



ANNUAL REPORT 2010



汉联机构有限公司
HARN LEN
CORPORATION BHD
(502606-H)



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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Eleventh (11th) Annual General Meeting of Harn Len Corporation Bhd (“Harn Len” or “the Company”) (502606-H) will be held at Meranti Hall, 4th Floor, Johor Tower, 15 Jalan Gereja, 80100 Johor Bahru on Thursday, the 16th day of June, 2011 at 11.30 a.m. for the following purposes:

Ordinary Business:

1. To receive the Audited Financial Statements for the financial year ended 31 December 2010 together with the Reports of the Directors and Auditors thereon. *Please refer to explanatory note 1*
2. To declare a Single Tier Final Dividend of 1.0% for the financial year ended 31 December 2010. **(Resolution 1)**
3. To approve the payment of Directors’ fees for the financial year ended 31 December 2010. **(Resolution 2)**
4. To re-elect Mr Low Kuek Kong, a Director retiring in accordance with Article 84 of the Articles of Association of the Company. **(Resolution 3)**
5. To re-elect Mr Loh Wann Yuan, a Director retiring in accordance with Article 84 of the Articles of Association of the Company. **(Resolution 4)**
6. To re-elect Brig. Jen. (B) Dato’ Ali Bin Hj. Musa, a Director retiring in accordance with Article 84 of the Articles of Association of the Company. **(Resolution 5)**
7. To re-elect Puan Sri Datin Chan Pui Leorn, a Director retiring in accordance with Article 91 of the Articles of Association of the Company. **(Resolution 6)**
8. To consider, and if thought fit, pass the following resolution: **(Resolution 7)**

“That pursuant to Section 129(6) of the Companies Act, 1965, Tan Sri Dato’ Low Nam Hui who is over the age of 70, be re-appointed as a Director of the Company to hold office until the next Annual General Meeting.”
9. To re-appoint the retiring Auditors, Messrs KPMG as Auditors of the Company for the financial year ending 31 December 2011 and to authorise the Directors to fix their remuneration. **(Resolution 8)**

Special Business:

To consider, and if thought fit, pass with or without modification(s), the following Ordinary Resolutions:

10. AUTHORITY TO ALLOT AND ISSUE SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965 **(Resolution 9)**
 (“Authority to allot and issue shares”)

“That pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby authorised to allot and issue shares in the Company from time to time at such price, upon such terms and conditions, for such purposes and to such person or persons whomsoever as the Directors may deem fit provided that the aggregate number of shares so issued pursuant to this resolution in any one financial year 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.”
11. PROPOSED RENEWAL OF SHAREHOLDERS’ MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE WITH SERI CEMERLANG PLANTATION (PAHANG) SDN BHD (“Proposed Shareholders’ Mandate 1”) **(Resolution 10)**



NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

“That, subject always to the Bursa Malaysia Listing Requirements, the Company and/or its subsidiary shall be mandated to enter into the category of recurrent transactions of a revenue or trading nature as specified in Section 2.6 of the Circular dated 24 May 2011 with Seri Cemerlang Plantation (Pahang) Sdn Bhd subject further to the following:-

- (i) the recurrent related party transactions are in the ordinary course of business which are necessary for the day to day operations and are on terms not more favourable than those generally available to the public and are made on an arm's length basis and on normal commercial terms and are not detrimental to the shareholders;
- (ii) disclosure is made in the annual report of the recurrent related party transactions conducted pursuant to the shareholders' mandate during the financial year in the manner required under the Bursa Malaysia Listing Requirements and as set out in Section 2.6 of the Circular dated 24 May 2011;
- (iii) that the shareholders' mandate shall continue in force until:-
 - (a) the date of the next Annual General Meeting of the Company at which such mandate was passed, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
 - (b) the expiration of the period within which the next annual general meeting after that date is required to be held pursuant to section 143(1) of the Companies Act 1965 (but shall not extend to such extension as may be allowed pursuant to section 143(2) of the Companies Act 1965; or
 - (c) revoked or varied by resolution passed by the shareholders on general meeting;whichever is the earlier; and
- (iv) the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution.”

12. PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE WITH PENGANGKUTAN LOW NAM HUI SDN BHD **(Resolution 11)**
("Proposed Shareholders' Mandate 2")

“That, subject always to the Bursa Malaysia Listing Requirements, the Company and/or its subsidiary shall be mandated to enter into the category of recurrent transactions of a revenue or trading nature as specified in Section 2.6 of the Circular dated 24 May 2011 with Pengangkutan Low Nam Hui Sdn Bhd subject further to the following:-

- (i) the recurrent related party transactions are in the ordinary course of business which are necessary for the day to day operations and are on terms not more favourable than those generally available to the public and are made on an arm's length basis and on normal commercial terms and are not detrimental to the shareholders;
- (ii) disclosure is made in the annual report of the recurrent related party transactions conducted pursuant to the shareholders' mandate during the financial year in the manner required under the Bursa Malaysia Listing Requirements and as set out in Section 2.6 of the Circular dated 24 May 2011;
- (iii) that the shareholders' mandate shall continue in force until:-
 - (a) the date of the next Annual General Meeting of the Company at which such mandate was passed, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
 - (b) the expiration of the period within which the next annual general meeting after that date is required to be held pursuant to section 143(1) of the Companies Act 1965 (but shall not extend to such extension as may be allowed pursuant to section 143(2) of the Companies Act 1965; or
 - (c) revoked or varied by resolution passed by the shareholders on general meeting;



NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

whichever is the earlier; and

(iv) the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution."

13. PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE WITH LOW NAM HUI & SONS SDN BHD (Proposed Shareholders' Mandate 3") **(Resolution 12)**

"That, subject always to the Bursa Malaysia Listing Requirements, the Company and/or its subsidiary shall be mandated to enter into the category of recurrent transactions of a revenue or trading nature as specified in Section 2.6 of the Circular dated 24 May 2011 with Low Nam Hui & Sons Sdn Bhd subject further to the following:-

(i) the recurrent related party transactions are in the ordinary course of business which are necessary for the day to day operations and are on terms not more favourable than those generally available to the public and are made on an arm's length basis and on normal commercial terms and are not detrimental to the shareholders;

(ii) disclosure is made in the annual report of the recurrent related party transactions conducted pursuant to the shareholders' mandate during the financial year in the manner required under the Bursa Malaysia Listing Requirements and as set out in Section 2.6 of the Circular dated 24 May 2011;

(iii) that the shareholders' mandate shall continue in force until:-

(a) the date of the next Annual General Meeting of the Company at which such mandate was passed, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;

(b) the expiration of the period within which the next annual general meeting after that date is required to be held pursuant to section 143(1) of the Companies Act 1965 (but shall not extend to such extension as may be allowed pursuant to section 143(2) of the Companies Act 1965; or

(c) revoked or varied by resolution passed by the shareholders on general meeting;

whichever is the earlier; and

(iv) the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution."

14. PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE WITH KANGHUI TRAVEL SDN BHD (Proposed Shareholders' Mandate 4") **(Resolution 13)**

"That, subject always to the Bursa Malaysia Listing Requirements, the Company and/or its subsidiary shall be mandated to enter into the category of recurrent transactions of a revenue or trading nature as specified in Section 2.6 of the Circular dated 24 May 2011 with KangHui Travel Sdn Bhd subject further to the following:-

(i) the recurrent related party transactions are in the ordinary course of business which are necessary for the day to day operations and are on terms not more favourable than those generally available to the public and are made on an arm's length basis and on normal commercial terms and are not detrimental to the shareholders;

(ii) disclosure is made in the annual report of the recurrent related party transactions conducted pursuant to the shareholders' mandate during the financial year in the manner required under the Bursa Malaysia Listing Requirements and as set out in Section 2.6 of the Circular dated 24 May 2011;

(iii) that the shareholders' mandate shall continue in force until:-



NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

- (a) the date of the next Annual General Meeting of the Company at which such mandate was passed, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
 - (b) the expiration of the period within which the next annual general meeting after that date is required to be held pursuant to section 143(1) of the Companies Act 1965 (but shall not extend to such extension as may be allowed pursuant to section 143(2) of the Companies Act 1965; or
 - (c) revoked or varied by resolution passed by the shareholders on general meeting;
- whichever is the earlier; and

(iv) the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution.”

15. PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE WITH ADVANCE PINNACLE SDN BHD (“Proposed Shareholders' Mandate 5”) **(Resolution 14)**

“That, subject always to the Bursa Malaysia Listing Requirements, the Company and/or its subsidiary shall be mandated to enter into the category of recurrent transactions of a revenue or trading nature as specified in Section 2.6 of the Circular dated 24 May 2011 with Advance Pinnacle Sdn Bhd subject further to the following:-

- (i) the recurrent related party transactions are in the ordinary course of business which are necessary for the day to day operations and are on terms not more favourable than those generally available to the public and are made on an arm's length basis and on normal commercial terms and are not detrimental to the shareholders;
- (ii) disclosure is made in the annual report of the recurrent related party transactions conducted pursuant to the shareholders' mandate during the financial year in the manner required under the Bursa Malaysia Listing Requirements and as set out in Section 2.6 of the Circular dated 24 May 2011;

(iii) that the shareholders' mandate shall continue in force until:-

- (a) the date of the next Annual General Meeting of the Company at which such mandate was passed, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
- (b) the expiration of the period within which the next annual general meeting after that date is required to be held pursuant to section 143(1) of the Companies Act 1965 (but shall not extend to such extension as may be allowed pursuant to section 143(2) of the Companies Act 1965; or
- (c) revoked or varied by resolution passed by the shareholders on general meeting;

whichever is the earlier; and

(iv) the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution.”

16. PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE WITH ORIGINAL GIFT SDN BHD (“Proposed Shareholders' Mandate 6”) **(Resolution 15)**

“That, subject always to the Bursa Malaysia Listing Requirements, the Company and/or its subsidiary shall be mandated to enter into the category of recurrent transactions of a revenue or trading nature as specified in Section 2.6 of the Circular dated 24 May 2011 with Original Gift Sdn Bhd subject further to the following:-



NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

- (i) the recurrent related party transactions are in the ordinary course of business which are necessary for the day to day operations and are on terms not more favourable than those generally available to the public and are made on an arm's length basis and on normal commercial terms and are not detrimental to the shareholders;
- (ii) disclosure is made in the annual report of the recurrent related party transactions conducted pursuant to the shareholders' mandate during the financial year in the manner required under the Bursa Malaysia Listing Requirements and as set out in Section 2.6 of the Circular dated 24 May 2011;
- (iii) that the shareholders' mandate shall continue in force until:-
 - (a) the date of the next Annual General Meeting of the Company at which such mandate was passed, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
 - (b) the expiration of the period within which the next annual general meeting after that date is required to be held pursuant to section 143(1) of the Companies Act 1965 (but shall not extend to such extension as may be allowed pursuant to section 143(2) of the Companies Act 1965; or
 - (c) revoked or varied by resolution passed by the shareholders on general meeting;whichever is the earlier; and
- (iv) the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution."

17. PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE WITH HORN LERN PLANTATION SDN BHD **(Resolution 16)**
("Proposed Shareholders' Mandate 7")

"That, subject always to the Bursa Malaysia Listing Requirements, the Company and/or its subsidiary shall be mandated to enter into the category of recurrent transactions of a revenue or trading nature as specified in Section 2.6 of the Circular dated 24 May 2011 with Horn Lern Plantation Sdn Bhd subject further to the following:-

- (i) the recurrent related party transactions are in the ordinary course of business which are necessary for the day to day operations and are on terms not more favourable than those generally available to the public and are made on an arm's length basis and on normal commercial terms and are not detrimental to the shareholders;
- (ii) disclosure is made in the annual report of the recurrent related party transactions conducted pursuant to the shareholders' mandate during the financial year in the manner required under the Bursa Malaysia Listing Requirements and as set out in Section 2.6 of the Circular dated 24 May 2011;
- (iii) that the shareholders' mandate shall continue in force until:-
 - (a) the date of the next Annual General Meeting of the Company at which such mandate was passed, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
 - (b) the expiration of the period within which the next annual general meeting after that date is required to be held pursuant to section 143(1) of the Companies Act 1965 (but shall not extend to such extension as may be allowed pursuant to section 143(2) of the Companies Act 1965; or
 - (c) revoked or varied by resolution passed by the shareholders on general meeting;whichever is the earlier; and
- (iv) the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution."

18. To transact any other matter for which due notice shall have been given in accordance with the Company's Articles of Association and the Companies Act, 1965



NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

NOTICE OF ENTITLEMENT DATE AND DIVIDEND PAYMENT

NOTICE IS ALSO HEREBY GIVEN THAT the proposed Single Tier Final Dividend of 1.0% in respect of the financial year ended 31 December 2010, if approved, will be paid on Tuesday, 12 July 2011 to depositors registered in the Record of Depositors at the close of business on 17 June 2011.

A depositor shall qualify for entitlement only in respect of: .

- (a) Shares transferred into the Depositor's Securities Account before 4.00 p.m. on 17 June 2011 in respect of ordinary transfers; and
- (b) Shares bought on the Bursa Securities on a cum entitlement basis according to the Rules of Bursa Securities.

By Order of the Board

Woo Min Fong (MAICSA No : 0532413)
Fong Siew Kim (MAICSA No : 7022188)
Company Secretaries

Johor Bahru
24 May 2011



Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company.
2. A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same Meeting.
3. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
4. Where a member is an authorized nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
5. Where the Proxy Form is executed by a corporation, it must be either under its Common Seal or under the hand of its attorney duly authorised.
6. The Proxy Form must be deposited with the Company Secretary at the Registered Office, 6th Floor, Johor Tower, 15, Jalan Gereja, 80100 Johor Bahru, Johor, not less than 48 hours before the time set for the Meeting.
7. **Explanatory Notes**

Ordinary Business:

1. This Agenda is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 and the Articles of Association of the Company does not require a formal approval of the Shareholders. Hence, this Agenda is not put forward for voting.



NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

Special Business:
- Ordinary Resolutions

Resolution 9 – Authority to allot and issue shares

The Company had during its 10th Annual General Meeting held on 18 June 2010, obtained its shareholders' approval for the general mandate for issuance of shares pursuant to Section 132D of the Companies Act, 1965 ("the Act"). The Company did not issue any shares pursuant to this mandate obtained.

This ordinary resolution 9 proposed under Agenda 10 is a renewal of the general mandate for issuance of shares by the Company under Section 132D of the Act. The ordinary resolution 9, if passed, will empower the Directors to allot and issue shares in the Company up to an amount not exceeding in total ten per centum (10%) of the issued share capital of the Company for such purposes as the Directors consider would be in the interest of the Company. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next AGM. The renewal of the general mandate is to provide flexibility to the Company to issue new securities without the need to convene separate general meeting to obtain its shareholders' approval so as to avoid incurring additional cost and time. The purpose of this general mandate is for possible fund raising exercise including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital, repayment of bank borrowings, acquisitions and/or for issuance of shares as settlement of purchase consideration.

Resolution 10, 11, 12, 13, 14, 15 & 16 – Proposed Shareholders Mandate 1, 2, 3, 4, 5, 6 & 7

The Ordinary Resolutions 10, 11, 12, 13, 14, 15 & 16 proposed in Agenda 11, 12, 13, 14, 15, 16 & 17 above, if passed, will renew the mandates for the Company and/or its subsidiaries to enter into the categories of recurrent transactions of a revenue or trading nature with Seri Cemerlang Plantation (Pahang) Sdn Bhd, Pengangkutan Low Nam Hui Sdn Bhd, Low Nam Hui & Sons Sdn Bhd, KangHui Travel Sdn Bhd, Advance Pinnacle Sdn Bhd, Original Gift Sdn Bhd and Horn Lern Plantation Sdn Bhd respectively as specified in Section 2.6 of the Circular to Shareholders dated 24 May 2011, which is sent out together with the Company's Annual Report 2010. The mandates shall continue in force until the date of the next Annual General Meeting of the Company unless earlier revoked or varied by ordinary resolution of the Company in a general meeting and is subject to renewal.





STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

1. Director who is standing for re-appointment at the 11th Annual General Meeting of Harn Len Corporation Bhd ("the Company"):

- Tan Sri Dato' Low Nam Hui

Directors who are standing for re-election by rotation at the 11th Annual General Meeting of the Company pursuant to Article 84 of the Company's Articles of Association:

- Mr Low Kuek Kong
- Mr Loh Wann Yuan
- Brig. Jen. (B) Dato' Ali Bin Hj. Musa

Director who is standing for re-election at the 11th Annual General Meeting of the Company pursuant to Article 91 of the Company's Articles of Association:

- Puan Sri Datin Chan Pui Leorn

2. Detail of attendance of Directors at Board Meetings

* Please refer to Statement of Corporate Governance on page 18 of the Annual Report 2010

3. Eleventh (11th) Annual General Meeting of Harn Len Corporation Bhd

Place : Meranti Hall, 4th Floor, Johor Tower, 15 Jalan Gereja, 80100 Johor Bahru

Date and Time : Thursday, 16 June 2011 at 11.30 a.m.

4. Securities holdings in the Company by the directors standing for re-election and re-appointment

The Directors' shareholdings as at 26 April 2011:

No.	Name Of Directors	Direct		Deemed interest in shares	
		No. of shares	%	No. of shares	%
1.	Mr Low Kuek Kong	-	-	128,459,708 ⁽¹⁾	69.26
2.	Mr Loh Wann Yuan	1	0	-	-
3.	Brig. Jen. (B) Dato' Ali Bin Hj. Musa	-	-	-	-
4.	Puan Sri Datin Chan Pui Leorn	500,000	0.27	127,959,708 ⁽²⁾	68.99
5.	Tan Sri Dato' Low Nam Hui	-	-	128,459,708 ⁽¹⁾	69.26

Note:-

**(1) Deemed interested in the shares held by Low Nam Hui United Holdings Sdn Bhd, Low Nam Hui & Sons Sdn Bhd, LNH Enterprise Sdn Bhd, Seri Cemerlang Plantation (Pahang) Sdn Bhd and Yong Yaow Properties Sdn Bhd and the shares held by his immediate family members Puan Sri Datin Chan Pui Leorn, Low Quek Kiong, Low Kok Yong and Low Siew Eng pursuant to Section 6A of the Companies Act, 1965.*

**(2) Deemed interested in the shares held by Low Nam Hui United Holdings Sdn Bhd, Low Nam Hui & Sons Sdn Bhd, LNH Enterprise Sdn Bhd, Seri Cemerlang Plantation (Pahang) Sdn Bhd and Yong Yaow Properties Sdn Bhd and the shares held by her immediate family members Low Quek Kiong, Low Kok Yong and Low Siew Eng pursuant to Section 6A of the Companies Act, 1965.*

5. Profile of Directors standing for re-election and re-appointment

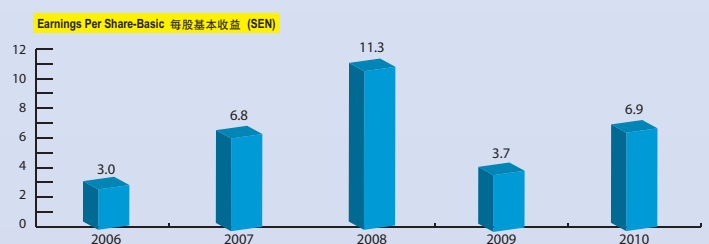
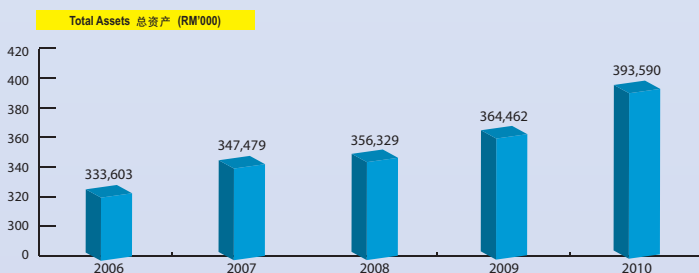
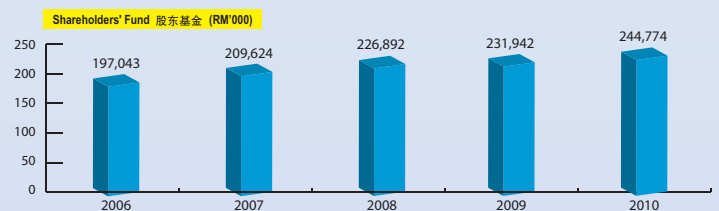
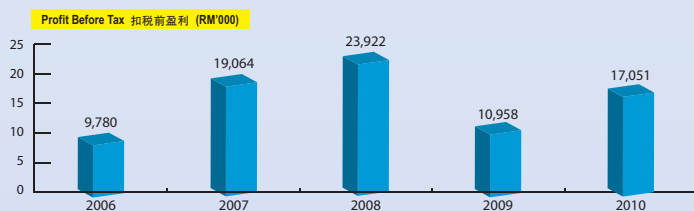
* Please refer to the section on profile of Directors on page 12 to 14 of the Annual Report 2010





5 YEARS KEY STATISTICS

	Units	2010	2009	2008	2007	2006
FINANCIAL PERFORMANCE						
Revenue	(RM'000)	131,487	103,078	137,528	101,067	70,903
Profit From Operations	(RM'000)	24,001	17,100	29,804	24,766	14,997
Profit Before Tax	(RM'000)	17,051	10,958	23,922	19,064	9,780
Taxation	(RM'000)	6,253	5,974	3,557	6,434	4,320
Net Profit	(RM'000)	10,876	4,984	20,365	12,630	5,460
Shareholders' Fund	(RM'000)	244,774	231,942	226,892	209,624	197,043
Total Assets	(RM'000)	393,590	364,462	356,329	347,479	333,603
Earnings Per Share-Basic	Sen	6.9	3.7	11.3	6.8	3.0
Net Tangible Assets Per Share	RM	1.32	1.25	1.18	1.09	1.02
ESTATES						
<u>Planted area</u>						
Mature	(ha)	12,341	12,603	11,957	9,367	8,342
Immature	(ha)	1,941	1,622	1,859	4,131	5,506
Total Planted Area	(ha)	14,282	14,225	13,816	13,498	13,848
<u>FFB Production</u>						
Yield Per Mature Hectare	(mt/ha)	11.905	13.085	13.543	14.182	17.968
<u>MILLS</u>						
<u>FFB Processed</u>						
Own FFB	(mt)	46,275	68,842	80,390	68,791	87,082
Outside FFB	(mt)	65,066	53,797	55,340	47,468	49,833
Total	(mt)	111,341	122,639	135,730	116,259	136,915
<u>Production</u>						
Crude Palm Oil	(mt)	21,800	24,548	27,191	23,588	27,485
Palm Kernel	(mt)	6,037	6,802	7,822	6,447	7,772
<u>Extraction Rate</u>						
Crude Palm Oil Extraction Rate	(%)	19.57	20.00	20.04	20.28	19.83
Palm Kernel Extraction Rate	(%)	5.36	5.56	5.78	5.58	5.78
<u>Average Selling Prices (Nett)</u>						
Crude Palm Oil	(RM/mt)	2,713	2,102	2,808	2,319	1,488
Palm Kernel	(RM/mt)	1,770	1,098	1,651	1,420	888





CORPORATE INFORMATION



汉联机构有限公司

HARN LEN CORPORATION BHD (502606-H)



From left to right:

Low Kwek Lee, Loh Wann Yuan, Brig. Jen. (B) Dato' Ali Bin Hj. Musa, Low Kueck Shin, Puan Sri Datin Chan Pui Leorn, Tan Sri Dato' Low Nam Hui, Low Quek Kiong, Lee Chon Sing, Law Piang Woon, Low Kuek Kong

