

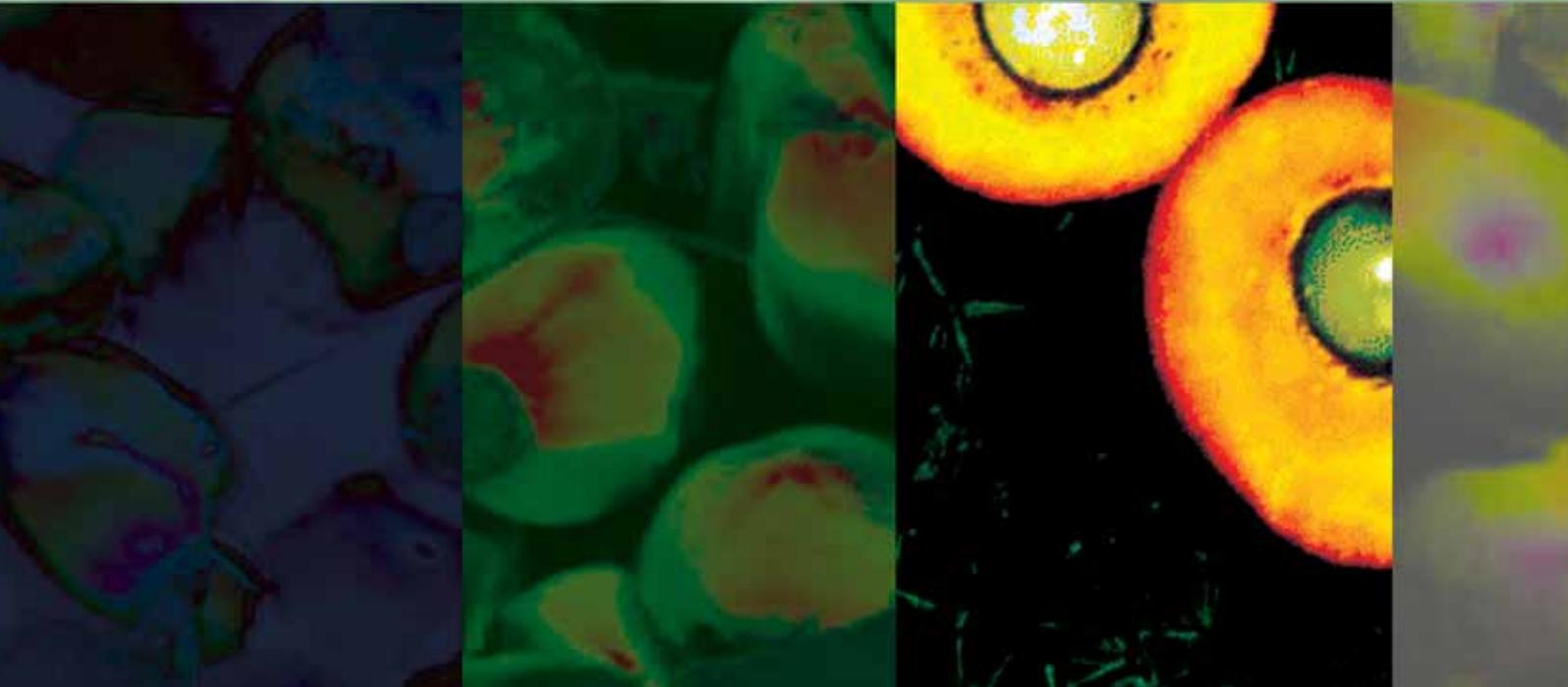
Annual Report 2008



MHC Plantations Bhd

4060-V

(Incorporated in Malaysia)





Contents

| | |
|---|----|
| Notice of Annual General Meeting | 2 |
| Statement Accompanying the Notice of Annual General Meeting | 3 |
| Corporate Information | 4 |
| Corporate Structure | 5 |
| Profile of Directors | 6 |
| Chairman's Statement | 9 |
| Statement on Corporate Governance | 13 |
| Statement of Directors' Responsibility | 18 |
| Statement on Internal Control | 19 |
| Audit Committee Report | 21 |
| Additional Compliance Information | 25 |
| List of Properties | 26 |
| Financial Statements | |
| Directors' Report | 28 |
| Statement by Directors | 32 |
| Statutory Declaration | 32 |
| Independent Auditors' Report to the Members of MHC Plantations Bhd | 33 |
| Income Statements | 35 |
| Balance Sheets | 36 |
| Statements of Changes in Equity | 38 |
| Cash Flow Statements | 40 |
| Notes to the Financial Statements | 43 |
| Statement of Shareholdings | 84 |
| Proxy Form | |



Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Forty-Ninth Annual General Meeting of the Company will be held at Kompleks Pejabat Behrang 2020, Jalan Persekutuan 1, 35900 Tanjung Malim, Perak, Malaysia on Wednesday, 29 April 2009 at 11.00 a.m.

| <u>AGENDA</u> | <u>RESOLUTION NO.</u> |
|--|----------------------------------|
| 1. To receive the Audited Financial Statements for the year ended 31 December 2008, together with the Directors' and Auditors' Reports thereon. | |
| 2. To sanction the declaration of a first and final dividend of 3% less 25% income tax. | 1 |
| 3. To re-elect the following Directors retiring in accordance with the Company's Articles of Association: Dato' Mah King Thian Mustapha Bin Mohamed Chan Kam Leong | 2 3 4 |
| 4. To appoint Auditors and authorise the Directors to fix their remuneration. | 5 |
| 5. To transact any other business appropriate to an Annual General Meeting. | |
| 6. As SPECIAL BUSINESS, to consider and, if thought fit, pass the following resolution: ORDINARY RESOLUTION - AUTHORITY TO ALLOT AND ISSUE SHARES IN GENERAL PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965 | 6 |

"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."

By Order of the Board
CHAN YOKE YIN
CHIEW CINDY
Secretaries

Ipoh
6 April 2009

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, 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.



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.

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 6 to 8 and 86 of this Annual Report.



MHC Plantations Bhd
4060-V

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)
Chan Kam Leong
(Independent Non-Executive Director)

AUDIT COMMITTEE

Koay Say Loke Andrew *(Chairman)*
Mustapha Bin Mohamed
Chan Kam Leong

EXECUTIVE COMMITTEE

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

NOMINATING COMMITTEE

Mustapha Bin Mohamed *(Chairman)*
Koay Say Loke Andrew

REMUNERATION COMMITTEE

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

COMMITTEE TO REVIEW

PRESS OR PUBLIC ANNOUNCEMENTS

Dato' Mah King Seng
Dato' Mah King Thian

REGISTERED OFFICE

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

PRINCIPAL PLACE OF BUSINESS

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

REGISTRARS

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

SECRETARIES

Chan Yoke Yin (MAICSA 7043743)
Chiew Cindy (MAICSA 7057923)

AUDITORS

Ernst & Young
Chartered Accountants

PRINCIPAL BANKERS

Malayan Banking Berhad
Public Bank Berhad
RHB Bank Berhad

STOCK EXCHANGE LISTING

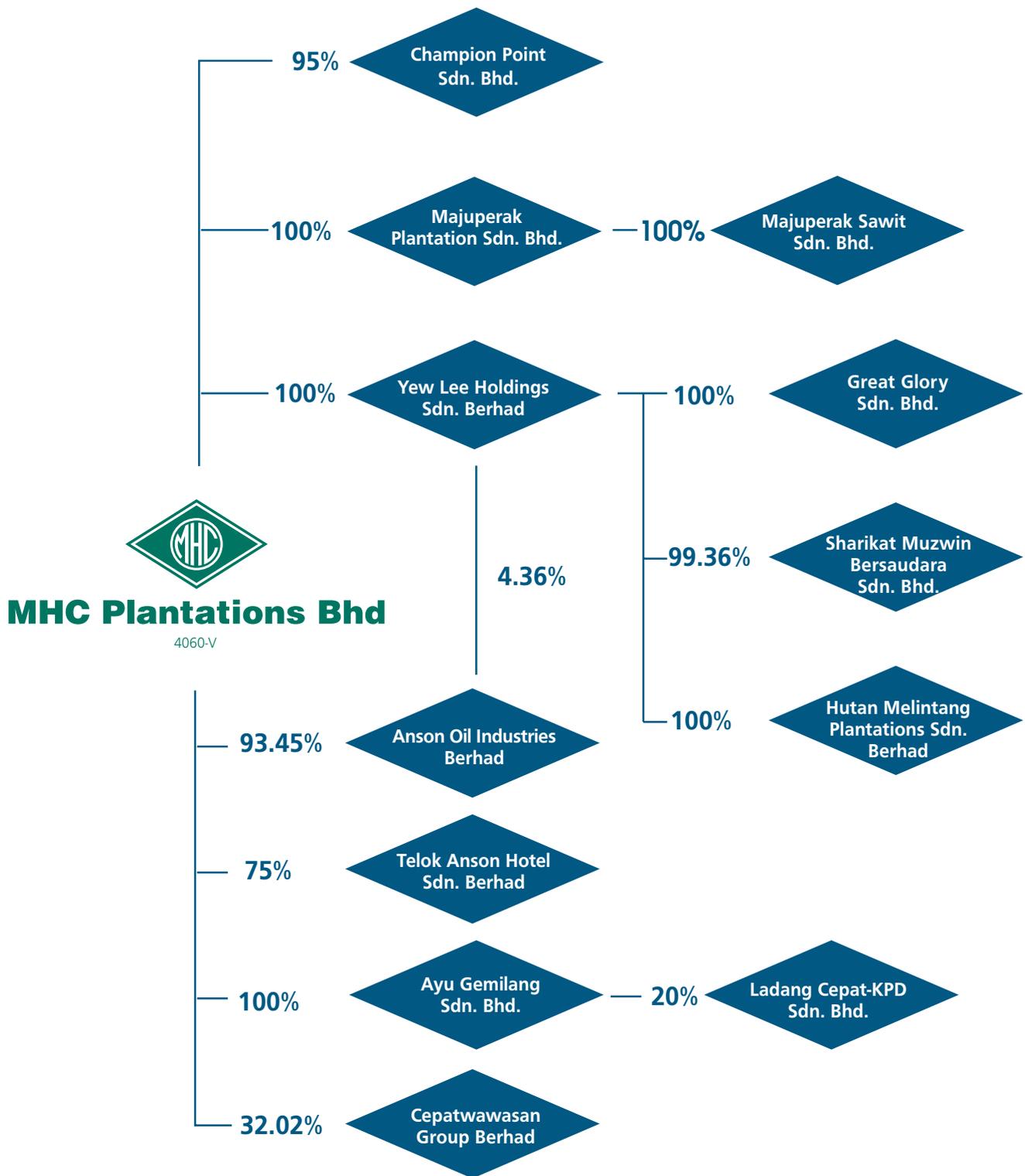
Bursa Malaysia Securities Berhad
Main Board

COUNTRY OF INCORPORATION

Malaysia



Corporate Structure





Profile of Board of Directors

Dato' Mah King Seng,

Executive Chairman

- Dato' Mah King Seng, a Malaysian, aged 50, 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 all the Board Meetings held during the financial year.

Dato' Mah King Thian,

Managing Director

- Dato' Mah King Thian, a Malaysian, aged 45, 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 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 43, 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 63, 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, Ip Muda Berhad, Credit Corporation of Malaysia Berhad and Ho Hup Construction Company Berhad. Currently, he is involved with his own business and provides advisory service in relation to his profession when necessary.
- He is a Director of Majuperak Holdings Berhad and Rubberex Corporation (M) Berhad, companies listed on the Bursa Malaysia Securities Berhad.
- 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.



