,506,676	14,506,676	8,212,680	8,212,680
	100,668,468	69,924,076	30,773,935	14,379,567

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.

15. RESERVES (cont'd)

Distributable reserves

As at 31 December 2007, the Company has tax exempt account balances of approximately RM3,555,000 (2006 - RM3,555,000) available for distribution as tax exempt dividends.

Prior to year of assessment 2008, Malaysian companies adopted the full imputation system. In accordance with the Finance Act 2007 which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividend paid, credited or distributed to its shareholders, and such dividends will be exempted from tax in the hands of the shareholders ("single tier system"). However, there is a transitional period of six years, expiring on 31 December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances. Companies also have an irrevocable option to disregard the 108 balance and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the 108 balance to be locked-in as at 31 December 2007 in accordance with Section 39 of the Finance Act 2007.

The Company did not elect for the irrevocable option to disregard the 108 balance. Accordingly, during the transitional period, the Company may utilise the credit in the 108 balance as at 31 December 2007 to distribute cash dividend payments to ordinary shareholdings as defined under the Finance Act 2007. As at 31 December 2007, the Company has sufficient credit in the 108 balance and the balance in the tax exempt account to pay franked dividends amounting to approximately RM10,981,000 (2006 - RM9,590,000) out of its distributable reserves. The Company may distribute the balance of the distributable reserves of RM11,580,255 as dividends under the single tier system.

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.

Notes to the Financial Statements
– 31 December 2007 (cont'd)

16. HIRE PURCHASE PAYABLES

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Payable				
- within one year	183,996	137,811	14,412	14,412
- within one to two years	183,996	36,600	14,412	14,412
- within two to three years	183,996	36,600	14,412	14,412
- within three to four years	183,996	36,600	14,412	14,412
- within four to five years	75,267	36,600	14,412	14,412
- later than five years	4,747	28,354	4,747	19,159
	815,998	312,565	76,807	91,219
Finance charges on hire purchase	(80,330)	(42,933)	(12,059)	(14,320)
Present value of hire purchase liabilities	735,668	269,632	64,748	76,899
Represented by:				
Amount payable				
- within one year	156,085	120,232	12,156	12,156
- within one to two years	161,903	31,320	12,156	12,156
- within two to three years	167,720	31,320	12,156	12,156
- within three to four years	173,537	31,320	12,156	12,156
- within four to five years	72,455	31,320	12,156	12,156
- later than five years	3,968	24,120	3,968	16,119
	735,668	269,632	64,748	76,899
Less: Amounts due within 12 months	(156,085)	(120,232)	(12,156)	(12,156)
Amounts due after 12 months	579,583	149,400	52,592	64,743

The terms of the hire purchase contracts range between 2 and 7 years. The weighted average interest rates, which are fixed at contract date, range between 4.18% to 4.97% (2006 - 4.18% to 4.97%) per annum. All hire purchase contracts are on a fixed payment basis.

Notes to the Financial Statements
– 31 December 2007 (cont'd)

17. BORROWINGS

	Group and Company 2007 RM	Group and Company 2006 RM
Short Term Borrowings		
Secured:		
Term loan	-	2,400,000
Short term revolving credit	27,250,000	34,604,000
	27,250,000	37,004,000
Long Term Borrowings		
Secured:		
Term loan	-	27,200,000
Total Borrowings		
Secured:		
Term loan	-	29,600,000
Short term revolving credit	27,250,000	34,604,000
	27,250,000	64,204,000
Maturity of term loan:		
Within one year	-	2,400,000
More than 1 year and less than 2 years	-	2,400,000
More than 2 years and less than 3 years	-	2,632,000
More than 3 years and less than 4 years	-	3,792,000
More than 4 years and less than 5 years	-	3,792,000
5 years and more	-	14,584,000
	-	29,600,000

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

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

	Group and Company 2007 %	Group and Company 2006 %
Short term revolving credit	5.08	5.30
Term loan	-	7.75

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.