BOARD OF DIRECTORS

Tan Sri Dato' Low Nam Hui	<i>(Executive Chairman)</i>
Puan Sri Datin Chan Pui Leorn	<i>(Executive Director)</i>
Mr Low Quek Kiong	<i>(Executive Director)</i>
Mr Low Kueck Shin	<i>(Executive Director)</i>
Mr Low Kwek Lee	<i>(Executive Director)</i>
Mr Low Kuek Kong	<i>(Executive Director)</i>
Mr Lee Chon Sing	<i>(Executive Director)</i>
Mr Loh Wann Yuan	<i>(Senior Independent Non Executive Director)</i>
Brig. Jen. (B) Dato' Ali Bin Hj. Musa	<i>(Independent Non Executive Director)</i>
Mr Law Piang Woon	<i>(Independent Non Executive Director)</i>

AUDIT COMMITTEE

Mr Loh Wann Yuan (Chairman)
Brig. Jen. (B) Dato' Ali Bin Hj. Musa
Mr Law Piang Woon

REGISTERED OFFICE / BUSINESS ADDRESS

6th Floor, Johor Tower
15 Jalan Gereja
80100 Johor Bahru
Telephone : 07-2221777
Facsimile : 07-2249213

SECRETARIES

Ms Fong Siew Kim (MAICSA No. 7022188)
Ms Woo Min Fong (MAICSA No. 0532413)

SHARE REGISTRAR

Messrs Tricor Investor Services Sdn Bhd
Level 17, The Gardens North Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur
Telephone No : 03 - 22643883
Facsimile No : 03 - 22821886

AUDITORS

Messrs KPMG
Chartered Accountants
Level 14, Menara Ansar
80000 Johor Bahru
Johor, Malaysia

PRINCIPAL BANKERS

OCBC Bank (Malaysia) Berhad
The Bank of Nova Scotia Berhad
Public Bank Berhad
HSBC Bank Malaysia Berhad

STOCK EXCHANGE

Main Market of Bursa Malaysia Securities Berhad
("Bursa Malaysia")

WEBSITE

[http : //harnlen.com.my](http://harnlen.com.my)



PROFILE OF DIRECTORS



TAN SRI DATO' LOW NAM HUI
EXECUTIVE CHAIRMAN, NON-INDEPENDENT

Tan Sri Dato' Low Nam Hui, aged 93, a Malaysian, was appointed to the Board of Harn Len on 25 February, 2003 and was subsequently appointed the Executive Chairman on 1 August 2003. Currently, he is also the Chairman and Managing Director of Low Nam Hui Group of Companies ("LNH Group"). An entrepreneur, immediately after the Second World War, he started off as a timber trader and then ventured into transportation, sawmilling, plywood manufacturing, oil palm plantations and palm oil mill operations, property development and hotel operations.

Apart from his directorship in the Company, he does not hold any directorship in other listed companies in Malaysia. He holds directorship in several private limited companies.

Tan Sri Dato' Low is the Honorary Adviser to the Johor Bahru Chinese Chamber of Commerce and Industry, Johore Associated Chinese Chamber of Commerce and Industry and The Associated Chinese Chambers of Commerce and Industry of Malaysia.

Tan Sri Dato' Low is the spouse of Puan Sri Datin Chan Pui Leorn and the parent of Mr Low Quek Kiong, Mr Low Kueck Shin, Mr Low Kwek Lee and Mr Low Kuek Kong who are all directors of the Company. He is a substantial shareholder of the Company by virtue of his indirect interest in shareholdings held by his family-owned companies. He is deemed interested in related party transactions carried out in the ordinary course of business between the Company and his family-owned companies which details are found in Note 31 of the Financial Statements.



PUAN SRI DATIN CHAN PUI LEORN
NON-INDEPENDENT, EXECUTIVE

Puan Sri Datin Chan Pui Leorn, aged 52, a Malaysian, was appointed to the Board of Harn Len as an Executive Director on 1 March, 2011. Puan Sri Datin Chan was a Manager of Ulu Tiram Transport Company and Lama Trading Company from 1978 and 1983. She has vast experience in the transportation and logistics business, property management, administrative work and corporate planning.

Apart from her directorship in the Company, she does not hold any directorship in other listed companies in Malaysia. She holds directorship in several private limited companies.

Puan Sri Datin Chan is the spouse of Tan Sri Dato' Low and the parent of Mr Low Quek Kiong, Mr Low Kueck Shin, Mr Low Kwek Lee and Mr Low Kuek Kong who are all directors of the Company. Puan Sri Datin Chan is a substantial shareholder of the Company by virtue of her direct and indirect interest in shareholdings held by her family-owned companies. She is deemed interested in related party transactions carried out in the ordinary course of business between the Company and her family-owned companies which details are found in Note 31 of the Financial Statements.



LOW QUEK KIONG
NON-INDEPENDENT, EXECUTIVE

Low Quek Kiong ("Low QK"), aged 59, a Malaysian, was appointed to the Board of Harn Len on 25 February, 2003 and was subsequently appointed the Executive Director on 1 August 2003. He joined his family-owned business which have major interest in logging, transportation, sawmilling, plywood manufacturing, oil palm plantations and palm oil mill operations, property development and hotel operations after completing his education in the early 1970s and has gained invaluable business experience.

Apart from his directorship in the Company, he does not hold any directorship in other listed companies in Malaysia. He holds directorship in several private limited companies.

Mr Low QK is the son of Tan Sri Dato' Low and the sibling of Mr Low Kueck Shin, Mr Low Kwek Lee and Mr Low Kuek Kong who are all directors of the Company. Mr Low QK is a substantial shareholder of the Company by virtue of his direct and indirect interest in shareholdings held by his family-owned companies. He is deemed interested in related party transactions carried out in the ordinary course of business between the Company and his family-owned companies which details are found in Note 31 of the Financial Statements.



PROFILE OF DIRECTORS (Cont'd)



LOW KUECK SHIN

NON-INDEPENDENT, EXECUTIVE

Low Kueck Shin ("Low KS"), aged 54, a Malaysian, was appointed to the Board of Harn Len on 25 February, 2003 and was subsequently appointed the Executive Director on 1 August 2003. Mr Low KS obtained his Higher National Diploma in Business Studies from Croydon Technical College, London, England. He has more than 25 years experience in the oil palm plantation business.

Apart from his directorship in the Company, he does not hold any directorship in other listed companies in Malaysia. He holds directorship in several private limited companies.

Besides his involvement in Harn Len, Mr Low KS is the Vice-President of Johor Bahru Chinese Chamber of Commerce and Industry and the Deputy Chairman of the Working Committee (Agricultural & Primary Industry) of The Associated Chinese Chambers of Commerce and Industry of Malaysia.

Mr Low KS is the son of Tan Sri Dato' Low and the sibling of Mr Low Quek Kiong, Mr Low Kwek Lee and Mr Low Kuek Kong who are all directors of the Company. Mr Low KS is a substantial shareholder of the Company by virtue of his indirect interest in shareholdings held by his family-owned companies. He is deemed interested in related party transactions carried out in the ordinary course of business between the Company and his family-owned companies which details are found in Note 31 of the Financial Statements.



LOW KWEK LEE

NON-INDEPENDENT, EXECUTIVE

Low Kwek Lee ("KL Low"), aged 52, a Malaysian, was appointed to the Board of Harn Len on 25 February, 2003 and was subsequently appointed the Executive Director on 1 August 2003.

Mr KL Low obtained his Higher National Diploma in Business Studies from Brighton Technical College, London, England in 1980 and is an associate member of Institut Pengurusan Malaysia (MIM) since 1991. He joined his family-owned diversified business with major interests in logging, transportation, sawmilling, plywood manufacturing, oil palm plantations and palm oil mill operations and hotel operations after completing his education.

Apart from his directorship in the Company, he does not hold any directorship in other listed companies in Malaysia. He holds directorship in several private limited companies.

Mr KL Low is the son of Tan Sri Dato' Low and the sibling of Mr Low Quek Kiong, Mr Low Kueck Shin and Mr Low Kuek Kong who are all directors of the Company. Mr KL Low is a substantial shareholder of the Company by virtue of his indirect interest in shareholdings held by his family-owned companies. He is deemed interested in related party transactions carried out in the ordinary course of business between the Company and his family-owned companies which details are found in Note 31 of the Financial Statements.