Chan Kam Leong,

Independent Non-Executive Director

- Chan Kam Leong, a Malaysian, aged 68, was appointed to the Board on 21 October 2008 and is currently an Independent Non-Executive Director of the Company.
- He is a member of the Audit Committee of the Company.
- He holds the qualifications of BSc (Eng), MSc (Construction Management), Professional Engineer, Malaysia as well as Chartered Engineer, United Kingdom (UK). He is also members of The Institution of Civil Engineers, UK, The Institution of Structural Engineers, UK, The Institution of Engineers, Malaysia (IEM) and The Association of Consulting Engineers, Malaysia.
- Chan Kam Leong had worked three years in Singapore and three and a half years in London before founding K.L. Chan & Associates, of which he is still a partner. He has more than thirty one years of experience in civil and structural engineering consultancy. He was also the winner of the TAN SRI HJ. YUSOFF PRIZE in 2007 for publishing an outstanding paper in the IEM Journal.
- He is a Director of Cepatwawasan Group 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 one Board Meeting held during the financial year since his appointment.



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 2008.

Group Performance

For the year under review, the Group recorded revenue of RM28.50 million compared to RM25.42 recorded in the previous financial year. Profit before taxation and gain on disposal of subsidiaries increased by 14% to RM25.77 million from RM22.62 million in the previous financial year.

Revenue and operating profits had increased mainly due to higher prices of Fresh Fruit Bunches ("FFB") and yield although the Group was affected by higher fertiliser costs, the special cess imposed by the Malaysian Palm Oil Board and the windfall profit levy. The annual FFB yield achieved in 2008 was 20.25 Metric Tonne ("MT") per hectare versus 17.90 MT per hectare previously.

Extension of Estate Land Lease

The Group has received all the five (5) new land titles for the extension of the Group's estate land leases to 60 years.

Associated Company – Cepatwawasan Group Berhad ("CWG")

Strong Crude Palm Oil ("CPO") prices during the year has boosted the revenue of CWG by 14% to RM246.96 million and its pre-tax profit by 3% to RM53.21 million as compared to RM223.03 million and RM51.42 million respectively in the previous financial year. Thus, our share of profit in associated companies has increased by 4% to RM13.58 million from RM13.01 million previously.

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 2008.

Outlook

CPO prices have declined significantly since the last quarter of 2008 as a result of the global financial crisis. Thus, the Group expects lower profits for the financial year ending 31 December 2009.

The Group is confident that it will remain profitable, despite concerns over the poor demand outlook for CPO and other commodities in the near future coupled with expected increases in crop production due to improving weather patterns, which are likely to drag CPO prices lower towards the remaining quarters of 2009.



Corporate Social Responsibility Initiative

The Group is pleased to announce that, as part of its Corporate Social Responsibility ("CSR") Initiative, it has submitted a proposal to the State Government to donate and construct a new district library for Tanjong Malim, which will benefit the local population as well as students of POLITEKNIK SULTAN AZLAN SHAH and UNIVERSITI PENDIDIKAN SULTAN IDRIS.

Total cost of the library including land to be donated by a related party is close to RM900,000.

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.

Dato' Mah King Seng

Executive Chairman



Penyata Pengerusi

Bagi pihak Lembaga Pengarah MHC Plantations Bhd, saya dengan sukacitanya ingin menyampaikan Laporan Tahunan Kumpulan dan Syarikat untuk tahun kewangan yang berakhir pada 31hb Disember 2008.

Prestasi Kumpulan

Bagi tahun kewangan 2008, Kumpulan kami telah mencatatkan pendapatan sebanyak RM28.50 juta berbanding dengan RM25.42 juta bagi tahun kewangan sebelumnya. Keuntungan sebelum cukai dan laba daripada penjualan anak syarikat meningkat 14% kepada RM25.77 juta daripada RM22.62 juta pada tahun kewangan sebelumnya.

Pendapatan dan keuntungan operasi telah meningkat disebabkan terutamanya oleh peningkatan harga jualan Buah Tandan Segar ("FFB") dan hasil keluaran FFB walaupun Kumpulan telah menerima kesan negatif daripada kenaikan harga baja, ses khas yang dikenakan oleh Lembaga Minyak Sawit Malaysian dan juga levi ke atas keuntungan luar biasa. Hasil keluaran FFB pada tahun ini adalah 20.25 Tan Metrik (TM) sehektar berbanding dengan 17.90 TM sehektar pada tahun kewangan sebelumnya.

Lanjutan Pajak Tanah Ladang

Kumpulan telah menerima daripada Pejabat Tanah kesemua lima (5) surat hak milik tanah baru bagi tempoh Pajak Negeri yang telah dilanjutkan kepada 60 tahun.

Syarikat Sekutu – Cepatwawasan Group Berhad ("CWG")

Harga Minyak Sawit Mentah ("CPO") yang kukuh pada tahun kewangan ini telah melonjakkan pendapatan CWG sebanyak 14% kepada RM246.96 juta, dan keuntungan sebelum cukai sebanyak 3% kepada RM53.21 juta berbanding dengan RM223.03 juta dan RM51.42 juta masing - masing untuk tahun kewangan sebelumnya. Dengan itu, sumbangan keuntungan kepada Kumpulan kami daripada syarikat sekutu telah meningkat sebanyak 4% kepada RM13.58 juta daripada RM13.01 juta pada tahun kewangan sebelumnya.

Dividen

Lembaga Pengarah telah mencadangkan dividen pertama dan muktamad sebanyak 3% kurang cukai pendapatan untuk tahun kewangan berakhir 31hb Disember 2008.

Prospek

Harga CPO telah merosot teruk sejak suku-akhir 2008 berikutan krisis kewangan global. Oleh itu, Kumpulan menjangkakan keuntungan yang lebih rendah untuk tahun kewangan berakhir 31hb Disember 2009.

Kumpulan yakin akan terus mencatat untung, walaupun dikhuatiri harga CPO mungkin akan turun lagi kerana permintaan untuk CPO dan lain-lain komoditi dijangka akan lemah dalam tempoh terdekat dan ditambah pula dengan keluaran tanaman yang meningkat akibat daripada perubahan cuaca yang lebih baik.



Inisiatif Tanggungjawab Sosial Korporat

Kumpulan dengan sukacitanya mengumumkan bahawa, dalam memenuhi Tanggungjawab Sosial Korporatnya, ia telah mengemukakan usul kepada Kerajaan Negeri untuk menderma dan membina sebuah perpustakaan daerah yang baru di Tanjong Malim, yang akan memanfaatkan penduduk tempatan dan juga pelajar POLITEKNIK SULTAN AZLAN SHAH dan UNIVERSITI PENDIDIKAN SULTAN IDRIS.

Kos keseluruhan perpustakaan termasuk tapak yang akan didermakan oleh pihak yang berkaitan dianggarkan berjumlah RM900,000.

Penghargaan

Saya ingin mengambil kesempatan ini untuk merakamkan ribuan terima kasih kepada pihak Pengurusan dan semua Kakitangan di atas dedikasi dan sumbangan mereka sepanjang tahun 2008.

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 dihargai, terima kasih yang tidak terhingga saya ucapkan di atas segala sokongan anda semua. Saya berharap semoga anda semua akan dirahmati dengan kejayaan dan 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 five 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 three independent non-executive directors, which represent 40% 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 three Independent Non-Executive Directors represent the minority shareholders.

The profile of each Director is presented on pages 6 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 2008, 30 April 2008, 30 July 2008 and 29 October 2008. Details of attendance of the Directors at the Board Meetings are as follows:

| Name | Number of Meetings Attended |
|----------------------|------------------------------------|
| Dato' Mah King Seng | 4 of 4 |
| Dato' Mah King Thian | 4 of 4 |
| Koay Say Loke Andrew | 4 of 4 |
| Mustapha Bin Mohamed | 4 of 4 |
| Chan Kam Leong* | 1 of 1 |

* Chan Kam Leong was appointed as a Director on 21 October 2008.

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 attended the World Sustainable Palm Oil Conference held in London. The World Sustainable Palm Oil Conference was organised in London to discuss the future of oil palm as a sustainable agricultural crop. It aimed to provide an international platform for the interchange of views and sharing of knowledge and information on the production and use of sustainable palm oil. It also enabled stakeholders in the palm oil supply chain to discuss critical issues with senior government decision makers and industry leaders. More importantly, it encouraged dialogue between civil society groups, end-users and producers on the sustainability of palm oil. 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.

Directors' Remuneration

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

The details of the remuneration of Directors 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 | 816,000 | - | 816,000 |
| (c) Bonuses/Allowances | 180,000 | 77,500 | 257,500 |
| (d) Benefits in kind – EPF/Socso | 120,140 | - | 120,140 |

b) Analysis of Remuneration:

| Range of Remuneration | Number of Directors | |
|-----------------------|---------------------|---------------|
| | Executive | Non-Executive |
| Below RM50,000 | - | 3 |
| 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.



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.

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.

During the year under review, the Group has submitted a proposal to the State Government to donate and construct a new district library for Tanjong Malim, which will benefit the local population as well as students of POLITEKNIK SULTAN AZLAN SHAH and UNIVERSITI PENDIDIKAN SULTAN IDRIS.

Total cost of the library including land to be donated by a related party is close to RM 900,000.

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 Companies Act, 1965 and the applicable approved accounting standards in Malaysia. They are responsible for taking reasonable steps to safeguard the assets of the Company and Group for the prevention and detection of fraud and other irregularities.



Statement on Internal Control

BOARD'S RESPONSIBILITY

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

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

For the purpose of preparing this statement, the associated 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 2008 were RM33,750.



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)
Mustapha Bin Mohamed – Member
(Independent Non-Executive Director)
Chan Kam Leong – 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) all the Committee members must be non-executive directors, with a majority of them being 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.
 - (iii) fulfils such other requirements as prescribed or approved by the Exchange.

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

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

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



Rights

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

- (a) have authority to investigate any matter within its terms of reference;
- (b) have the resources which are required to perform its duties;
- (c) have full and unrestricted access to any information pertaining to the Company;
- (d) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity;
- (e) be able to obtain independent professional or other advice; and
- (f) be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Company, 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, competency 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 Committee shall meet with the external auditors without executive board members present at least twice a year. The external auditors may request a meeting if they consider that one is necessary and shall have the right to appear and be heard at any meeting of the Committee. The Chairman shall convene a meeting whenever any member of the Committee requests for a meeting. Written notice of the meeting together with the agenda shall be given to the members of the Committee and external auditors where applicable. The quorum for a meeting of the Committee shall be two (2) Provided Always that the majority of members present must be independent directors 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 all 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 all 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 2008, 30 April 2008, 30 July 2008 and 29 October 2008 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 |
| Chan Kam Leong** | 1 of 1 |

* Dato' Mah King Thian had resigned as the Audit Committee Member on 11 December 2008.

** Chan Kam Leong was appointed as the Audit Committee Member on 21 October 2008.

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;
- (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; and
- (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 2008

Utilisation of Proceeds

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

Share Buy-Back

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

Options, Warrants or Convertible Securities

No options, warrants or convertible securities were exercised during the financial year.

American Depository Receipt ("ADR") or Global Depository Receipt ("GDR") Programme

The Company did not sponsor any ADR or GDR programme during the financial year.

Sanctions and/or Penalties

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

Non-Audit Fees

Non-audit fees paid to the external Auditors for the financial year amounted to RM4,000.

Variation in Results (subject to Audit)

There was no material variance between the audited results for the financial year ended 31 December 2008 and unaudited results previously released for the financial quarter ended 31 December 2008.