Notes to the Financial Statements
– 31 December 2007 (cont'd)

18. DEFERRED TAX LIABILITIES

	Group 2007 RM	Group 2006 RM	Company 2007 RM	Company 2006 RM
As at 1 January	4,301,645	4,337,647	710,234	732,960
Recognised in the income statement (Note 24)	(242,238)	(36,002)	(253,458)	(22,726)
Arising from disposal of subsidiary companies	(1,037,276)	-	-	-
At 31 December	3,022,131	4,301,645	456,776	710,234
Presented after appropriate offsetting as follows:				
Deferred tax assets	(136,111)	(2,975,350)	-	-
Deferred tax liabilities	3,158,242	7,276,995	456,776	710,234
	3,022,131	4,301,645	456,776	710,234

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	Biological assets RM	Revaluation of freehold and leasehold land and buildings RM	Total RM
At 1 January 2006	1,167,764	4,333,025	1,557,411	7,058,200
Recognised in the income statement	380,567	(35,189)	(126,583)	218,795
At 31 December 2006	1,548,331	4,297,836	1,430,828	7,276,995
Recognised in the income statement	52,141	(80,552)	(340,075)	(368,486)
Arising from disposal of subsidiary companies	(968,254)	(2,782,013)	-	(3,750,267)
At 31 December 2007	632,218	1,435,271	1,090,753	3,158,242

18. DEFERRED TAX LIABILITIES (cont'd)

Deferred Tax Assets of the Group:

	Payables RM	Unabsorbed business losses RM	Unabsorbed capital and agriculture allowances RM	Total RM
At 1 January 2006	(17,000)	(200,779)	(2,502,774)	(2,720,553)
Recognised in the income statement	17,000	(11,494)	(260,303)	(254,797)
At 31 December 2006	-	(212,273)	(2,763,077)	(2,975,350)
Recognised in the income statement	-	(72,260)	198,508	126,248
Arising from disposal of subsidiary companies	-	185,031	2,527,960	2,712,991
At 31 December 2007	-	(99,502)	(36,609)	(136,111)

Deferred Tax Liabilities of the Company:

	Property, plant and equipment RM	Biological assets RM	Revaluation of freehold and leasehold land and buildings RM	Total RM
At 1 January 2006	336,069	156,860	270,107	763,036
Recognised in the income statement	(40,304)	(11,204)	(1,294)	(52,802)
At 31 December 2006	295,765	145,656	268,813	710,234
Recognised in the income statement	4,781	(5,602)	(252,637)	(253,458)
At 31 December 2007	300,546	140,054	16,176	456,776

Notes to the Financial Statements
– 31 December 2007 (cont'd)

18. DEFERRED TAX LIABILITIES (cont'd)

Deferred Tax Assets of the Company:

	Unabsorbed capital allowances RM
At 1 January 2006	(30,076)
Recognised in the income statement	30,076
At 31 December 2006 and 2007	-

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 the Income Tax Act 1967 and guidelines issued by the tax authority.

19. PAYABLES

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Other payables	1,492,054	1,003,348	568,383	160,424
Accruals and deposits	826,722	1,167,594	436,290	744,676
Amounts owing to subsidiary companies	-	-	37,483,754	37,256,899
	2,318,776	2,170,942	38,488,427	38,161,999

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.

20. REVENUE

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Sales of				
- fresh fruit bunches	24,636,518	20,126,437	6,961,007	4,630,813
- hotel rooms	787,149	634,604	787,149	634,604
	25,423,667	20,761,041	7,748,156	5,265,417

Notes to the Financial Statements
– 31 December 2007 (cont'd)

21. FINANCE COSTS

	Group 2007 RM	Group 2006 RM	Company 2007 RM	Company 2006 RM
Interests on:				
- hire purchase	31,868	32,033	2,261	1,507
- term loan	785,481	2,295,932	785,481	2,295,932
- revolving credit	1,918,191	1,840,381	1,918,191	1,840,381
	2,735,540	4,168,346	2,705,933	4,137,820

22. INCOME FROM INVESTMENTS

	Group 2007 RM	Group 2006 RM	Company 2007 RM	Company 2006 RM
Gross dividend income from:				
- subsidiary companies	-	-	-	2,413,553
- associated company	-	-	1,960,000	-
- unquoted investments	230,760	230,760	5,760	5,760
- quoted investments	9,382	12,488	6,647	7,842
	240,142	243,248	1,972,407	2,427,155

Notes to the Financial Statements
– 31 December 2007 (cont'd)