LOW KUEK KONG

NON-INDEPENDENT, EXECUTIVE

Low Kuek Kong ("Low KK"), aged 44, a Malaysian, was appointed to the Board of Harn Len on 25 February, 2003 and was subsequently appointed the Executive Director on 1 August 2003. Mr Low KK graduated with a Degree in Economics in 1993. Prior to joining his family-owned transportation business in 1996, he was a Production Manager in an electronics firm.

Apart from his directorship in the Company, he does not hold any directorship in other listed companies in Malaysia. He holds directorship in several private limited companies.

Mr Low KK is the son of Tan Sri Dato' Low and the sibling of Mr Low Quek Kiong, Mr Low Kueck Shin and Mr Low Kwek Lee who are all directors of the Company. Mr Low KK is a substantial shareholder of the Company by virtue of his indirect interest in shareholdings held by his family-owned companies. He is deemed interested in related party transactions carried out in the ordinary course of business between the Company and his family-owned companies which details are found in Note 31 of the Financial Statements.



PROFILE OF DIRECTORS (Cont'd)



LEE CHON SING
NON-INDEPENDENT, EXECUTIVE

Lee Chon Sing, aged 69, a Malaysian, was appointed to the Board of Harn Len on 15 April 2002 and was subsequently appointed the Group General Manager of Harn Len on 1 August, 2003. He is a member of the Remuneration Committee. He graduated from Nanyang University, Singapore with a Degree in Economics in 1965. He joined the LNH Group in 1966 and was the General Manager of LNH Group until July 2003.

Mr Lee is not related to any director or substantial shareholder of Harn Len. Apart from his directorship in the Company, he does not hold any directorship in other listed companies in Malaysia.

Mr Lee does not have any conflict of interest in any business arrangement involving the Company.



LOH WANN YUAN
SENIOR INDEPENDENT, NON-EXECUTIVE

Loh Wann Yuan, aged 42, a Malaysian, was appointed to the Board of Harn Len on 15 April 2002. Mr Loh is the Chairman of Audit Committee and Nomination Committee and also sits on the Remuneration Committee. He was appointed the Senior Independent Director on 27 August, 2009.

Mr Loh is not related to any director or substantial shareholder of Harn Len. Apart from his directorship in the Company, he does not hold any directorship in other listed companies in Malaysia.

Mr Loh graduated from University of London with a Bachelor of Law Degree and Masters in Law. He was admitted and enrolled as an advocate and solicitor of the High Court of Malaya in 1994 with experience in conveyancing, commercial and corporate laws.

Mr Loh is not related to any director or substantial shareholder of Harn Len.

Mr Loh does not have any conflict of interest in any business arrangement involving the Company.



BRIG. JEN. (B) DATO' ALI BIN HJ MUSA
INDEPENDENT, NON-EXECUTIVE

Brig. Jen. (B) Dato' Ali Bin Hj Musa ("Dato' Ali"), aged 68, a Malaysian, was appointed to the Board of Harn Len on 25 February, 2003. Dato' Ali is the Chairman of the Remuneration Committee and also sits on the Audit and Nomination Committee.

Dato' Ali was an officer in the Malaysian Armed Forces until his retirement in July 1997. During his service as Brigadier General he commanded an infantry Brigade in Kelantan with up to 6,000 men and handled materials worth millions of ringgit.

Dato' Ali is not related to any director or substantial shareholder of Harn Len. Apart from his directorship in the Company, he does not hold any directorship in other listed companies in Malaysia. He is a director of several private limited companies.

Dato' Ali does not have any conflict of interest in any business arrangement involving the Company.



LAW PIANG WOON
INDEPENDENT, NON-EXECUTIVE

Law Piang Woon, aged 69, a Malaysian, was appointed to the Board of Harn Len on 5 August 2003. He is currently a member of the Audit Committee and Nomination Committee. He holds a Bachelor of Commerce (Accountancy) Degree and is currently practicing as a Public Accountant. Apart from his qualification as a Chartered Accountant of Malaysia, he holds various qualifications including Certified Public Accountant (Australia), Certified Public Accountant (Singapore), Fellow of Chartered Tax Institute of Malaysia (FCTIM) and Fellow of the Association of Chartered Certified Accountants (FCCA).

Mr Law is also an Independent Non-Executive Director of White Horse Berhad, a company listed on the Main Market of Bursa Malaysia Securities Berhad

He is not related to any director or substantial shareholder of Harn Len.

Mr Law does not have any conflict of interest in any business arrangement involving the Company.



CHAIRMAN'S STATEMENT



TAN SRI DATO' LOW NAM HUI
EXECUTIVE CHAIRMAN

Introduction

On behalf of the Board of Directors, I am pleased to present the 8th Annual Report and Financial Statements of the Group and the Company, Harn Len Corporation Bhd ("Harn Len") for the Financial Year ended 31 December 2010.

Financial Performance

The Revenue and Profit Before Tax ("PBT") of the Group were at RM131,486,760 and RM17,051,159 respectively for the financial year 2010 compared to RM103,077,561 and RM10,957,739 respectively for the financial year 2009.

The increase by 28% and 56% in Revenue and PBT respectively compared to the financial year 2009 were mainly attributed to the significantly higher prices of Fresh Fruit Bunches (FFB), Palm Kernel (PK) and Crude Palm Oil (CPO).

However, FFB production decreased by 11% compared to 2009. Although more acreages became available for harvesting in the Sarawak estates, crop production was lower mainly due to the replanting at the Pahang estates.

Dividend

The Board is recommending a Single Tier Final Dividend of 1% for the financial year ended 31 December 2010.

Corporate and Operational Developments

- On 17 May 2010, the Company's 100% owned subsidiary, Premium Dragon Sdn Bhd ("PDSB") had entered into a Supplemental Agreement in relation to the Joint Venture Agreement dated 3 September, 2004 entered between PDSB and Pelita Holdings Sdn Bhd (Pelita) to develop an additional land area described as Semada Block, Simunjan, Sarawak containing a gross area of 1,135 hectares into oil palm plantation;
- The Company has completed the acquisition of the entire equity interest in Gemilang Bumimas Sdn Bhd. ("GBSB") which owned three (3) parcels of agricultural land in Sarawak with a total area of 1,223 hectares on 31 May, 2010;
- The joint venture development with Pelita and the acquisition of GBSB had given an opportunity for the further expansion of the Group's land bank for oil palm plantation development in Sarawak in addition to its existing estates. Development work had commenced in both the Semada Block and GBSB;
- The Sarawak's estates operation, especially Masranti Plantation has started to produce good operating results. The construction of the Masranti Oil Mill which has commenced in September, 2009 is scheduled to be completed and commissioned in mid 2011. The Group's oil mill at Masranti Plantation hope to be self-sufficient with its own supplies of FFB, with the increased acreage from the new acquisition and joint venture development;
- The replanting programme at the Senang Estate and Lian Hup Estate in Pahang is still ongoing. To date, 2,400 hectares have been replanted out of a total acreage of 4,241 hectares in the Pahang estates;
- The Company has completed the purchase from Nusantara Bakti Sdn Bhd of the five (5) units of shophouses situated on freehold land and located along Jalan Ngee Heng, Johor Bahru, within the Central Business District of Johor Bahru. Prominent commercial buildings within its immediate areas include Menara Landmark and the Wisma Maria Medical centre and Johor Tower, a commercial complex cum hotel building owned by the Group. The five (5) units of shophouses would be refurbished and would be up for rent. With its proximity to Maria Medical Centre which has space constraint, the Group is confident that there will be demand from the medical fraternity.



CHAIRMAN'S STATEMENT (Cont'd)

From the Property Report on Iskandar Development Region (IDR), the first phase of Malaysia's Super Economic Corridor development in Iskandar Malaysia, the southern tip of the country near Singapore, is set to begin in 2012. According to the Iskandar Regional Development Authority (IRDA), the toll free coastal highway infrastructure is expected to complete before the end of 2011. With the completion, it hopes to shorten travelling time by half from city to Nusajaya. On the otherhand, the completion of the key infrastructure and major developments such as Johor Premium Outlets, Legoland and Educity will be by early next year. In addition, the introduction of new routes from Johor Bahru to various parts of Malaysia by Firefly is anticipated to boost the Group's hotel business with expected increased tourist arrivals around the vicinity.