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 2008

| 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 | 1,519 | 30.9.1998 |
| Lot No. PT 6129, Mukim of Changkat Jong, District of Hilir Perak, Perak Darul Ridzuan (Anson Oil Industries Berhad) | Oil palm estate | 992.3 acres | Leasehold 60 years | 9.11.2068 | 6,612 | 30.9.1998 |
| Lot No. 8292, Mukim of Hutan Melintang, District of Hilir Perak, Perak Darul Ridzuan (Anson Oil Industries Berhad) | Oil palm estate | 906.9 acres | Leasehold 60 years | 9.11.2068 | 3,800 | 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 | 4,610 | 30.9.1998 |
| Lot No. PT. 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 | 3,020 | 30.9.1998 |



List of Properties
as at 31 December 2008 (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. PT 6159, 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 | 16.11.2068 | 2,209 | 30.9.1998 |
| Lot No. PT 8290, 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 | 23.11.2068 | 5,899 | 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 2008.

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 14 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 | <u>22,338,757</u> | <u>4,805,742</u> |
| Attributable to: | | |
| Equity holders of the Company | 22,260,234 | 4,805,742 |
| Minority interests | 78,523 | - |
| | <u>22,338,757</u> | <u>4,805,742</u> |

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

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.

Dividends

During the financial year, the Company paid a final dividend and a special dividend in respect of the 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.

At the forthcoming Annual General Meeting, a final dividend in respect of the current financial year ended 31 December 2008, of 3% less 25% taxation on 84,233,130 ordinary shares, amounting to a total dividend of RM1,895,245 (2.25 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 2009.



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
Chan Kam Leong (appointed w.e.f. 21 October 2008)

Directors' benefits

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.

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.

Directors' interests

According to the register of directors' shareholdings, the interest of directors in office at the end of the financial year in shares in the Company and its subsidiary companies during the financial year were as follows:

| | Number of ordinary shares of RM1 each | | | |
|--|--|--------|------|---------------------|
| | 1 January 2008 or date of appointment | Bought | Sold | 31 December 2008 |
| 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 | 8,000 | - | - | 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 |
| Chan Kam Leong | 110,000 | - | - | 110,000 |
| 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.



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 there were no known bad debts and that no allowance for doubtful debts was necessary; 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) it necessary to write off any bad debts or to make any allowance for doubtful debts in respect of the financial statements of the Group and of the Company; 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)

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 26 February 2009.

Dato' Mah King Seng

Ipoh, Perak Darul Ridzuan, Malaysia

Dato' Mah King Thian



MHC Plantations Bhd
4060-V

Statement by Directors

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

We, Dato' Mah King Seng and Dato' Mah King Thian, being two of the directors of MHC Plantations Bhd, do hereby state that in the opinion of the directors, the accompanying financial statements set out on pages 35 to 83 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 2008 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 26 February 2009.

Dato' Mah King Seng

Ipoh, Perak Darul Ridzuan, Malaysia

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 set out on pages 35 to 83 are in my opinion 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 Dato' Mah King Thian
at Ipoh in the State of Perak Darul Ridzuan
on 26 February 2009.

Dato' Mah King Thian

Before me,

Mohd Yusof bin Harun, PJK., PNPBB., KPP.,
Pesuruhjaya Sumpah
(Commissioner for Oaths)



Independent Auditors' Report
to the members of MHC Plantations Bhd
(Incorporated in Malaysia)

Report on the financial statements

We have audited the financial statements of MHC Plantations Bhd, which comprise the balance sheets as at 31 December 2008 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 35 to 83.

Directors' responsibility for the financial statements

The Directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2008 and of their financial performance and cash flows for the year then ended.



Independent Auditors' Report
to the members of MHC Plantations Bhd
(Incorporated in Malaysia) (cont'd)

Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiary companies have been properly kept in accordance with the provisions of the Act.
- (b) We are satisfied that the accounts 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 purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.
- (c) The auditors' reports on the accounts on 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.

Other matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young
AF: 0039
Chartered Accountants

Ipoh, Perak Darul Ridzuan, Malaysia
Date: 26 February 2009

Leong Chooi May
No. 1231/03/09 (J)
Chartered Accountant



Income Statements
for the year ended 31 December 2008

| | Note | Group | | Company | |
|---|------|-------------------|-------------------|------------------|-------------------|
| | | 2008 RM | 2007 RM | 2008 RM | 2007 RM |
| Revenue | 3 | 28,500,734 | 25,423,667 | 9,234,812 | 7,748,156 |
| Cost of sales | | (11,862,351) | (10,728,983) | (3,746,288) | (2,709,706) |
| Gross profit | | 16,638,383 | 14,694,684 | 5,488,524 | 5,038,450 |
| Other income | | 263,820 | 12,687,638 | 1,375,028 | 16,186,751 |
| Administrative expenses | | (3,757,252) | (3,216,658) | (2,072,845) | (1,601,750) |
| Operating profit | | 13,144,951 | 24,165,664 | 4,790,707 | 19,623,451 |
| Finance costs | 4 | (1,230,644) | (2,735,540) | (1,204,075) | (2,705,933) |
| Income from investments | 5 | 274,035 | 240,142 | 2,908,339 | 1,972,407 |
| Share of profit in associated companies | | 13,584,014 | 13,008,882 | - | - |
| Profit before taxation | 6 | 25,772,356 | 34,679,148 | 6,494,971 | 18,889,925 |
| Income tax expense | 7 | (3,433,599) | (1,884,565) | (1,689,229) | (650,851) |
| Profit for the year | | <u>22,338,757</u> | <u>32,794,583</u> | <u>4,805,742</u> | <u>18,239,074</u> |
| Attributable to: | | | | | |
| Equity holders of the Company | | 22,260,234 | 32,589,098 | 4,805,742 | 18,239,074 |
| Minority interests | | 78,523 | 205,485 | - | - |
| | | <u>22,338,757</u> | <u>32,794,583</u> | <u>4,805,742</u> | <u>18,239,074</u> |
| Earnings per share | 8 | <u>26-43 sen</u> | <u>38-69 sen</u> | | |
| Proposed net dividends per share | 9 | <u>2-25 sen</u> | <u>2-96 sen</u> | | |

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



Balance Sheets
as at 31 December 2008

| | Note | Group | | Company | |
|---|------|--------------------|--------------------|--------------------|--------------------|
| | | 2008 RM | 2007 RM | 2008 RM | 2007 RM |
| Assets | | | | | |
| Non-current assets | | | | | |
| Property, plant and equipment | 10 | 16,540,103 | 15,582,939 | 7,353,987 | 7,028,962 |
| Investment property | 11 | 660,914 | 675,935 | 660,914 | 675,935 |
| Prepaid land lease payments | 12 | 18,663,405 | 19,003,579 | 388,220 | 388,220 |
| Biological assets | 13 | 16,535,556 | 16,535,556 | 3,565,843 | 3,565,843 |
| Subsidiary companies | 14 | - | - | 48,851,636 | 48,851,636 |
| Associated companies | 15 | 154,404,794 | 142,531,981 | 88,504,559 | 88,504,559 |
| Other investments | 16 | 3,364,181 | 3,364,181 | 222,735 | 222,735 |
| Other receivables | 17 | - | - | 1,909,761 | 1,907,488 |
| Goodwill on consolidation | 18 | 16,929,220 | 16,929,220 | - | - |
| | | <u>227,098,173</u> | <u>214,623,391</u> | <u>151,457,655</u> | <u>151,145,378</u> |
| Current assets | | | | | |
| Inventories | 19 | 1,270,788 | 404,646 | 332,628 | 177,508 |
| Trade and other receivables | 17 | 1,670,983 | 1,979,553 | 26,779,349 | 28,183,607 |
| Tax recoverable | | 363 | 124,552 | - | - |
| Short term investments | 20 | 429,281 | 7,385 | 30,807 | 7,385 |
| Fixed deposits with licensed banks | 21 | 2,142,385 | 434,813 | 287,385 | 279,813 |
| Cash and bank balances | 21 | 1,226,670 | 2,449,683 | 395,234 | 1,680,064 |
| | | <u>6,740,470</u> | <u>5,400,632</u> | <u>27,825,403</u> | <u>30,328,377</u> |
| Total assets | | <u>233,838,643</u> | <u>220,024,023</u> | <u>179,283,058</u> | <u>181,473,755</u> |
| Equity and liabilities | | | | | |
| Equity attributable to equity holders of the Company | | | | | |
| Share capital | 22 | 84,233,130 | 84,233,130 | 84,233,130 | 84,233,130 |
| Reserves | 23 | 120,435,401 | 100,668,468 | 33,086,376 | 30,773,935 |
| | | <u>204,668,531</u> | <u>184,901,598</u> | <u>117,319,506</u> | <u>115,007,065</u> |
| Minority interest | | <u>1,457,844</u> | <u>1,403,711</u> | <u>-</u> | <u>-</u> |
| Total equity | | <u>206,126,375</u> | <u>186,305,309</u> | <u>117,319,506</u> | <u>115,007,065</u> |



Balance Sheets
as at 31 December 2008 (cont'd)

| | Note | Group | | Company | |
|--|------|--------------------|--------------------|--------------------|--------------------|
| | | 2008 RM | 2007 RM | 2008 RM | 2007 RM |
| Equity and liabilities (cont'd) | | | | | |
| Non-current liabilities | | | | | |
| Hire purchase payables | 24 | 438,788 | 579,583 | - | 52,592 |
| Borrowings | 25 | 19,450,000 | - | 19,450,000 | - |
| Deferred tax liabilities | 26 | 2,963,387 | 3,022,131 | 402,430 | 456,776 |
| | | <u>22,852,175</u> | <u>3,601,714</u> | <u>19,852,430</u> | <u>509,368</u> |
| Current liabilities | | | | | |
| Payables | 27 | 1,456,819 | 2,318,776 | 39,182,573 | 38,488,427 |
| Hire purchase payables | 24 | 162,392 | 156,085 | - | 12,156 |
| Borrowings | 25 | 2,650,000 | 27,250,000 | 2,650,000 | 27,250,000 |
| Taxation | | 590,882 | 392,139 | 278,549 | 206,739 |
| | | <u>4,860,093</u> | <u>30,117,000</u> | <u>42,111,122</u> | <u>65,957,322</u> |
| Total liabilities | | <u>27,712,268</u> | <u>33,718,714</u> | <u>61,963,552</u> | <u>66,466,690</u> |
| Total equity and liabilities | | <u>233,838,643</u> | <u>220,024,023</u> | <u>179,283,058</u> | <u>181,473,755</u> |

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



| Group | Note | Share capital RM | Non-distributable | | | Distributable | | Total RM | Minority interests RM | Total equity RM |
|--|------|---------------------|------------------------|--------------------------|------------------------------|--------------------------|----------------------------|-------------|-----------------------------|-----------------------|
| | | | Share premium RM | Capital reserve RM | Revaluation reserve RM | Capital reserve RM | Retained earnings RM | | | |
| At 1 January 2007 | | 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) |
| Dividends | 9 | - | - | - | - | - | (1,844,706) | (1,844,706) | - | (1,844,706) |
| 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 |
| Profit for the year | | - | - | - | - | - | 22,260,234 | 22,260,234 | 78,523 | 22,338,757 |
| Dividends | 9 | - | - | - | - | - | (2,493,301) | (2,493,301) | - | (2,493,301) |
| Dividends paid to minority shareholders | | - | - | - | - | - | - | - | (24,390) | (24,390) |
| At 31 December 2008 | | 84,233,130 | 8,212,680 | 5,736,883 | 557,113 | 5,198,292 | 100,730,433 | 204,668,531 | 1,457,844 | 206,126,375 |