23. PROFIT BEFORE TAXATION

	Group 2007 RM	Group 2006 RM	Company 2007 RM	Company 2006 RM
This is arrived at after charging:				
Auditors' remuneration				
- current year's provision	51,500	53,900	22,800	20,000
- under provision in prior year	2,300	-	1,800	-
- non-audit fee	8,800	4,000	8,800	4,000
Bad debts written off	24,402	-	24,402	-
Amortisation of prepaid land lease payments	439,994	361,067	-	-
Depreciation of investment property	15,021	-	15,021	-
Depreciation of property, plant and equipment	632,933	890,190	337,119	315,658
Directors' other emoluments				
- Directors of the Company (Note 28)	1,240,220	980,369	677,420	474,128
- Other director of the subsidiary companies (Note 28)	502,500	420,000	-	-
Loss on disposal of property, plant and equipment	36,333	-	-	-
Rentals				
- premises	58,818	44,580	58,818	44,400
- land	22,728	40,419	-	1,180
and crediting:				
Interest income from:				
- fixed deposits	35,724	33,166	30,971	13,339
- current account	44,493	-	44,493	-
- advances to subsidiary companies	-	-	1,786,125	2,868,620
Rental income				
- landed property	48,474	31,224	48,474	31,224
- investment property	44,000	-	44,000	-
Gain on disposal of quoted investments	366,892	-	221,265	-
Gain on disposal of subsidiary companies	12,061,267	-	13,978,636	-
Gain on disposal of property, plant and equipment	-	331,582	-	8,298

Notes to the Financial Statements
– 31 December 2007 (cont'd)

24. INCOME TAX EXPENSE

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Current tax:				
Malaysian income tax	2,860,227	1,935,193	1,361,241	1,360,431
(Over)/Under provision in prior years	(459,383)	2,729	(456,932)	(37,408)
	2,400,844	1,937,922	904,309	1,323,023
Deferred tax (Note 18):				
- relating to origination and reversal of temporary differences	(135,827)	191,082	(256,839)	(12,609)
- relating to reduction in the income tax rate	(134,859)	(267,040)	(18,465)	(36,220)
- Under provision in prior years	28,448	39,956	21,846	26,103
	(242,238)	(36,002)	(253,458)	(22,726)
Arising from disposal of subsidiary companies	(274,041)	-	-	-
	1,884,565	1,901,920	650,851	1,300,297

Domestic current income tax is calculated at the Malaysian statutory tax rate of 27% (2006 - 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, 27% on all assessable profit in excess of RM500,000.

The domestic statutory tax rate will be reduced to 26% from the current year's rate of 27%, effective year of assessment 2008 and to 25% in subsequent years of assessment. The computation of deferred tax as at 31 December 2007 has reflected these changes.

Notes to the Financial Statements
– 31 December 2007 (cont'd)

24. INCOME TAX EXPENSE (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	
	2007 RM	2006 RM	2007 RM	2006 RM
Profit before taxation	34,679,148	7,927,080	18,889,925	2,987,522
Taxation at applicable statutory tax rate	9,363,370	2,220,211	5,100,280	836,506
Effect of income subject to tax at 20%	(35,000)	(17,874)	-	-
Effect on changes in tax rates on opening balance of deferred tax	(386,849)	(267,040)	(270,455)	(36,220)
Effect of share of associated results	(3,330,317)	(325,143)	-	-
Income not subject to tax	(3,582,394)	(959,510)	(3,845,986)	-
Expenses not deductible for tax purposes	250,392	1,319,814	80,707	494,382
Deferred tax assets recognised on previously unrecognised unused tax losses and capital allowances	-	(28,093)	-	-
Others	36,298	(83,130)	21,391	16,934
(Over)/Under provision in prior years				
- Current tax	(459,383)	2,729	(456,932)	(37,408)
- Deferred tax	28,448	39,956	21,846	26,103
Tax expense for the year	1,884,565	1,901,920	650,851	1,300,297
Tax savings of a subsidiary company recognised during the year arising from: Utilisation of tax losses brought forward from previous years	31,912	-	-	-

Notes to the Financial Statements
– 31 December 2007 (cont'd)

25. EARNINGS PER SHARE

The earnings per share is calculated by dividing the Group's profit for the year attributable to ordinary equity holders of the Company of RM32,589,098 (2006 - RM5,795,119) by the number ordinary shares of 84,233,130 (2006 - 84,233,130).

26. DIVIDEND

	Group and Company	
	2007	2006
	RM	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 2006, paid in year 2007		
- final 3% less tax at 27%	1,844,706	-
	1,844,706	1,819,436

At the forthcoming Annual General Meeting, a final dividend and a special dividend in respect of the current financial year ended 31 December 2007, of 3% and 1% respectively less 26% taxation on 84,233,130 ordinary shares, amounting to a total dividend of RM2,493,301 (2.96 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 2008.