Prospects

The financial performance for the Group for the forthcoming year will again largely depend on the outlook for the oil palm industry.

The Malaysian Oil Palm Industry recorded mixed performance in 2010. Lower crude palm oil (CPO) production and higher exports pushed palm oil stocks down to 1.62 million tonnes. Tight vegetable oil supplies and high crude oil prices during the year pushed palm oil price from a comfortable level of RM2,500 per metric tonne in the first half of the year to more than RM3,000 per metric tonne towards the end of the year.

CPO price will remain high because of strong demands from consuming countries. Whilst CPO price is expected to be high, the cost increases for fuel, electricity, transport and fertilizers may have an impact on the profits of the Group for the coming year. The plantation industry is currently facing a shortage of workers hampering FFB production coupled with both dry and wet weather, as well as the on-going replanting programmes in the Pahang estates.

The long term outlook for the palm oil industry in Malaysia remains good. Our group will continue to strengthen and expand in oil palm areas, palm oil mills and business related to oil palm.

The Board is optimistic that the Group's expanding plantations and continual emphasis on improving yields and extraction rates from its existing plantations will contribute positively to the Group's earnings.

Appreciation

On behalf of the Board of Directors, I wish to express my sincere appreciation to the management and staff at all levels for their continuing efforts and dedicated services and commitment to the Group and to our valued customers, business associates, suppliers and government authorities for their co-operation and continued support.

Finally, I wish to thank my fellow Board members for their wise counsel, guidance and contribution to the Group and to the shareholders for their confidence and support throughout the year.

TAN SRI DATO' LOW NAM HUI

Executive Chairman

28 April 2011



主席献词

简介

本人谨此代表汉联机构公众有限公司（汉联）董事局向全体股东提呈第八届常年报告书，公司在过去一年截至2010零年12月31日财政年度表现及业绩的回顾以及对未来展望的评估。

财务表现

在截至2010年的财政年度里，汉联集团的总营业额和课税前盈利分别增长了28巴仙和56巴仙。营业额达至131,486,760令吉，这比2009年年度的103,077,561令吉有显著的增加。课税前盈利也从10,957,739令吉增至17,128,884令吉。良好业绩的主要因素为鲜果串、棕榈仁及原棕油取得显著更高的价格。然而，鲜果串的产量却与2009年相比减少了11巴仙。虽然在沙劳越州能收割的油棕园有增加，可是，公司的生产却受到彭亨州老园坵的翻种计划影响而导致显著地下降。

股息

董事部建议于本财政年度派发截至2010年12月31日之单层面1.0巴仙终期股息。

企业及业务发展

在本回顾年度内，本集团进行以下的企业发展：

- 2010年5月17日，汉联机构的全资子公司，金龙（Premium Dragon）有限公司（“PDSB”）针对于2004年9月3日与保利达控股（Pelita Holdings）私人有限公司（“Pelita”）签署之合资协议，订立了一份补充协议去开发处于沙劳越州，Simunjan, Semada Block的额外1,135公顷的油棕种植地。
- 2010年5月31日，汉联机构也完成了其全面收购金光有限公司（Gemilang Bumimas）（“GBSB”）之资产程序。此子公司在沙劳越州共拥有占地1,233公顷的三段农业地。
- 汉联机构继与保利达（Pelita）签署之合资协议以及金光有限公司（GBSB）的收购之后，进一步扩大其在沙劳越州的油棕种植园坵。Semada Block 和金光有限公司（GBSB）之园坵种植工作已经开始展开。
- 沙劳越州内的园坵都已开始有良好的业绩，尤其是金山园坵（Masranti）最出色。该金山园坵（Masranti）棕油厂建设工程已在2009年9月展开，并预计将于2011年年中建成并投入生产。汉联机构扩大了其油棕种植园坵之后，将有能力供应足够的棕果给金山园坵（Masranti）棕油厂生产。
- 在彭亨州内的新兰园坵（Senang Estate）与联合园坵（Lian Hup Estate）翻种计划仍在进行中。迄今为止，彭亨州总面积4,241公顷的园坵里，已经翻种的面积占了2,400公顷。
- 汉联机构已经完成了收购努山达拉葩堤（Nusantara Bakti）私人有限公司的五间位于新山市中央商务区的义兴路地段永久地契店屋。此产业毗邻著名商业建筑如Landmark 大厦（Menara Landmark）、玛丽亚医疗中心（Wisma Maria Medical centre）及本集团拥有的商业大楼暨酒店大楼 – 柔佛大厦（Johor Tower）。本集团将把该五间店屋装修后租出去。玛丽亚医疗中心有限的空间，该五间店屋凭借其毗邻玛丽亚医疗中心占有优势，本集团有信心将能应付医疗界的需求。根据物业报告，马来西亚近南端与新加坡毗邻的依斯干达超级经济走廊发展区，第一阶段将于2012年启步运行。依斯干达区域发展局（IRDA）预计免收费的沿海公路基础设施将在2011年底前竣工。该工程完成之后，由市区开车至努沙再也（Nusajaya）的时间能缩短一半。另一方面，其他关键的基础设施如柔佛名牌销售区、乐高乐园和教育城等重大发展将于明年年初完成。此外，飞萤航空公司增加来往印尼与马来西亚各地与新山的航线将促进游客到访的流量，预计有望带动本集团的酒店业务。

展望

本集团未来一年的财务表现将再次的在很大的程度上受到油棕业的前景所影响。在2010年里，马来西亚的油棕业表现不一。原棕油生产偏低与出口增加推动棕油库存下降至162万吨。紧缩的菜油供应及高企原油价格把每公吨的棕油推高，从今年上半年的2,500令吉至年底的超过3,000令吉。由于消费国家的高需求，原棕油的价格将会保持偏高。虽然原棕油价格预计偏高，然而，本集团的来年营业利润预测会受到成本增加的影响，例如更高的燃料费，电力，运输以及化肥等。目前，种植业正面临工人短缺，天气变化和彭亨州内的种植计划等问题，阻碍和减少鲜果的生产。马来西亚棕油业的长远前景仍然良好。本集团将继续加强和扩大油棕领域，棕油厂设备以及与油棕相关的业务。汉联集团不断的扩大种植业务和增加生产量并提高产率，董事局对集团保持乐观态度及预料将从这些活动中取得正面贡献。

致意

本人谨代表全体董事局成员，对管理层及员工们持续为公司之努力不懈付出致以万分谢意；同时也衷心感激我们的客户、商业伙伴、供应商及有关当局的持续支持。最后，对于本机构的全体董事在这一年间向公司提出的很多建设性的忠告，以致公司与股东们从中得益不少。我谨此致万分之谢意。

丹斯里拿督刘南辉局绅
执行主席

誌期：2011年4月28日



STATEMENT ON CORPORATE GOVERNANCE

The Malaysian Code of Corporate Governance (Revised October 2007) (“the Code”) sets out the principles and best practices on structures and processes that companies may use in their operations towards achieving the optimal governance framework.

The Board of Directors of Harn Len Corporation Bhd (“Harn Len” or “the Company”) recognises the paramount importance of good corporate governance to the success of the Company and in the discharge of its duties and responsibilities towards its shareholders, especially in the enhancement of shareholder value.

The Board is pleased to present the following statement on the application of the principles and compliance with the best practices as set out in the Code. Unless otherwise specified and explained, the Board is of the opinion that the Company has generally complied with the best practices in the Code.

BOARD OF DIRECTORS

Responsibilities

The Board has the ultimate and overall responsibility for setting the objectives and steering the strategic direction of the Company. Other responsibilities include setting of broad company policies and procedures in ensuring good corporate governance, succession planning, advocating good public relations and shareholder communication, ensuring that the Company has a sound internal control system and evaluation of Company performance using various performance indicators.

The Executive Directors are primarily responsible for managing the day-to-day operations of the various business segments of the Company comprising plantation, oil milling, hotel management and property investment.