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



Statements of Changes in Equity
for the year ended 31 December 2008 (cont'd)

| | Note | Non-distributable | | Distributable | | Total equity RM |
|----------------------------|------|---------------------|---------------------|-----------------------|-------------------------|--------------------|
| | | Share capital RM | Share premium RM | Capital reserve RM | Retained earnings RM | |
| Company | | | | | | |
| At 1 January 2007 | | 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 |
| Dividends | 9 | - | - | - | (1,844,706) | (1,844,706) |
| At 31 December 2007 | | 84,233,130 | 8,212,680 | 2,496,239 | 20,065,016 | 115,007,065 |
| Profit for the year | | - | - | - | 4,805,742 | 4,805,742 |
| Dividends | 9 | - | - | - | (2,493,301) | (2,493,301) |
| At 31 December 2008 | | 84,233,130 | 8,212,680 | 2,496,239 | 22,377,457 | 117,319,506 |

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



Cash Flow Statements

for the year ended 31 December 2008

| | Group | | Company | |
|---|--------------|--------------|-------------|--------------|
| | 2008 RM | 2007 RM | 2008 RM | 2007 RM |
| Cash flows from operating activities | | | | |
| Profit before taxation | 25,772,356 | 34,679,148 | 6,494,971 | 18,889,925 |
| Adjustments for: | | | | |
| Depreciation of property, plant and equipment | 596,903 | 632,933 | 377,369 | 337,119 |
| Amortisation of prepaid land lease payments | 345,506 | 439,994 | - | - |
| Depreciation of investment property | 15,021 | 15,021 | 15,021 | 15,021 |
| Interest expense | 1,230,644 | 2,735,540 | 1,204,075 | 2,705,933 |
| Gain on disposal of quoted investments | - | (366,892) | - | (221,265) |
| Gain on disposal of subsidiary companies | - | (12,061,267) | - | (13,978,636) |
| Loss on disposal of property, plant and equipment | 28,992 | 36,333 | 28,992 | - |
| Share of profit in associated companies | (13,584,014) | (13,008,882) | - | - |
| Tax exempt interest from short term investments | (16,106) | (44,493) | (12,620) | (44,493) |
| Interest income | (39,900) | (35,724) | (1,208,593) | (1,817,096) |
| Dividend income | (274,035) | (240,142) | (2,908,339) | (1,972,407) |
| Operating profit before working capital changes | 14,075,367 | 12,781,569 | 3,990,876 | 3,914,101 |
| Changes in working capital: | | | | |
| Inventories | (866,142) | 103,487 | (155,120) | 19,768 |
| Receivables | 308,570 | 18,258,978 | 319,453 | (273,565) |
| Payables | (861,957) | 586,017 | (294,662) | 99,573 |
| Subsidiary companies' accounts | - | - | 2,071,340 | 21,158,336 |
| Cash generated from operations | 12,655,838 | 31,730,051 | 5,931,887 | 24,918,213 |
| Interest received | 56,006 | 80,217 | 1,221,213 | 1,861,589 |
| Interest paid | (1,230,644) | (2,735,540) | (1,204,075) | (2,705,933) |
| Tax paid | (3,164,341) | (1,584,120) | (1,050,678) | (350,125) |
| Net cash generated from operating activities | 8,316,859 | 27,490,608 | 4,898,347 | 23,723,744 |



Cash Flow Statements
for the year ended 31 December 2008 (cont'd)

| | Group | | Company | |
|--|--------------|--------------|--------------|--------------|
| | 2008 RM | 2007 RM | 2008 RM | 2007 RM |
| Cash flows from investing activities | | | | |
| Dividend received | 1,980,166 | 2,193,093 | 2,287,252 | 1,442,780 |
| Purchase of property, plant and equipment | (1,629,609) | (1,172,092) | (847,936) | (470,311) |
| Additions of biological assets | - | (340,077) | - | - |
| Prepayment of land lease | (5,332) | (3,411,309) | - | - |
| Placement of pledged fixed deposits | (7,572) | (29,813) | (7,572) | (29,813) |
| Proceeds from disposal of quoted investments | - | 553,766 | - | 376,704 |
| Net proceeds from disposal of subsidiary companies | - | 13,655,295 | - | 13,978,638 |
| Proceeds from disposal of property, plant and equipment | 116,550 | 398,000 | 116,550 | - |
| Net cash generated from investing activities | 454,203 | 11,846,863 | 1,548,294 | 15,297,998 |
| Cash flows from financing activities | | | | |
| Repayment of revolving credit | (25,150,000) | (7,354,000) | (25,150,000) | (7,354,000) |
| Drawdown/(Repayment) of term loan | 20,000,000 | (29,600,000) | 20,000,000 | (29,600,000) |
| Repayment of hire purchase obligations | (204,488) | (168,205) | (64,748) | (12,151) |
| Dividends paid to shareholders | (2,493,301) | (1,844,706) | (2,493,301) | (1,844,706) |
| Dividends paid to minority shareholders | (24,390) | - | - | - |
| Net cash used in financing activities | (7,872,179) | (38,966,911) | (7,708,049) | (38,810,857) |
| Net increase/(decrease) in cash and cash equivalents | 898,883 | 370,560 | (1,261,408) | 210,885 |
| Cash and cash equivalents as at 1 January | 2,492,068 | 2,121,508 | 1,687,449 | 1,476,564 |
| Cash and cash equivalents as at 31 December (Note 21) | 3,390,951 | 2,492,068 | 426,041 | 1,687,449 |



Cash Flow Statements
for the year ended 31 December 2008 (cont'd)

| | Group | | Company | |
|---|------------------|------------------|----------------|----------------|
| | 2008 | 2007 | 2008 | 2007 |
| | RM | RM | RM | RM |
| (a) Property, plant and equipment | | | | |
| During the financial year, the Group and the Company acquired property, plant and equipment by: | | | | |
| Cash | 1,629,609 | 1,172,092 | 847,936 | 470,311 |
| Hire purchase arrangement | 70,000 | 663,000 | - | - |
| | <u>1,699,609</u> | <u>1,835,092</u> | <u>847,936</u> | <u>470,311</u> |
| (b) Biological assets | | | | |
| During the financial year, the Group acquired biological assets by: | | | | |
| Cash | - | 340,077 | - | - |
| Capitalisation of depreciation charge | - | 28,287 | - | - |
| | <u>-</u> | <u>368,364</u> | <u>-</u> | <u>-</u> |

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



Notes to the Financial Statements

– 31 December 2008

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 14 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 26 February 2009.

2. Significant accounting policies

2.1 Basis of preparation

The financial statements comply with applicable Financial Reporting Standards ("FRSs") in Malaysia and the provisions of the Companies Act, 1965. On 1 January 2008, the Group and the Company had adopted new and revised FRSs which are disclosed in Note 2.3.

The financial statements of the Group and the Company have been prepared under the historical cost convention except as disclosed in this summary of significant accounting policies.

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

2.2 Summary of significant accounting policies

(a) Basis of consolidation

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

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

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.



2. Significant accounting policies (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(a) Basis of consolidation (cont'd)

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

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

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

(b) Goodwill

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

(c) Property, plant and equipment and depreciation

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. Recognition and measurement of impairment losses is as stated in Note 2.2(r).

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 Malaysian Accounting Standards Board ("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.



Notes to the Financial Statements
– 31 December 2008 (cont'd)

2. Significant accounting policies (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(c) Property, plant and equipment and depreciation (cont'd)

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.

Assets in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any impairment loss where the recoverable amount of the asset is estimated to be lower than its carrying amount. Cost includes professional fees and, for qualifying assets, borrowing costs dealt with in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other assets, commences when the assets are ready for their intended use.

Freehold land has an unlimited useful life and therefore is not depreciated.

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. The annual rates used are 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 |

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.



2. Significant accounting policies (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(d) Biological assets (cont'd)

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.

(f) Inventories

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

Nursery seedlings are 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.



Notes to the Financial Statements
– 31 December 2008 (cont'd)

2. Significant accounting policies (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(g) Investments in subsidiary companies (cont'd)

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) Investments 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.

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 policies are adopted for like transactions and events in similar circumstances.



2. Significant accounting policies (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(h) Investments in associated companies (cont'd)

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:

(i) Sale of goods/services

Revenue from sale of goods/services is recognised upon acceptance of delivery or upon performance of service.

(ii) Interest income

Interest income is recognised in the income statement on a time proportion basis that takes into account the effective yield on deposit.

(iii) Investment income

Income from investments is accounted for when the right to receive dividend or interest is established.

(iv) Rental income

Rental income is recognised on accrual basis over the period of tenancy.

(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.



Notes to the Financial Statements
– 31 December 2008 (cont'd)

2. Significant accounting policies (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(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 and the Company, 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 in 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.



Notes to the Financial Statements
– 31 December 2008 (cont'd)

2. Significant accounting policies (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(q) Leases (cont'd)

(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.

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.



2. Significant accounting policies (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(r) Impairment of non-financial assets (cont'd)

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.

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.



Notes to the Financial Statements
– 31 December 2008 (cont'd)

2. Significant accounting policies (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(s) Financial instruments (cont'd)

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.

(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 2008, the Group and the Company adopted the following revised FRSs, amendment to FRS and Issues Committee ("IC") Interpretations:

| | |
|----------------------|---|
| FRS 107 | Cash flow statements |
| FRS 111 | Construction contracts |
| FRS 112 | Income taxes |
| FRS 118 | Revenue |
| FRS 120 | Accounting for government grants and disclosure of government assistance |
| FRS 134 | Interim financial reporting |
| FRS 137 | Provisions, contingent liabilities and contingent assets |
| Amendment to FRS 121 | The effects of changes in foreign exchange rates - Net investment in a foreign operation |
| IC Interpretation 1 | Changes in existing decommissioning, restoration and similar liabilities |
| IC Interpretation 2 | Members' shares in co-operative entities and similar instruments |
| IC Interpretation 5 | Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds |
| IC Interpretation 6 | Liabilities arising from participating in a specific market - Waste electrical and electronic equipment |
| IC Interpretation 7 | Applying the restatement approach under FRS 129 financial reporting in hyperinflationary economies |
| IC Interpretation 8 | Scope of FRS 2 |

The adoption of FRSs 107, 112, 118, 134 and 137 did not have any significant financial impact on the results and the financial position of the Group and the Company upon their initial application. FRSs 111 and 120, amendment to FRS 121 and IC Interpretations 1, 2, 5, 6, 7 and 8 are not relevant to the Group and the Company's operations.



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 and IC Interpretations were issued but not yet effective and have not been applied by the Group and the Company:

| FRS and Interpretations | | Effective for financial periods beginning on or after | |
|-------------------------|----------------------|---|----------------|
| (i) | FRS 7 | Financial instruments: Disclosures | 1 January 2010 |
| (ii) | FRS 8 | Operating segments | 1 July 2009 |
| (iii) | FRS 139 | Financial instruments: Recognition and measurement | 1 January 2010 |
| (iv) | IC Interpretation 9 | Reassessment of embedded derivatives | 1 January 2010 |
| (v) | IC Interpretation 10 | Interim financial reporting and impairment | 1 January 2010 |

FRS 8 is not relevant to the Group and the Company's operations.

IC Interpretations 9 and 10 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 7 and FRS 139.

2.5 Significant accounting estimates and judgements

(a) Critical judgements made in applying accounting policies

There are no critical judgements made by management in the process of applying the Group's accounting policies on the amounts recognised in the financial statements.

(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.