27. EMPLOYEE INFORMATION

	Group		Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
Staff costs (including Directors)				
Salaries, wages, bonus, overtime, allowances, annual leave pay and other related expenses	6,091,068	4,214,629	716,578	824,526
Employees Provident Fund	361,801	299,302	44,889	76,118
	6,452,869	4,513,931	761,467	900,644

Notes to the Financial Statements
– 31 December 2007 (cont'd)

27. EMPLOYEE INFORMATION (cont'd)

Included in staff costs of the Group and of the Company are directors' remuneration amounting to RM1,240,220 (2006 - RM980,369) and RM677,420 (2006 - RM474,128) respectively as further disclosed in Note 28.

28. DIRECTORS' REMUNERATION

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Directors of the Company				
Executive:				
Salaries and other emoluments	1,005,620	840,568	503,120	388,568
Employees Provident Fund contribution	120,600	100,801	60,300	46,560
	1,126,220	941,369	563,420	435,128
Non-Executive:				
Allowance	114,000	39,000	114,000	39,000
Total	1,240,220	980,369	677,420	474,128
Director of the subsidiary companies				
Executive:				
Salaries and other emoluments	502,500	420,000	-	-

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

	Number of Directors	
	2007 RM	2006 RM
Executive directors:		
RM450,001 – RM500,000	-	2
RM550,001 – RM600,000	2	-
Non-Executive directors:		
Below RM50,000	-	2
RM50,001 – RM100,000	2	-

Notes to the Financial Statements
– 31 December 2007 (cont'd)

29. 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.

30. RELATED PARTY DISCLOSURES

(a) Significant Related Party Transactions

In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	Group		Company	
	2007 RM	**2006 RM**	**2007 RM**	**2006 RM**
Subsidiary companies:				
Interest receivable on advances	-	-	1,786,125	2,868,620
Non-group enterprise				
Dividend receivable	225,000	225,000	225,000	225,000
Rental of premises	48,000	36,000	48,000	36,000
Purchase of motor vehicle	20,900	-	-	-

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.

The Directors are of the opinion that the above transactions have been entered into in the normal course of business and have been established on terms and conditions mutually agreed between the relevant parties.

Information regarding outstanding balances arising from related party transactions as at 31 December 2007 are disclosed in the notes to the financial statements.

(b) Compensation of Key Management Personnel

The remuneration of the Directors, being the key management personnel of the Group, are disclosed in Note 28 to the financial statements and the Corporate Governance Statement.

31. CAPITAL COMMITMENTS

	Group	
	2007 RM	**2006 RM**
Property, plant and equipment		
- Approved and contracted for	375,110	-
- Approved but not contracted for	-	3,385,400
	375,110	3,385,400

Notes to the Financial Statements
– 31 December 2007 (cont'd)

32. SIGNIFICANT EVENTS DURING THE YEAR

The Company disposed of its entire equity interest in Ayu Sempurna Sdn Bhd ("ASSB") which in turn owns approximately 60% equity interest in Ladang Cepat-KPD Sdn Bhd (formerly known as Ladang MHC-KPD Sdn Bhd) to its associated company, Cepatwawasan Group Berhad, on 11 May 2007 for a total cash consideration of RM14,157,000.

On 19 November 2007, the Company also disposed of its entire equity interest in Mistral Engineering Sdn Bhd to its associated company, Cepatwawasan Group Berhad, for a total cash consideration of RM2.

The disposals had the following effect on the Group's financial results for the year:

	Group 2007 RM
Revenue	1,962,724
Profit before taxation	1,102,735
Profit for the year	828,694

The disposals had the following effect on the Group's financial position as at the end of the year:

	Group 2007 RM
Property, plant and equipment	5,262,154
Prepaid land lease payments	2,468,806
Biological assets	15,436,416
Inventories	140,376
Cash and bank balances	323,343
Receivables	673,054
Payables	(19,387,087)
Hire purchase payable	(28,759)
Deferred tax liabilities	(1,037,276)
Share of net asset disposed	3,851,027
Goodwill on acquisition	1,103,420
Minority interest	(3,037,076)
Gain on disposal to the Group	12,061,267
Total disposal proceeds	13,978,638
Cash and cash equivalents of subsidiary companies disposed	(323,343)
Cash flow on disposal net of cash equivalents disposed	13,655,295

Notes to the Financial Statements
– 31 December 2007 (cont'd)

33. 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 weighted average interest rates ("WAIR") of financial assets and liabilities are disclosed in their respective notes.