The Independent Non-Executive Directors are actively involved in the various Board Committees. Coming from different backgrounds and fields of expertise, the Independent Directors are able to offer different perspectives on and independent assessment of the proposals put forward by Management.

Meetings and Attendance

The Board meets on a scheduled basis at least four (4) times a year and, as and when the need arises. The Chief Financial Officer is usually invited to attend the Board meeting to help provide additional information and/or clarify any issues raised by the Board members. Other key management personnel and/or external advisers may also be invited to attend the meeting when required.

During the financial year, a total of four (4) Board meetings were held. The details of the attendance are as follows:-

Director	Designation	Attendance
Tan Sri Dato' Low Nam Hui	Executive Chairman	4 out of 4
Puan Sri Datin Chan Pui Leorn (Appointed on 1 March 2011)	Executive Director	Not Applicable
Mr Low Quek Kiong	Executive Director	4 out of 4
Mr Low Kueck Shin	Executive Director	4 out of 4
Mr Low Kwek Lee	Executive Director	4 out of 4
Mr Low Quek Kong	Executive Director	4 out of 4
Mr Lee Chon Sing	Executive Director	4 out of 4
Mr Loh Wann Yuan	Senior Independent Director	4 out of 4
Brig. Jen. (B) Dato' Ali Bin Hj. Musa	Independent Director	4 out of 4
Mr Law Piang Woon	Independent Director	4 out of 4

Board Composition and Balance

The Board comprises ten (10) members of whom seven (7) are Executive Directors and three (3) are Independent Non-Executive Directors. The Board composition complies with the Main Market Listing Requirements (“LR”) of Bursa Malaysia Securities Berhad (“Bursa”) that requires at least two (2) or one-third (1/3) of the Board to be Independent Directors, whichever is the higher.

The Board is comprised of individuals from diverse academic background that provides a collective range of skills, expertise and experience in various fields such as plantations, property, manufacturing, legal and accounting. A brief profile of each director is presented on page 12 to 14 of the Annual Report.



STATEMENT ON CORPORATE GOVERNANCE (Cont'd)

There is a clear division of responsibility between the Chairman and the Executive Directors to ensure a balance of power and authority. The Chairman's responsibility is to ensure the effectiveness of the Board and conduct Board meetings, including organising all necessary information on a timely basis for Board deliberations while the Executive Directors are responsible for overall operations and effective implementation of Board decisions and policies. Non-Executive Directors contribute in providing their knowledge and experience towards formulation of the Company's policies and strategies. Representation on the Board is reflective of the extent of shareholdings of various parties in the Company and fairly reflects the investment in the Company.

Supply of Information

The Board meets on a regular basis at least four (4) times a year. Additional meetings may be called as and when necessary.

The agenda of each meeting is determined by the Chairman of the Board with assistance from the Company Secretary. All the Board members are provided with an agenda and a set of Board papers (containing information relevant to the matters for deliberation) usually one week before each Board meeting. This is to ensure that the Board has sufficient opportunity to have queries answered, obtain further explanations if necessary and to be properly briefed before Board meetings. Matters discussed include periodical financial information, annual budgets, significant operational, financial and corporate issues, performance of the business units, and acquisition and disposal of undertakings and properties of a substantial value. In exercising their duties, the Directors may obtain independent professional advice from external advisers (such as investment bankers, solicitors, valuers, human resource consultants, etc), where deemed necessary, at the Company's expense.

The Board has the services of two (2) Company Secretaries who are responsible to the Board for ensuring that all Board procedures are followed and that applicable laws and regulations are complied with. The Directors are regularly updated on new statutory as well as regulatory requirements relating to the duties and responsibilities of directors.

Besides the Company Secretaries, the Board has full and unrestricted access to any officers of the Company for information pertaining to the Company.

Directors' Training

The Board encourages each and every individual Director to attend seminars, conferences, workshops and training programmes to update themselves with the latest economic and industry trends, technical developments, new concepts and the latest changes to laws and regulatory requirements. The Board views training as an important knowledge acquisition process for the Directors to contribute effectively to the Company.

During the financial year, the Directors have received the following training:-

Director	Course Title	Trainer/Organiser	Date
Tan Sri Dato' Low Nam Hui	Budget 2011 Proposals & Recent Developments	Malaysia Institute of Accountants	26/10/2010
Puan Sri Datin Chan Pui Leorn	Mandatory Accreditation Programme for Directors of Public Listed Companies	Bursatra Sdn. Bhd.	23/03/2011-24/03/2011
Mr Low Quek Kiong	Budget 2011 Proposals & Recent Developments	Malaysia Institute of Accountants	21/10/2010
Mr Low Kueck Shin	1) Advance Practical Accounting Principles & Practices 2) Annual General Meeting & Annual Return, Appointment, Removal & Resignation of Director	Malaysia Institute of Accountants Malaysia Institute of Chartered Secretaries & Administrators	17/05/2010-18/05/2010 04/02/2010
Mr Low Kwek Lee	Budget 2011 Proposals & Recent Developments	Malaysia Institute of Accountants	21/10/2010



STATEMENT ON CORPORATE GOVERNANCE (Cont'd)

Director	Course Title	Trainer/Organiser	Date
Mr Low Kuek Kong	Budget 2011 Proposals & Recent Developments	Malaysia Institute of Accountants	21/10/2010
Mr Lee Chon Sing	Budget 2011 Proposals & Recent Developments	Malaysia Institute of Accountants	26/10/2010
Mr Law Piang Woon	1) Real Property Gains Tax Implications & Exemptions	Malaysia Institute of Accountants	28/01/2010
	2) Workshop on New Public Rulings in 2009 & 2010	Chartered Tax Institute of Malaysia	03/05/2010
	3) Audit Committee Institute Roundtable Discussion	KPMG	22/06/2010
Brig. Jen. (B) Dato' Ali Bin Hj. Musa	Advance Practical Accounting Principles & Practices	Malaysia Institute of Accountants	17/05/2010-18/05/2010
Mr Loh Wann Yuan	Advance Practical Accounting Principles & Practices	Malaysia Institute of Accountants	17/05/2010-18/05/2010

BOARD COMMITTEES

To assist the Board in discharging its duties, the various Board Committees have been established. The functions and terms of references of the Board Committees are clearly defined and where applicable, comply with the recommendations of the Code.

Audit Committee ("AC")

The AC comprises wholly of Independent Non-Executive Directors, one of whom is a qualified accountant. The following are members of AC:-

Mr Loh Wann Yuan	- Chairman
Mr Law Piang Woon	- Member
Brig. Jen. (B) Dato' Ali Bin Hj. Musa	- Member

For more information on the AC in relation to its functions and duties, and activities carried out during the financial year, please refer to the AC Report set out on page 24 to 26 of the Annual Report.

Nomination Committee ("NC")

The NC met on 2 February 2010 and comprises of three (3) Independent Non-Executive Directors as follows:-

Mr Loh Wann Yuan	- Chairman
Mr Law Piang Woon	- Member
Brig. Jen. (B) Dato' Ali Bin Hj. Musa	- Member

The Committee is responsible for making recommendations for any new candidates to the Board. It is also responsible for reviewing the required mix of skills, expertise, experience and other qualities (including core competencies) which the Directors should bring to the Board.

In accordance with the Company's Articles of Association, all Directors who are appointed by the Board are subject to election by shareholders at the first opportunity after their appointment. The Articles also provide that at least one-third (1/3) of the remaining Directors including the Managing Director shall retire from office at least once every three (3) years but shall be eligible for re-election.

Pursuant to Section 129 of the Companies Act, 1965, Directors who are over the age of seventy (70) years shall retire at every Annual General Meeting and may offer themselves for re-appointment to hold office until the next Annual General Meeting.



STATEMENT ON CORPORATE GOVERNANCE (Cont'd)

At the meeting held subsequent to the financial year under review, the Committee had recommended the re-appointment of Tan Sri Dato' Low Nam Hui as a Director retiring under Section 129 of the Companies Act, 1965, the re-election of Messrs Low Kuek Kong, Loh Wann Yuan and Brig. Jen. (B) Dato' Ali Bin Hj. Musa pursuant to Article 84 of the Company's Articles of Association and Puan Sri Datin Chan Pui Leorn pursuant to Article 91 of the Company's Articles of Association.