Notes to the Financial Statements
– 31 December 2008 (cont'd)

3. Revenue

| | Group | | Company | |
|-----------------------|-------------------|-------------------|------------------|------------------|
| | 2008 RM | 2007 RM | 2008 RM | 2007 RM |
| Sales of | | | | |
| - fresh fruit bunches | 27,567,462 | 24,636,518 | 8,301,539 | 6,961,007 |
| - hotel rooms | 933,272 | 787,149 | 933,273 | 787,149 |
| | <u>28,500,734</u> | <u>25,423,667</u> | <u>9,234,812</u> | <u>7,748,156</u> |

4. Finance costs

| | | | | |
|--------------------|------------------|------------------|------------------|------------------|
| Interests on: | | | | |
| - hire purchase | 29,690 | 31,868 | 3,121 | 2,261 |
| - term loan | 442,729 | 785,481 | 442,729 | 785,481 |
| - revolving credit | 758,225 | 1,918,191 | 758,225 | 1,918,191 |
| | <u>1,230,644</u> | <u>2,735,540</u> | <u>1,204,075</u> | <u>2,705,933</u> |

5. Income from investments

| | | | | |
|-----------------------------|----------------|----------------|------------------|------------------|
| Gross dividend income from: | | | | |
| - subsidiary companies | - | - | 1,404,621 | - |
| - associated company | - | - | 1,470,000 | 1,960,000 |
| - quoted investments | 11,163 | 9,382 | 4,918 | 6,647 |
| - unquoted investments | 262,872 | 230,760 | 28,800 | 5,760 |
| | <u>274,035</u> | <u>240,142</u> | <u>2,908,339</u> | <u>1,972,407</u> |

6. Profit before taxation

This is arrived at after charging:

| | | | | |
|--------------------------------|---------|---------|---------|---------|
| Auditors' remuneration | | | | |
| - current year's provision | 51,836 | 51,500 | 22,800 | 22,800 |
| - underprovision in prior year | 100 | 2,300 | - | 1,800 |
| - non-audit fee | 4,000 | 8,800 | 4,000 | 8,800 |
| Bad debts written off | 1,796 | 24,402 | 1,796 | 24,402 |
| Amortisation of prepaid | | | | |
| land lease payments | 345,506 | 439,994 | - | - |
| Depreciation of investment | | | | |
| property | 15,021 | 15,021 | 15,021 | 15,021 |
| Depreciation of property, | | | | |
| plant and equipment | 596,903 | 632,933 | 377,369 | 337,119 |



6. Profit before taxation (cont'd)

| | Group | | Company | |
|--|--------------|-------------|----------------|-------------|
| | 2008 | 2007 | 2008 | 2007 |
| | RM | RM | RM | RM |
| This is arrived at after charging: (cont'd.) | | | | |
| Directors' emoluments: | | | | |
| - directors of the Company (Note 29) | 1,193,640 | 1,240,220 | 630,880 | 677,420 |
| - other director of the subsidiary companies (Note 29) | 526,080 | 502,500 | - | - |
| Loss on disposal of property, plant and equipment | 28,992 | 36,333 | 28,992 | - |
| Rentals | | | | |
| - premises | 62,000 | 58,818 | 62,000 | 58,818 |
| - land | 106,887 | 22,728 | 1,780 | - |
| and crediting: | | | | |
| Interest income from: | | | | |
| - fixed deposits | 39,900 | 35,724 | 7,639 | 30,971 |
| - advances to subsidiary companies | - | - | 1,200,954 | 1,786,125 |
| Tax exempt interest from short term investments | 16,106 | 44,493 | 12,620 | 44,493 |
| Rental income | | | | |
| - landed property | 53,406 | 48,474 | 53,406 | 48,474 |
| - investment property | 66,000 | 44,000 | 66,000 | 44,000 |
| Gain on disposal of quoted investments | - | 366,892 | - | 221,265 |
| Gain on disposal of subsidiary companies | - | 12,061,267 | - | 13,978,636 |



Notes to the Financial Statements
– 31 December 2008 (cont'd)

7. Income tax expense

| | Group | | Company | |
|---|------------------|------------------|------------------|------------------|
| | 2008 RM | 2007 RM | 2008 RM | 2007 RM |
| Current tax: | | | | |
| - Malaysian income tax | 3,410,884 | 2,860,227 | 1,744,552 | 1,361,241 |
| - under/(over) provision in prior years | 81,459 | (459,383) | (977) | (456,932) |
| | <u>3,492,343</u> | <u>2,400,844</u> | <u>1,743,575</u> | <u>904,309</u> |
| Deferred taxation (Note 26): | | | | |
| - relating to origination and reversal of temporary differences | (35,651) | (135,827) | (26,259) | (256,839) |
| - relating to reduction in income tax rate | - | (134,859) | - | (18,465) |
| - (over)/under provision in prior years | (23,093) | 28,448 | (28,087) | 21,846 |
| | <u>(58,744)</u> | <u>(242,238)</u> | <u>(54,346)</u> | <u>(253,458)</u> |
| Arising from disposal of subsidiary companies | - | (274,041) | - | - |
| | <u>3,433,599</u> | <u>1,884,565</u> | <u>1,689,229</u> | <u>650,851</u> |

Domestic income tax is calculated at the Malaysian statutory tax rate of 26% (2007 - 27%) of the estimated assessable profit for the year. Certain subsidiaries of the Company being Malaysian resident companies with paid-up capital of RM2.5 million or less qualify for the preferential tax rates under Paragraph 2A, Schedule 1 of the Income Tax Act, 1967 as follows:

On the first RM500,000 of chargeable income : 20%
In excess of RM500,000 of chargeable income : Malaysian corporate statutory tax rate

The Malaysian corporate statutory tax rate will be reduced to 25% from the current year's rate of 26%, effective year of assessment 2009. The computation of deferred tax as at 31 December 2008 has reflected these changes.



7. 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 | |
|---|-------------|-------------|------------|-------------|
| | 2008 RM | 2007 RM | 2008 RM | 2007 RM |
| Profit before taxation | 25,772,356 | 34,679,148 | 6,494,971 | 18,889,925 |
| Taxation at applicable statutory tax rate at 26% (2007 - 27%) | 6,700,813 | 9,363,370 | 1,688,692 | 5,100,280 |
| Effect of income subject to tax at 20% | (53,956) | (35,000) | - | - |
| Effect on changes in tax rates on opening balance of deferred tax | - | (386,849) | - | (270,455) |
| Effect of share of associated companies' results | (3,531,844) | (3,330,317) | - | - |
| Income not subject to tax | (66,431) | (3,582,394) | (134,425) | (3,845,986) |
| Expenses not deductible for tax purposes | 346,123 | 250,392 | 181,202 | 80,707 |
| Others | (19,472) | 36,298 | (17,176) | 21,391 |
| Under/(Over) provision in prior years | | | | |
| - current tax | 81,459 | (459,383) | (977) | (456,932) |
| - deferred tax | (23,093) | 28,448 | (28,087) | 21,846 |
| Tax expense for the year | 3,433,599 | 1,884,565 | 1,689,229 | 650,851 |
| Tax savings of a subsidiary company recognised during the year arising from utilisation of tax losses brought forward from previous years | - | 31,912 | - | - |

8. 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 RM22,260,234 (2007 - RM32,598,098) by the number ordinary shares of 84,233,130 (2007 - 84,233,130).



Notes to the Financial Statements
– 31 December 2008 (cont'd)

9. Dividends

| | Amount 2008 RM | 2007 RM | Net dividends per ordinary share | |
|---|----------------------|------------|-------------------------------------|-------------|
| | | | 2008 Sen | 2007 Sen |
| In respect of financial year ended 31 December 2006: | | | | |
| Final dividend of 3% less 27% taxation | - | 1,844,706 | - | 2.00 |
| In respect of financial year ended 31 December 2007: | | | | |
| Final dividend of 3% less 26% taxation | 1,869,976 | - | - | 2.22 |
| Special dividend of 1% less 26% taxation | 623,325 | - | - | 0.74 |
| | <u>2,493,301</u> | <u>-</u> | <u>-</u> | <u>2.96</u> |

At the forthcoming Annual General Meeting, a final dividend in respect of the current financial year ended 31 December 2008, of 3% less 25% taxation on 84,233,130 ordinary shares, amounting to a total dividend of RM1,895,245 (2.25 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 2009.

10. 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 |
|---------------------------------|------------------------|-----------------|------------------------------|------------------------------------|---------------------------|-------------------------|---|---------------------------------------|-------------|
| At 31 December 2008 | | | | | | | | | |
| Cost/Valuation | | | | | | | | | |
| At 1 January 2008 | | | | | | | | | |
| At cost | 5,760,751 | 4,521,731 | 794,950 | 1,624,834 | 394,971 | 2,961,234 | 1,084,157 | 398,690 | 17,541,318 |
| At valuation | 2,903,953 | 135,896 | - | - | - | - | - | - | 3,039,849 |
| | 8,664,704 | 4,657,627 | 794,950 | 1,624,834 | 394,971 | 2,961,234 | 1,084,157 | 398,690 | 20,581,167 |
| Additions | - | 62,624 | 59,483 | 546,977 | 36,421 | 256,659 | 11,750 | 725,695 | 1,699,609 |
| Disposals/Write off | - | - | - | - | - | (231,382) | - | - | (231,382) |
| Transfers | - | 894,750 | - | - | - | - | - | (894,750) | - |
| At 31 December 2008 | 8,664,704 | 5,615,001 | 854,433 | 2,171,811 | 431,392 | 2,986,511 | 1,095,907 | 229,635 | 22,049,394 |
| Representing: | | | | | | | | | |
| At cost | 5,760,751 | 5,479,105 | 854,433 | 2,171,811 | 431,392 | 2,986,511 | 1,095,907 | 229,635 | 19,009,545 |
| At valuation - 1976 | 2,903,953 | 135,896 | - | - | - | - | - | - | 3,039,849 |
| | 8,664,704 | 5,615,001 | 854,433 | 2,171,811 | 431,392 | 2,986,511 | 1,095,907 | 229,635 | 22,049,394 |
| Accumulated depreciation | | | | | | | | | |
| At 1 January 2008 | - | 1,992,365 | 463,708 | 662,078 | 247,712 | 1,190,065 | 442,300 | - | 4,998,228 |
| Charge for the year | - | 126,865 | 33,493 | 203,225 | 26,918 | 153,619 | 52,783 | - | 596,903 |
| Written back on disposals | - | - | - | - | - | (85,840) | - | - | (85,840) |
| At 31 December 2008 | - | 2,119,230 | 497,201 | 865,303 | 274,630 | 1,257,844 | 495,083 | - | 5,509,291 |
| Net carrying amount | | | | | | | | | |
| At 31 December 2008 | 8,664,704 | 3,495,771 | 357,232 | 1,306,508 | 156,762 | 1,728,667 | 600,824 | 229,635 | 16,540,103 |



10. 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 |
|---|---------------------|-----------------|---------------------------|------------------------------|------------------------|----------------------|--|--------------------------------|-------------|
| At 31 December 2007 | | | | | | | | | |
| Cost/Valuation | | | | | | | | | |
| 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 |
| Additions | 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 |
| Disposals/Write off | - | 26,091 | 1,935 | 326,557 | 28,569 | 1,001,620 | 1,630 | 448,690 | 1,835,092 |
| 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) |
| Transfers | - | - | - | 16,917 | - | - | - | (16,917) | - |
| Transfer to investment property (Note 11) | - | (751,039) | - | - | - | - | - | - | (751,039) |
| 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 |



10. 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 |
|--|------------------------|-----------------|------------------------------|------------------------------------|---------------------------|-------------------------|---|---------------------------------------|-------------|
| At 31 December 2007 (cont'd) | | | | | | | | | |
| Accumulated depreciation | | | | | | | | | |
| At 1 January 2007 | - | 2,081,946 | 840,080 | 513,728 | 224,221 | 2,007,149 | 715,203 | - | 6,382,327 |
| Charge for the year | - | 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 11) | - | (60,083) | - | - | - | - | - | - | (60,083) |
| Written back on disposals | - | - | - | - | - | (925,667) | - | - | (925,667) |
| At 31 December 2007 | - | 1,992,365 | 463,708 | 662,078 | 247,712 | 1,190,065 | 442,300 | - | 4,998,228 |
| Net carrying amount | | | | | | | | | |
| 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 |