(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.

33. FINANCIAL INSTRUMENTS (cont'd)

(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.

(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 amount.

Notes to the Financial Statements
– 31 December 2007 (cont'd)

34. CHANGE IN ACCOUNTING POLICY AND PRIOR YEAR ADJUSTMENT

(i) Change in Accounting Policy

Prior to 1 January 2007, expenditure incurred on new planting and upkeep of trees to maturity are capitalised under plantation development expenditure and amortised over the remaining lease period of the lease on the oil palm estate. In order to conform with the group's accounting policies, the Group and the Company has changed its accounting policy to that of capitalisation of the plantation development expenditure without any amortisation.

(ii) Prior Year Adjustment

The change in accounting policy had been applied retrospectively and comparatives have been restated. The effect of the change in accounting policy is as follows:

	Group	
	2007	**2006**
	RM	**RM**
Effects on retained earnings:		
As at 1 January, as previously stated	45,844,011	40,166,160
Effect of change in accounting policy	4,375,097	4,077,265
As at 1 January, as restated	50,219,108	44,243,425
Effects on profit for the year:		
Profit before change in accounting policy	32,571,130	5,708,391
Effect of change in accounting policy	223,453	316,769
Profit for the year	32,794,583	6,025,160
Effects on profit attributable to equity holders of the Company:		
Profit attributable before change in accounting policy	32,369,573	5,497,287
Effect of change in accounting policy	219,525	297,832
Profit attributable after change in accounting policy	32,589,098	5,795,119
Effects on profit attributable to minority interest:		
Profit attributable before change in accounting policy	201,557	211,104
Effect of change in accounting policy	3,928	18,937
Profit attributable after change in accounting policy	205,485	230,041

Notes to the Financial Statements
– 31 December 2007 (cont'd)

35. COMPARATIVE FIGURES

The following comparatives have been restated as a result of change in accounting policy and to conform with the presentation under FRS 101:

	Previously reported RM	Adjustments/ Reclassifications RM	As restated RM
Group			
Balance sheet			
Property, plant and equipment (Note 2.3(b)(ii))	47,395,069	(26,598,658)	20,796,411
Biological assets	-	31,603,608	31,603,608
Deferred tax liabilities	3,725,497	576,148	4,301,645
Minority interest	2,568,606	53,705	2,622,311
Income statement			
Cost of sales	11,219,112	(385,575)	10,833,537
Income tax expense	1,833,114	68,806	1,901,920
Company			
Balance sheet			
Property, plant and equipment (Note 2.3(b)(ii))	11,152,569	(3,565,843)	7,586,726
Biological assets	-	3,565,843	3,565,843

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 Financial Reporting Standards in Malaysia 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 2007 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 28 February 2008.

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 28 February 2008.) **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 86. 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 Financial Reporting Standards in Malaysia so as to give a true and fair view of:

  (i) the financial position of the Group and of the Company as at 31 December 2007 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 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. 1231/03/09 (J)
Partner

Ipoh, Perak Darul Ridzuan, Malaysia
Date: 28 February 2008

Statement of Shareholdings

STATEMENT OF SHAREHOLDINGS AS AT 17.03.2008

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	427	12.42	11,071	0.01
100 – 1,000	362	10.53	257,397	0.31
1,001 – 10,000	2,215	64.43	7,893,001	9.37
10,001 – 100,000	397	11.55	11,886,376	14.11
100,001 – 4,211,655 (*)	35	1.02	19,745,843	23.44
4,211,656 and above (**)	2	0.06	44,439,442	52.76
TOTAL	3,438	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 17.03.2008