10. Property, plant and equipment (cont'd)

| Company | 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 |
|---------------------------------|---------------------|-----------------|---------------------------|----------------------|------------------------------|------------------------|-------------------------------|--------------------------------|-------------|
| At 31 December 2008 | | | | | | | | | |
| Cost/Valuation | | | | | | | | | |
| At 1 January 2008 | | | | | | | | | |
| 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 | 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 |
| Additions | - | 15,960 | 600 | 57,500 | 528,569 | 32,152 | 11,750 | 201,405 | 847,936 |
| Transfers | - | 172,250 | - | - | - | - | - | (172,250) | - |
| Disposals | - | - | - | (231,382) | - | - | - | - | (231,382) |
| At 31 December 2008 | 3,006,617 | 3,908,590 | 134,535 | 998,347 | 2,064,185 | 407,912 | 180,526 | 125,955 | 10,826,667 |
| Representing: | | | | | | | | | |
| At cost | 102,664 | 3,772,694 | 134,535 | 998,347 | 2,064,185 | 407,912 | 180,526 | 125,955 | 7,786,818 |
| At valuation - 1976 | 2,903,953 | 135,896 | - | - | - | - | - | - | 3,039,849 |
| | 3,006,617 | 3,908,590 | 134,535 | 998,347 | 2,064,185 | 407,912 | 180,526 | 125,955 | 10,826,667 |
| Accumulated depreciation | | | | | | | | | |
| At 1 January 2008 | - | 1,613,964 | 35,339 | 575,051 | 605,173 | 238,636 | 112,988 | - | 3,181,151 |
| Charge for the year | - | 92,923 | 6,727 | 48,345 | 196,896 | 25,465 | 7,013 | - | 377,369 |
| Written back on disposals | - | - | - | (85,840) | - | - | - | - | (85,840) |
| At 31 December 2008 | - | 1,706,887 | 42,066 | 537,556 | 802,069 | 264,101 | 120,001 | - | 3,472,680 |
| Net carrying amount | | | | | | | | | |
| At 31 December 2008 | 3,006,617 | 2,201,703 | 92,469 | 460,791 | 1,262,116 | 143,811 | 60,525 | 125,955 | 7,353,987 |



10. Property, plant and equipment (cont'd)

| Company (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 |
|---|---------------------|-----------------|---------------------------|----------------------|------------------------------|------------------------|-------------------------------|--------------------------------|-------------|
| At 31 December 2007 | | | | | | | | | |
| Cost/Valuation | | | | | | | | | |
| 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 |
| Transfers | - | - | - | - | 16,917 | - | - | (16,917) | - |
| Transfer to investment property (Note 11) | - | (751,039) | - | - | - | - | - | - | (751,039) |
| 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 | | | | | | | | | |
| At 1 January 2007 | - | 1,583,879 | 28,642 | 516,100 | 454,597 | 214,779 | 106,118 | - | 2,904,115 |
| Charge for the year | - | 90,168 | 6,697 | 58,951 | 150,576 | 23,857 | 6,870 | - | 337,119 |
| Transfer to investment property (Note 11) | - | (60,083) | - | - | - | - | - | - | (60,083) |
| At 31 December 2007 | - | 1,613,964 | 35,339 | 575,051 | 605,173 | 238,636 | 112,988 | - | 3,181,151 |
| Net carrying amount | | | | | | | | | |
| 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 |

Notes to the Financial Statements
- 31 December 2008 (cont'd)



MHC Plantations Bhd
406017



Notes to the Financial Statements
– 31 December 2008 (cont'd)

10. 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 and the Company's freehold land with an aggregate carrying amount of RM3,006,617 (2007 - RM3,006,617) are pledged as securities for banking facilities granted to the Company.

The carrying amounts of motor vehicles of the Group and the Company held under hire purchase arrangements are as follows:

| | Group | | Company | |
|----------------|--------------------|--------------------|--------------------|--------------------|
| | 2008 RM | 2007 RM | 2008 RM | 2007 RM |
| Motor vehicles | 1,036,443 | 1,136,822 | - | 81,516 |

11. Investment property

| | Group and Company | |
|---|--------------------------|--------------------|
| | 2008 RM | 2007 RM |
| Cost | | |
| At 1 January | 751,039 | - |
| Transfer from property, plant and equipment (Note 10) | - | 751,039 |
| At 31 December | 751,039 | 751,039 |
| Accumulated depreciation | | |
| At 1 January | 75,104 | - |
| Transfer from property, plant and equipment (Note 10) | - | 60,083 |
| Depreciation charge | 15,021 | 15,021 |
| At 31 December | 90,125 | 75,104 |
| Net carrying amount | 660,914 | 675,935 |
| Fair value | 1,180,000 | 1,180,000 |



12. Prepaid land lease payments

| | Group | | Company | |
|---|-------------------|-------------------|----------------|----------------|
| | 2008 RM | 2007 RM | 2008 RM | 2007 RM |
| At 1 January | 19,003,579 | 18,501,070 | 388,220 | 388,220 |
| Additions | 5,332 | 3,411,309 | - | - |
| Arising from disposal of subsidiary companies | - | (2,468,806) | - | - |
| Amortisation for the year | (345,506) | (439,994) | - | - |
| At 31 December | <u>18,663,405</u> | <u>19,003,579</u> | <u>388,220</u> | <u>388,220</u> |
| Analysed as: | | | | |
| Long term leasehold land | 10,680,143 | 388,220 | 388,220 | 388,220 |
| Short term leasehold land | 7,983,262 | 18,615,359 | - | - |
| | <u>18,663,405</u> | <u>19,003,579</u> | <u>388,220</u> | <u>388,220</u> |

The Group's leasehold land with carrying amount of RMNil (2007 - RM18,615,359) is pledged as securities for banking facilities granted to the Company.

The Group's remaining lease period for leasehold land with carrying amount of RM10,291,923 (2007 - RMNil) was extended to 60 years during the financial year.

13. Biological assets

| | Group | | Company | |
|---|-------------------|-------------------|------------------|------------------|
| | 2008 RM | 2007 RM | 2008 RM | 2007 RM |
| Plantation development expenditure | | | | |
| At 1 January | 16,535,556 | 31,603,608 | 3,565,843 | 3,565,843 |
| Additions | - | 368,364 | - | - |
| Arising from disposal of subsidiary companies | - | (15,436,416) | - | - |
| At 31 December | <u>16,535,556</u> | <u>16,535,556</u> | <u>3,565,843</u> | <u>3,565,843</u> |
| Representing: | | | | |
| At cost | 7,191,913 | 7,191,913 | 3,565,843 | 3,565,843 |
| At valuation | | | | |
| - 1982 | 5,351,230 | 5,351,230 | - | - |
| - 1988 | 3,992,413 | 3,992,413 | - | - |
| | <u>16,535,556</u> | <u>16,535,556</u> | <u>3,565,843</u> | <u>3,565,843</u> |



Notes to the Financial Statements
– 31 December 2008 (cont'd)

13. Biological assets (cont'd)

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 have 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 | |
|--|--------------|-------------|
| | 2008 | 2007 |
| | RM | RM |
| Depreciation | - | 28,287 |
| Staff cost: | | |
| Salaries, wages and other related staff cost | - | 16,318 |
| Employees Provident Fund contributions | - | 2,202 |
| | <hr/> | <hr/> |

14. Subsidiary companies

| | Company | |
|----------------------|----------------|-------------|
| | 2008 | 2007 |
| | RM | RM |
| At cost | | |
| Unquoted investments | 48,851,636 | 48,851,636 |
| | <hr/> | <hr/> |

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

| | Group's effective equity interest | | |
|------------------------------------|--|-------------|--|
| | 2008 | 2007 | |
| Direct subsidiary companies | % | % | 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 Gemilang Sdn Bhd | 100 | 100 |) Investment holding. |
| Telok Anson Hotel Sdn Berhad | 75 | 75 |) Property development. |



14. Subsidiary companies (cont'd)

| Indirect subsidiary companies | Group's effective equity interest | | Principal activities |
|---|-----------------------------------|------|---|
| | 2008 | 2007 | |
| | % | % | |
| 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) |
| Majuperak Sawit Sdn Bhd ⁽²⁾ | 100 | 100 | Dormant. |

⁽¹⁾ through Yew Lee Holdings Sdn Berhad

⁽²⁾ through Majuperak Plantation Sdn Bhd

15. Associated companies

| | Group | | Company | |
|------------------------------------|--------------------|--------------------|-------------------|-------------------|
| | 2008 | 2007 | 2008 | 2007 |
| | RM | RM | RM | 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 | 1,879,000 | - | - |
| Share of post acquisition reserves | 27,897,834 | 16,025,021 | - | - |
| | <u>154,404,794</u> | <u>142,531,981</u> | <u>88,504,559</u> | <u>88,504,559</u> |
| At market value | | | | |
| Quoted shares in Malaysia | <u>47,610,000</u> | <u>99,360,000</u> | <u>33,810,000</u> | <u>70,560,000</u> |



Notes to the Financial Statements
– 31 December 2008 (cont'd)

15. Associated companies (cont'd)

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

| | 2008 | 2007 |
|-------------------------------|--------------------|--------------------|
| | RM | RM |
| Assets and liabilities | | |
| Current assets | 56,217,303 | 71,364,197 |
| Non-current assets | 389,668,007 | 393,098,998 |
| Total assets | <u>445,885,310</u> | <u>464,463,195</u> |
| Current liabilities | 22,039,782 | 50,378,419 |
| Non-current liabilities | 74,336,233 | 90,363,402 |
| Total liabilities | <u>96,376,015</u> | <u>140,741,821</u> |
| Results | | |
| Revenue | 246,962,156 | 223,034,163 |
| Profit for the year | <u>41,513,385</u> | <u>43,188,471</u> |

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

| | 2008 | 2007 |
|--|-------------------|-------------------|
| | RM | RM |
| At 1 January | 45,069,902 | 44,207,707 |
| Arising from investment in an associated company | - | 862,195 |
| At 31 December | <u>45,069,902</u> | <u>45,069,902</u> |

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

| | Group's effective equity interest | | Principal activities |
|---|--|-------------|---|
| | 2008 | 2007 | |
| | % | % | |
| 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⁾ | 20 | 20 | Cultivation of oil palm and sale of fresh fruit bunches. |

⁽¹⁾ through Ayu Gemilang Sdn Bhd

The financial statements of the above associated companies are coterminous with those of the Company.



15. Associated companies (cont'd)

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 2008.

16. Other investments

| | Group | | Company | |
|-----------------------------------|------------------|------------------|----------------|----------------|
| | 2008 | 2007 | 2008 | 2007 |
| | RM | RM | RM | RM |
| Malaysian investments | | | | |
| Quoted investments at cost | 233,994 | 233,994 | 34,735 | 34,735 |
| Allowance for diminution in value | (60,000) | (60,000) | - | - |
| | 173,994 | 173,994 | 34,735 | 34,735 |
| Unquoted investments at cost | 3,190,187 | 3,190,187 | 188,000 | 188,000 |
| | <u>3,364,181</u> | <u>3,364,181</u> | <u>222,735</u> | <u>222,735</u> |
| At market value | | | | |
| Quoted investments at cost | <u>148,272</u> | <u>253,552</u> | <u>73,819</u> | <u>119,003</u> |

Included in unquoted investments of the Group is an amount of RM3,000,000 (2007 - RM3,000,000) in respect of 7.5% Cumulative Irredeemable Preference Shares.