	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)	6,216,460	7.38
3.	Tan Lai Kim (Holdings) Sdn. Bhd.	3,254,278	3.86
4.	Juwitawan Sdn. Bhd.	2,428,374	2.88
5.	Reg. Board of T'Tees of Dato' Mah Pooi Soo Benelovent Fund	1,760,600	2.09
6.	Menjelang Citarasa Sdn. Bhd.	1,500,000	1.78
7.	Datin Seri Ooi Ah Thin	1,475,204	1.75
8.	Syarikat Majuperak Berhad	994,600	1.18
9.	Tan Lai Kim Holdings Sdn. Bhd.	957,695	1.14
10.	Teoh Guan Kok & Co. Sdn. Berhad	912,400	1.08
11.	Juwitawan Sdn. Bhd.	828,400	0.98
12.	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Yap Qwee Beng	800,000	0.95
13.	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Chin Kiam Hsung	435,900	0.52
14.	Tan Sri Dato' Dr. Tan Lai Kim	392,300	0.47
15.	City Hansome Industries Sdn. Bhd.	351,540	0.42
16.	HLB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Dato' Mah Siew Keong	310,084	0.37
17.	Mayban Securities Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Chuah Chaw Song	300,000	0.36
18.	HDM Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Sim Hui Leng	279,000	0.33
19.	HDM Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Leou Thiam Lai	220,024	0.26
20.	Yeoh Kim Leng	220,000	0.26

Statement of Shareholdings (cont'd)

THIRTY LARGEST REGISTERED HOLDERS AS AT 17.03.2008 (cont'd)

	Name of Holder	Holdings	% of Issued Capital
21.	CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB Bank for Tan Heng Chew	200,000	0.24
22.	Vensta Co Sdn. Bhd.	196,480	0.23
23.	Koperasi Angkatan Tentera Malaysia Berhad	180,000	0.21
24.	Mayban Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Chong Teck Mon	159,800	0.19
25.	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Tiong Ing Hee	150,000	0.18
26.	Dato' Mah King Seng	145,264	0.17
27.	Nitin Manubhai Amin	142,000	0.17
28.	Associated Abrasives Sdn. Bhd.	140,000	0.17
29.	Yeoh Pooi Hoon	134,600	0.16
30.	Chen Soon Fatt	120,000	0.14
	TOTAL	63,427,985	75.30

SUBSTANTIAL SHAREHOLDERS AS AT 17.03.2008

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	39,908,310	47.38	41,383,514	49.13
Camassia Consulting Inc.	5,366,460	6.37	-	-	5,366,460	6.37
Tan Lai Kim (Holdings) Sdn. Bhd.	4,211,973	5.00	-	-	4,211,973	5.00

Statement of Shareholdings (cont'd)

DIRECTORS' INTEREST AS AT 17.03.2008

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.

Details of the Proposed Amendments to the Company's Articles of Association

APPENDIX 1

The existing Articles of Association of MHC Plantations Bhd., which are affected by the Proposed Amendments, are reproduced herewith with the proposed amendments alongside it as follows:

1) General Amendments:
That all references made to "Central Depository" throughout the Articles be changed to "Depository"

2) Specific Amendments:

Article No.	Existing Provision		Amended Provision	
	WORDS	MEANINGS	WORDS	MEANINGS
2	Approved Market Place	- A stock exchange which is specified to be an approved market place in the Security Industry (Central Depositories) Exemption Order (No. 2.), 1998.	**Deleted**	
	Central Depository	- Malaysian Central Depository Sdn. Bhd. (Company No:165570-W)	Depository	- **Bursa Malaysia** Depository Sdn. Bhd. or **such other names which it may be known from time to time.**
	Depositor	- a holder of a securities account.	Depositor	- a holder of a securities account **established by the Depository.**
	Exchange	- Kuala Lumpur Stock Exchange	Exchange	- **Bursa Malaysia Securities Berhad or such other names which it may be known from time to time.**
	Exchange Listing Requirements	- The Listing Requirements of Kuala Lumpur Stock Exchange as may be amended from time to time including any re-enactment thereof.	Exchange Listing Requirements / **Listing Requirements**	- The Listing Requirements of **the Exchange** as may be amended from time to time including any re-enactment thereof.
	Member	- any person/persons for the time being holding shares in the Company and whose names appear in the Register of Members (except the Malaysian Central Depository Nominees Sdn. Bhd.) including depositors who shall be treated as if he were a member pursuant to Section 35 of the Securities Industry (Central Depository) Act but excludes the Central Depository in its capacity as a bare trustee member.	Member	- any person/persons for the time being holding shares in the Company and whose names appear in the Register of Members (except the **Bursa Malaysia** Depository Nominees Sdn. Bhd.) including depositors who shall be treated as if he was a member pursuant to Section 35 of the **Central Depositories** Act but excludes the Central Depository in its capacity as a bare trustee member.