The directors are of the opinion that the quoted investments shall be held for the long term with no intention of disposal below cost and that the market value is not reflective of the investee company's net tangible assets or earnings potential. The directors are therefore of the opinion that there is no permanent diminution in the value of the quoted investments as at 31 December 2008.

17. Receivables

| | Group | | Company | |
|---------------------------------------|------------------|------------------|-------------------|-------------------|
| | 2008 | 2007 | 2008 | 2007 |
| | RM | RM | RM | RM |
| Current | | | | |
| Trade receivables | 761,772 | 1,108,629 | 262,463 | 443,618 |
| Other receivables | 44,840 | 36,122 | 26,461 | 22,023 |
| Prepayments and deposits | 108,018 | 346,552 | 93,434 | 279,273 |
| Dividends receivable | 713,250 | 488,250 | - | - |
| Amounts owing by subsidiary companies | - | - | 26,353,888 | 27,438,693 |
| Amount owing by associated company | 43,103 | - | 43,103 | - |
| | <u>1,670,983</u> | <u>1,979,553</u> | <u>26,779,349</u> | <u>28,183,607</u> |
| Non-current | | | | |
| Amounts owing by subsidiary companies | - | - | 1,909,761 | 1,907,488 |
| | <u>1,670,983</u> | <u>1,979,553</u> | <u>28,689,110</u> | <u>30,091,095</u> |



Notes to the Financial Statements
– 31 December 2008 (cont'd)

17. 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 2008 RM | 2007 RM |
|-------------------------------|--------------------------------|--------------------|
| Interest bearing advances | 22,100,000 | 27,437,875 |
| Non-interest bearing advances | 6,163,649 | 1,908,306 |
| | <u>28,263,649</u> | <u>29,346,181</u> |

The amounts owing by subsidiary companies are unsecured, with no fixed terms of repayment and to be settled in cash. The interest bearing advances bear interest rates ranging between 4.86% to 4.96% (2007 - 5.08%) per annum.

18. Goodwill on consolidation

| | Group 2008 RM | 2007 RM |
|---|------------------------------|--------------------|
| At cost | | |
| At 1 January | 16,929,220 | 18,894,834 |
| Arising from disposal of subsidiary companies | - | (1,965,614) |
| | <u>16,929,220</u> | <u>16,929,220</u> |

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.



19. Inventories

| | Group | | Company | |
|---|--------------------|--------------------|--------------------|--------------------|
| | 2008 RM | 2007 RM | 2008 RM | 2007 RM |
| At cost | | | | |
| Nursery seedlings, stores and materials | 1,270,788 | 404,646 | 332,628 | 177,508 |

20. Short term investments

| | | | | |
|-----------------------------|----------------|--------------|---------------|--------------|
| AmIncome (Note 21) | 353,030 | - | - | - |
| AmCash Management (Note 21) | 76,251 | 7,385 | 30,807 | 7,385 |
| | <u>429,281</u> | <u>7,385</u> | <u>30,807</u> | <u>7,385</u> |

Group and Company

(a) AmIncome

AmIncome is a short to medium-term money market fund that aims to provide investors with a stream of income. The withdrawal proceeds will be received in the following manner:

- (i) the first RM2 million and below not later than the 7th day of receipt of repurchase notice; and
- (ii) any amount above RM2 million withdrawn, not later than the 30th day of receipt of repurchase notice.

(b) AmCash Management

AmCash Management is a short term money market fund designed to provide investors with a stream of income. It is managed with the aim of maintaining the Fund's unit price at RM1. The redemption proceeds for investments in AmCash Management will normally be collected by the next business day.

21. Cash and cash equivalents

| | Group | | Company | |
|-----------------------------------|--------------------|--------------------|--------------------|--------------------|
| | 2008 RM | 2007 RM | 2008 RM | 2007 RM |
| Fixed deposits with licensed bank | 2,142,385 | 434,813 | 287,385 | 279,813 |
| Short term investments (Note 20) | 429,281 | 7,385 | 30,807 | 7,385 |
| Cash and bank balances | 1,226,670 | 2,449,683 | 395,234 | 1,680,064 |
| | <u>3,798,336</u> | <u>2,891,881</u> | <u>713,426</u> | <u>1,967,262</u> |
| Fixed deposits pledged | (407,385) | (399,813) | (287,385) | (279,813) |
| | <u>3,390,951</u> | <u>2,492,068</u> | <u>426,041</u> | <u>1,687,449</u> |



Notes to the Financial Statements
– 31 December 2008 (cont'd)

21. Cash and cash equivalents (cont'd)

The effective interest rates of deposits and short term investments at the balance sheet date are as follows:

| | Group | | Company | |
|-----------------------------------|--------------|-------------|----------------|-------------|
| | 2008 | 2007 | 2008 | 2007 |
| | % | % | % | % |
| Fixed deposits with licensed bank | 2.9 - 3.0 | 3.1 | 3.0 | 3.1 |
| Short term investments | 2.2 - 3.0 | 3.2 | 2.2 - 3.0 | 3.2 |

The maturities of deposits and short term investments as at the end of the financial year are as follows:

| | Group | | Company | |
|-----------------------------------|--------------|-------------|----------------|-------------|
| | 2008 | 2007 | 2008 | 2007 |
| | Days | Days | Days | Days |
| Fixed deposits with licensed bank | 30 - 31 | 31 | 30 - 31 | 31 |
| Short term investments | 7 - 30 | 7 - 30 | 7 | 7 |

Group

Fixed deposits with licensed banks amounting to RM407,385 (2007 - RM399,813) are pledged as securities for bankers' guarantee facilities granted to the Group.

Included also in fixed deposits is an amount of RM287,385 (2007 - RM279,813) held in trust by certain directors of the Group.

Company

Fixed deposits with a licensed bank amounting to RM287,385 (2007 - RM279,813) are pledged and held in trust by certain directors of the Company as security for bankers' guarantee facilities granted to the Company.

22. Share capital

| | Group and Company | | | |
|------------------------------|--|-------------|---------------|-------------|
| | Number of ordinary shares of RM1 each | | Amount | |
| | 2008 | 2007 | 2008 | 2007 |
| | | | RM | 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.



23. Reserves

| | Group | | Company | |
|--------------------------|--------------------|--------------------|-------------------|-------------------|
| | 2008 RM | 2007 RM | 2008 RM | 2007 RM |
| Distributable | | | | |
| - Capital reserve | 5,198,292 | 5,198,292 | 2,496,239 | 2,496,239 |
| - Retained earnings | 100,730,433 | 80,963,500 | 22,377,457 | 20,065,016 |
| | <u>105,928,725</u> | <u>86,161,792</u> | <u>24,873,696</u> | <u>22,561,255</u> |
| 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 |
| | <u>14,506,676</u> | <u>14,506,676</u> | <u>8,212,680</u> | <u>8,212,680</u> |
| | <u>120,435,401</u> | <u>100,668,468</u> | <u>33,086,376</u> | <u>30,773,935</u> |

Capital reserve

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

Distributable reserves

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 2008 and 2007 to distribute cash dividend payments to ordinary shareholders as defined under the Finance Act, 2007.

As at 31 December 2008, the Company has a tax exempt account balance available for distribution of tax exempt dividends of approximately RM4,074,000 (2007 - RM3,557,000), subject to the agreement of the Inland Revenue Board.

The Company has sufficient credit in the 108 balance and the balance in the tax exempt income account to pay dividends amounting to approximately RM11,410,000 (2007 - RM10,520,000) out of its distributable reserves as at 31 December 2008. The Company may distribute the balance of the distributable reserves of RM13,463,696 (2007 - RM12,041,255) as dividends under the single tier system.



Notes to the Financial Statements
– 31 December 2008 (cont'd)

23. Reserves (cont'd)

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.

24. Hire purchase payables

| | Group | | Company | |
|---|------------|------------|------------|------------|
| | 2008 RM | 2007 RM | 2008 RM | 2007 RM |
| Future minimum hire purchase payments: | | | | |
| - within one year | 185,268 | 183,996 | - | 14,412 |
| - within one to two years | 185,268 | 183,996 | - | 14,412 |
| - within two to three years | 185,268 | 183,996 | - | 14,412 |
| - within three to four years | 87,655 | 183,996 | - | 14,412 |
| - within four to five years | 7,822 | 75,267 | - | 14,412 |
| - later than five years | - | 4,747 | - | 4,747 |
| | 651,281 | 815,998 | - | 76,807 |
| Finance charges on hire purchase | (50,101) | (80,330) | - | (12,059) |
| Present value of hire purchase liabilities | 601,180 | 735,668 | - | 64,748 |
| Analysis of present value of hire purchase liabilities: | | | | |
| - within one year | 162,392 | 156,085 | - | 12,156 |
| - within one to two years | 168,871 | 161,903 | - | 12,156 |
| - within two to three years | 175,348 | 167,720 | - | 12,156 |
| - within three to four years | 86,596 | 173,537 | - | 12,156 |
| - within four to five years | 7,973 | 72,455 | - | 12,156 |
| - later than five years | - | 3,968 | - | 3,968 |
| | 601,180 | 735,668 | - | 64,748 |
| Less: Amounts due within 12 months | (162,392) | (156,085) | - | (12,156) |
| Amounts due after 12 months | 438,788 | 579,583 | - | 52,592 |

The hire purchase payables bear interest ranging from 4.18% to 4.93% (2007 - 4.18% to 4.93%) per annum.



25. Borrowings

| | Group and Company | |
|---|--------------------------|-------------------|
| | 2008 | 2007 |
| | RM | RM |
| Short term borrowings | | |
| Secured: | | |
| Term loan | 550,000 | - |
| Short term revolving credit | 2,100,000 | 27,250,000 |
| | <u>2,650,000</u> | <u>27,250,000</u> |
| Long term borrowings | | |
| Secured: | | |
| Term loan | 19,450,000 | - |
| | <u>19,450,000</u> | <u>-</u> |
| Total borrowings | | |
| Secured: | | |
| Term loan | 20,000,000 | - |
| Short term revolving credit | 2,100,000 | 27,250,000 |
| | <u>22,100,000</u> | <u>27,250,000</u> |
| Maturity of borrowings: | | |
| Within one year | 2,650,000 | 27,250,000 |
| More than 1 year and less than 2 years | 2,200,000 | - |
| More than 2 years and less than 3 years | 2,200,000 | - |
| More than 3 years and less than 4 years | 2,200,000 | - |
| More than 4 years and less than 5 years | 2,200,000 | - |
| 5 years and more | 10,650,000 | - |
| | <u>22,100,000</u> | <u>27,250,000</u> |

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 | |
|-----------------------------|--------------------------|-------------|
| | 2008 | 2007 |
| | % | % |
| Short term revolving credit | 4.96 | 5.08 |
| Term loan | 4.86 | - |
| | <u>4.96</u> | <u>5.08</u> |

The revolving credit and term loan facilities are secured by way of fixed and floating charges over the plantation land and other property, plant and equipment erected on the plantation land of the Company.