Article No.	Existing Provision WORDS MEANINGS	Amended Provision WORDS MEANINGS
5(e)	Every issue of shares or options to employees and/or Directors of the Company shall be approved by the members in general meeting and no Director shall participate in such issues of shares or options unless: (i) the members in general meeting have approved of the specific allotment to be made to such Director; and (ii) he holds office in the Company in an executive capacity Provided Always that a Director not holding office in an executive capacity may so participate in an issue of shares pursuant to a public issue or public offer.	Every issue of shares or options to employees and/or Directors of the Company shall be approved by the members in general meeting and no Director shall participate in such issues of shares or options unless the members in general meeting have approved of the specific allotment to be made to such Director. **Deleted**
	TRANSMISSION OF SHARES FROM FOREIGN REGISTER	**TRANSMISSION OF SECURITIES**
33	(1) Where: (a) the shares of the Company are listed on a stock exchange which is specified to be an Approved Market Place in the Securities Industry (Central Depositories) Exemption Order, 1998; and (b) the Company is exempted from compliance with section 14 of the Central Depositories Act or section 29 of the Securities Industry (Central Depositories) (Amendment) Act, 1998, as the case may be, under the Rules in respect of such shares; the Company shall, upon request of a shareholder, permit a transmission of shares held by such shareholder from the register of holders maintained by the registrar of the Company in the jurisdiction of the Approved Market Place (hereinafter referred to as "the Foreign Register"), to the register of holders maintained by the registrar of the Company in Malaysia (hereinafter referred to as "the Malaysian Register") subject to the following conditions: (i) there shall be no change in the ownership of such shares; and (ii) the transmission shall be executed by causing such shares to be credited directly into the Securities Account of such shareholder.	(1) Where: (a) the **securities** of the Company are listed on **another stock exchange**; and (b) the Company is exempted from compliance with section 14 of the Central Depositories Act or section 29 of the Securities Industry (Central Depositories) (Amendment) Act, 1998, as the case may be, under the Rules in respect of such **securities**; the Company shall, upon request of a **securities** holder, permit a transmission of **securities** held by such **securities** holder from the register of holders maintained by the registrar of the Company in the jurisdiction of the **other stock exchange**, to the register of holders maintained by the registrar of the Company in Malaysia **and vice versa** provided that there shall be no change in the ownership of such **securities**.

Article No.	Existing Provision WORDS MEANINGS	Amended Provision WORDS MEANINGS
	TRANSMISSION OF SHARES FROM FOREIGN REGISTER (cont'd)	**TRANSMISSION OF SECURITIES** (cont'd)
33	(2) For the avoidance of doubt, no company which fulfils the requirements of paragraphs (a) and (b) of subsection (1) above shall allow any transmission of shares from the Malaysian Register into the Foreign Register.	**Deleted**
138	Any dividend, interest or other money payable in cash in respect of shares may be paid by cheque or warrant sent through the post directed to the registered address of the holder who is named on the register of members or to such person and to such address as the holder may in writing direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent, and the payment of any such cheque or warrant shall operate as a good discharge to the Company in respect of the dividend represented thereby, notwithstanding that it may subsequently appear that the same has been stolen or that the endorsement thereon has been forged. Every such cheque or warrant shall be sent at the risk of the person entitled to the money thereby represented.	Any dividend, interest or other money payable in cash in respect of shares may be paid **through the credit of funds into the bank account of the holder or persons entitled thereto or** by cheque or warrant sent through the post directed to the registered address of the holder who is named on the register of members or to such person and to such address as the holder may in writing direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent, and the payment of any such cheque or warrant shall operate as a good discharge to the Company in respect of the dividend represented thereby, notwithstanding that it may subsequently appear that the same has been stolen or that the endorsement thereon has been forged. Every such cheque or warrant shall be sent at the risk of the person entitled to the money thereby represented.

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-Eighth Annual General Meeting of the Company, to be held on Wednesday, 30 April 2008 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 and Special Dividend		
2	Re-election of Director: Dato' Mah King Seng		
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 Secretaries, 55 Medan Ipoh 1A, Medan Ipoh Bistari, 31400 Ipoh, Perak Darul Ridzuan 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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MHC Plantations Bhd 4060-V
(Incorporated in Malaysia)

Kompleks Pejabat Behrang 2020, Jalan Persekutuan 1, 35900 Tanjung Malim, Perak Darul Ridzuan. Tel: 05-4590001 • Fax: 05-4590003