Notes to the Financial Statements
– 31 December 2008 (cont'd)

26. Deferred tax liabilities

| | Group | | Company | |
|--|------------------|------------------|----------------|----------------|
| | 2008 RM | 2007 RM | 2008 RM | 2007 RM |
| At 1 January | 3,022,131 | 4,301,645 | 456,776 | 710,234 |
| Recognised in the income statement (Note 7) | (58,744) | (242,238) | (54,346) | (253,458) |
| Arising from disposal of subsidiary companies | - | (1,037,276) | - | - |
| At 31 December | <u>2,963,387</u> | <u>3,022,131</u> | <u>402,430</u> | <u>456,776</u> |
| Presented after appropriate offsetting as follows: | | | | |
| Deferred tax assets | (137,254) | (136,111) | - | - |
| Deferred tax liabilities | 3,100,641 | 3,158,242 | 402,430 | 456,776 |
| | <u>2,963,387</u> | <u>3,022,131</u> | <u>402,430</u> | <u>456,776</u> |

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 leasehold land and buildings RM | Total RM |
|---|---|----------------------------|--|------------------|
| At 1 January 2007 | 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 | <u>632,218</u> | <u>1,435,271</u> | <u>1,090,753</u> | <u>3,158,242</u> |
| Recognised in the income statement | (9,189) | - | (48,412) | (57,601) |
| At 31 December 2008 | <u>623,029</u> | <u>1,435,271</u> | <u>1,042,341</u> | <u>3,100,641</u> |



26. Deferred tax liabilities (cont'd)

Deferred tax assets of the Group:

| | Unabsorbed business losses RM | Unabsorbed capital and agriculture allowances RM | Total RM |
|---|--|---|---------------------|
| At 1 January 2007 | (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) |
| Recognised in the income statement | 23,117 | (24,260) | (1,143) |
| At 31 December 2008 | <u>(76,385)</u> | <u>(60,869)</u> | <u>(137,254)</u> |

Deferred tax liabilities of the Company:

| | Property, plant and equipment RM | Biological assets RM | Revaluation of leasehold land and buildings RM | Total RM |
|------------------------------------|---|-------------------------------------|---|---------------------|
| At 1 January 2007 | 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 |
| Recognised in the income statement | (54,346) | - | - | (54,346) |
| At 31 December 2008 | <u>246,200</u> | <u>140,054</u> | <u>16,176</u> | <u>402,430</u> |

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.



Notes to the Financial Statements
– 31 December 2008 (cont'd)

27. Payables

| | Group | | Company | |
|---------------------------------------|------------------|------------------|-------------------|-------------------|
| | 2008 | 2007 | 2008 | 2007 |
| | RM | RM | RM | RM |
| Other payables | 653,340 | 1,492,054 | 128,375 | 568,383 |
| Accruals and deposits | 803,479 | 826,722 | 581,636 | 436,290 |
| Amounts owing to subsidiary companies | - | - | 38,472,562 | 37,483,754 |
| | <u>1,456,819</u> | <u>2,318,776</u> | <u>39,182,573</u> | <u>38,488,427</u> |

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

Company

The amounts owing to subsidiary companies are unsecured, non-interest bearing with no fixed terms of repayment and to be settled in cash.

28. Employee information

| | Group | | Company | |
|---|------------------|------------------|------------------|------------------|
| | 2008 | 2007 | 2008 | 2007 |
| | RM | RM | RM | RM |
| Staff costs (including Directors) | | | | |
| Salaries, wages, bonus, overtime, allowances, annual leave pay and other related expenses | 3,811,995 | 3,938,803 | 1,522,724 | 1,333,698 |
| Employees Provident Fund contributions | 295,543 | 260,443 | 131,260 | 105,189 |
| | <u>4,107,538</u> | <u>4,199,246</u> | <u>1,653,984</u> | <u>1,438,887</u> |

Included in staff costs of the Group and of the Company are directors' remuneration amounting to RM1,193,640 (2007 - RM1,240,220) and RM630,880 (2007 - RM677,420) respectively as further disclosed in Note 29.



29. Directors' emoluments

| | Group | | Company | |
|---|------------------|------------------|----------------|----------------|
| | 2008 RM | 2007 RM | 2008 RM | 2007 RM |
| Directors of the Company | | | | |
| Executive: | | | | |
| Salaries and other emoluments | 996,620 | 1,005,620 | 498,620 | 503,120 |
| Employees Provident Fund contributions | 119,520 | 120,600 | 59,760 | 60,300 |
| | <u>1,116,140</u> | <u>1,126,220</u> | <u>558,380</u> | <u>563,420</u> |
| Non-executive: | | | | |
| Allowance | 77,500 | 114,000 | 72,500 | 114,000 |
| Total | <u>1,193,640</u> | <u>1,240,220</u> | <u>630,880</u> | <u>677,420</u> |
| Director of the subsidiary companies | | | | |
| Executive: | | | | |
| Salaries and other emoluments | 498,000 | 502,500 | - | - |
| Employees Provident Fund contributions | 28,080 | - | - | - |
| | <u>526,080</u> | <u>502,500</u> | <u>-</u> | <u>-</u> |

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 | |
|--------------------------|---------------------|------------|
| | 2008 RM | 2007 RM |
| Executive directors: | | |
| RM550,001 – RM600,000 | <u>2</u> | <u>2</u> |
| Non-executive directors: | | |
| Below RM50,000 | 3 | - |
| RM50,001 – RM100,000 | <u>-</u> | <u>2</u> |

30. Segment information

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



Notes to the Financial Statements
– 31 December 2008 (cont'd)

31. 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 | |
|---------------------------------|------------|------------|------------|------------|
| | 2008 RM | 2007 RM | 2008 RM | 2007 RM |
| Subsidiary companies: | | | | |
| Interest receivable on advances | - | - | 1,200,954 | 1,786,125 |
| Rental of equipments | - | - | 16,500 | - |
| Non-group enterprise: | | | | |
| Dividend receivable | 225,000 | 225,000 | 225,000 | 225,000 |
| Rental of premises | 48,000 | 48,000 | 48,000 | 48,000 |
| Sale of motor vehicle | 75,000 | - | 75,000 | - |
| 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 2008 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 29 to the financial statements and the Corporate Governance Statement.

32. Capital commitments

| | Group | | Company | |
|--------------------------------------|------------|------------|------------|------------|
| | 2008 RM | 2007 RM | 2008 RM | 2007 RM |
| Property, plant and equipment | | | | |
| - Approved and contracted for | 269,465 | 375,110 | 92,145 | - |



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 rates.

(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.



Notes to the Financial Statements
– 31 December 2008 (cont'd)

33. Financial instruments (cont'd)

(e) Credit risk

The Group's credit risk is primarily attributable to trade receivables. The Group trades only with recognised and creditworthy customers. It is the Group'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 Group's exposure to bad debts is very minimal. Since the Group trades only with recognised and creditworthy customers, there is no requirement for collateral.

The credit risk of the Group'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 Group 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 cash equivalents 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 values of amounts owing by/to subsidiary companies approximate their carrying amounts as the Company does not anticipate their carrying amounts 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.



Statement of Shareholdings

as at 11 March 2009

STATEMENT OF SHAREHOLDINGS AS AT 11.03.2009

| | | |
|----------------------------------|---|---|
| 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 | 437 | 13.17 | 11,500 | 0.01 |
| 100 – 1,000 | 356 | 10.73 | 251,124 | 0.30 |
| 1,001 – 10,000 | 2,103 | 63.38 | 7,444,281 | 8.84 |
| 10,001 – 100,000 | 385 | 11.60 | 11,826,840 | 14.04 |
| 100,001 – 4,211,655 (*) | 35 | 1.05 | 20,509,943 | 24.35 |
| 4,211,656 and above (**) | 2 | 0.06 | 44,189,442 | 52.46 |
| TOTAL | 3,318 | 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 11.03.2009

| Name of Holder | Holdings | % of Issued Capital |
|---|------------|---------------------|
| 1. Dato Mah Pooi Soo Realty Sdn. Bhd. | 38,222,982 | 45.38 |
| 2. HSBC Nominees (Asing) Sdn. Bhd. Exempt An for Credit Suisse (SG BR-TST-Asing) | 5,966,460 | 7.08 |
| 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 Benevolent 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. Teoh Guan Kok & Co. Sdn. Berhad | 1,180,400 | 1.40 |
| 9. Syarikat Majuperak Berhad | 994,600 | 1.18 |
| 10. Tan Lai Kim (Holdings) Sdn. Bhd. | 957,695 | 1.14 |
| 11. Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Yap Qwee Beng | 843,100 | 1.00 |
| 12. Juwitawan Sdn. Bhd. | 828,400 | 0.98 |
| 13. Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Chin Kiam Hsung | 447,500 | 0.53 |
| 14. Tang King Hua | 350,100 | 0.42 |
| 15. Tan Sri Dato Dr. Tan Lai Kim | 342,300 | 0.41 |
| 16. HLB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Mah Siew Seong | 310,084 | 0.37 |
| 17. Mayban Securities Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Chuah Chaw Song | 300,000 | 0.36 |
| 18. Ken Fruits Sdn. Bhd. | 281,540 | 0.33 |



Statement of Shareholdings
as at 11 March 2009 (cont'd)

THIRTY LARGEST REGISTERED HOLDERS AS AT 11.03.2009 (cont'd)

| Name of Holder | Holdings | % of Issued Capital |
|---|-------------------|---------------------|
| 19. HLG Nominee (Tempatan) Sdn. Bhd. Hong Leong Bank Bhd. For Teoh Liang Huat @ Teoh Lean Huat | 267,400 | 0.32 |
| 20. MKW Jaya Sdn. Bhd. | 250,000 | 0.30 |
| 21. HDM Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Leou Thiam Lai | 220,024 | 0.26 |
| 22. Yeoh Kim Leng | 220,000 | 0.26 |
| 23. Alliancegroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Tan Heng Chew | 200,000 | 0.24 |
| 24. Vensta Co Sdn. Bhd. | 196,480 | 0.23 |
| 25. OSK Nominees (Tempatan) Sdn. Berhad Pledged Securities Account for Koon Yew Yin | 194,000 | 0.23 |
| 26. Lee Wee Thiam | 190,000 | 0.23 |
| 27. Koperasi Angkatan Tentera Malaysia Berhad | 180,000 | 0.21 |
| 28. Nitin Manubhai Amin | 177,000 | 0.21 |
| 29. Dato' Teo Soo Cheng | 175,300 | 0.21 |
| 30. Dato Mah King Seng | 145,264 | 0.17 |
| TOTAL | 63,859,085 | 75.81 |

SUBSTANTIAL SHAREHOLDERS AS AT 11.03.2009

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 | | Deemed Interest | | Total Interest | |
|------------------------------------|-----------------|-------|-----------------|-------|----------------|-------|
| | (A) | % | (B) | % | (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
as at 11 March 2009 (cont'd)

DIRECTORS' INTEREST AS AT 11.03.2009

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 RM1.00 each of the Company and its subsidiary companies are as follows:

MHC PLANTATIONS BHD.

| Name of Director | Direct Interest | | Deemed Interest | | Total Interest | |
|----------------------|-----------------|------|-----------------|-------|----------------|-------|
| | (A) | % | (B) | % | (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 |
| Chan Kam Leong | - | - | 110,000 | 0.13 | 110,000 | 0.13 |

**Subsidiary company
CHAMPION POINT SDN. BHD.**

| Name of Director | Direct Interest | | Deemed Interest | | Total Interest | |
|----------------------|-----------------|------|-----------------|--------|----------------|--------|
| | (A) | % | (B) | % | (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.



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-Ninth Annual General Meeting of the Company, to be held on Wednesday, 29 April 2009 and at any adjournment thereof in the manner indicated below in respect of the following Resolutions:

| Resolution No. | Ordinary Business | For | Against |
|----------------|---|-----|---------|
| 1 | Declaration of a First and Final Dividend | | |
| 2 | Re-election of Directors: Dato' Mah King Thian | | |
| 3 | Mustapha Bin Mohamed | | |
| 4 | Chan Kam Leong | | |
| 5 | Appointment of Auditors and their remuneration | | |
| 6 | Special Business Ordinary Resolution - Authority to Allot and Issue Shares in General Pursuant to Section 132D of the Companies Act, 1965 | | |

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

| | |
|--------------------|--|
| No. of shares held | |
| 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.



2nd fold here

Stamp

The Secretary



MHC Plantations Bhd 4060-V

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

1st fold here



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