Remuneration Committee ("RC")

The RC met on 2 February 2010 and comprises of the following directors:-

Brig. Jen. (B) Dato' Ali Bin Hj. Musa (Chairman)	Independent Non-Executive Director
Mr Loh Wann Yuan (Member)	Independent Non-Executive Director
Mr Lee Chon Sing (Member)	Executive Director

The Committee is responsible for developing the Group's remuneration policy framework and recommending the remuneration packages and benefits to be extended to the Executive Directors and key management personnel. The ultimate responsibility of approving the recommendations rests on the Board of Directors.

The criteria set for the remuneration of individual director is primarily based on number of years of working experience, qualifications obtained, level of responsibilities as well as individual and corporate performance.

Directors' Remuneration

The aggregate remuneration of the Directors of the Company categorized into appropriate components is as follows:-

	Executive Directors (RM)	Non-Executive Directors (RM)
Salaries and allowances	4,352,768	85,000
Fees	-	135,000
Attendance Fees	-	40,000

Breakdown of aggregate remuneration for Directors who had served during the financial year in bands of RM50,000 are as follows:-

	Number of Directors	
	Executive Directors	Non-Executive Directors
RM50,000 and below	-	-
RM50,001 to RM100,000	-	3
RM350,001 to RM400,000	1	-
RM400,001 to RM450,000	1	-
RM450,001 to RM500,000	1	-
RM750,001 to RM800,000	2	-
RM1,750,001 to RM1,800,000	1	-

CORPORATE RESPONSIBILITY STATEMENT

As a responsible corporate citizen, the Company actively adopts environmentally and socially responsible practices in its businesses. In the palm oil plantations, the Group tries to use bio-fertilizers instead of petroleum-based fertilizers. For the palm oil mills, the Group will strive to use environmental friendly processes.

The Company has also continued its annual practice of giving yearly educational awards in the form of cash to deserving children of the Group's employees.



STATEMENT ON CORPORATE GOVERNANCE (Cont'd)

ACCOUNTABILITY AND AUDIT

Financial Reporting

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 Company's state of affairs, results and cash flows. It is therefore the responsibility of the Board, with the assistance of the Audit Committee, to ensure that the preparation and presentation of the Company's financial statements are in accordance with applicable approved Financial Reporting Standards in Malaysia.

The Directors are of the opinion that the Company has adopted appropriate accounting policies that are consistently applied and supported by reasonable as well as prudent judgment and estimates.

In preparing the annual audited financial statements and the unaudited quarterly financial reports to the shareholders, the Board strives to present a balanced and comprehensible assessment of the Company's financial position and prospects and also ensures that the financial results are released within the stipulated time frame.

Relationship with Auditors

The AC of the Board provides an independent channel of communication for external and internal auditors. Regular dialogues are held between the management and the Audit Committee with the external auditors to ensure compliance and accuracy in the preparation of the financial statements. Issues and technical matters raised by the auditors are discussed initially with the Audit Committee before these are highlighted to the Board at Board meetings. AC also reviews the scope of work and extent of the activity of the internal audit function.

Internal Control

The Statement on Internal Control which provides an overview of the state of internal control of the Company is set out on page 27 to 28 of the Annual Report.

SHAREHOLDERS

Dialogue with Investors

The Board acknowledges the need for shareholders to be kept informed of all material business matters affecting the Company. Information on the latest corporate developments affecting the Company are disseminated promptly via public announcements. These announcements are also posted on the Company's website using Bursa Link.

Annual General Meeting

The Annual General Meeting is an important means of communication with shareholders and it provides opportunity for the shareholders to meet the Board of Directors, the External Auditors, the Company Secretaries as well as some of the Company's key management officers.

Shareholders of the Company have been active at the Annual General Meeting over the past few years, as they raised questions at the Directors and offered suggestions. Ample opportunities and time are provided for the shareholders to speak. Their questions and issues raised were addressed by the Directors at the meeting. The Directors welcome their suggestions and feedback and spend time interacting with the shareholders on a more informal basis after the meeting.

The Company believes that a constructive and effective investor relationship is an essential factor in enhancing shareholder value. In this instance, the Company aims to ensure timely disclosure of information to all shareholders. However, the Company is also mindful of the legal and regulatory framework governing the release of material and price-sensitive information.

COMPLIANCE STATEMENT

In relation to the principles of and the best practices in corporate governance as set forth in the Revised Code of Corporate Governance (October 2007), the Board is satisfied that it has generally complied with the Code throughout the financial year.

This statement is made in accordance with the resolution of the Board of Directors dated 28 April 2011.



STATEMENT ON CORPORATE GOVERNANCE (Cont'd)

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE AUDITED FINANCIAL STATEMENTS

The Directors are legally required to prepare financial statements for each financial period/ year which give a true and fair view of the state of affairs of the Company at the end of the financial period/year and of the results of the Company for the financial period/year then ended.

The Directors consider that in preparing the financial statements:-

- i) the Company has used appropriate accounting policies and applied them consistently;
- ii) reasonable and prudent judgments and estimates were made; and
- iii) applicable approved accounting standards in Malaysia have been followed.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1965 and applicable approved accounting standards.

The Directors are also responsible for the assets of the Company and hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This statement made in accordance with the resolution of the Board of Directors dated 28 April 2011.



AUDIT COMMITTEE REPORT

The Board of Directors of Harn Len Corporation Bhd is pleased to present the Audit Committee (AC) Report for the financial year ended 31 December 2010 as follows:-

1. Composition and Attendance

During the financial year ended 31 December 2010 and up to the date of this report, the AC is comprised of three (3) members who are all independent non-executive directors.

A total of six (6) meetings were held during the financial year. The directors were briefed on each AC meeting by the Chairman of the AC at the Board of Directors' meeting. The minutes of all the AC meetings were circulated to all the directors prior to Board meetings and noted at the said meetings.

The members of the AC and their attendance of the AC meetings during the year are detailed below:-

Members	Designation	Attendance of Meetings
Mr Loh Wann Yuan	Chairman	6 out of 6
Mr Law Piang Woon	Member	6 out of 6
Brig. Jen (B) Dato' Ali Bin Hj. Musa	Member	6 out of 6

2. Terms of Reference of the AC

2.1 Composition

An independent AC shall exist to implement and support the functions of the Board. Members of the AC shall elect the Chairman, and all members of the AC including the Chairman shall hold office as long as they serve as directors of the Company.

The AC shall be appointed from amongst the directors and no alternate director shall be a member of the AC. The AC shall comprise of at least three members but not more than five members, all of whom shall be non-executive directors with a majority being independent directors. At least one (1) member of the AC shall be:-

- (i) a member of the Malaysian Institute of Accountants (MIA); or
- (ii) if not a member of MIA, must have had at least three (3) years working experience, and
 - (a) he must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or
 - (b) he must be a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act 1967.
- or
- (iii) fulfils such other requirements as prescribed or approved by the Exchange.*

* Pursuant to Practice Note 13 of the Listing Requirements, the following qualifications are also acceptable:

- (a) Either one of the following qualifications and at least 3 years' post-qualification experience in accounting or finance;
 - (i) A degree/masters/doctorate in accounting or finance; or
 - (ii) A member of any professional accountancy organisation which has been admitted as a full member of the International Federation of Accountants.
- or
- (b) At least 7 years' experience being a chief finance officer of a corporation or having the function of being primarily responsible for the management of the financial affairs of a corporation.

The Chairman of the AC shall be an independent non-executive director.

Members of the AC may relinquish their membership with prior written notice to the Secretary of the AC and may continue to serve as directors of the Company. In the event of any vacancy in the AC, the vacancy shall be filled within three (3) months, and the Nomination Committee shall review and recommend for the Board's approval another appropriate director to fill the vacancy.



AUDIT COMMITTEE REPORT (Cont'd)

2.2 Objectives

The primary objective of the AC is to assist the Board of Directors in fulfilling its fiduciary responsibilities relating to corporate accounting, system of internal controls, management and financial reporting practices of the Company.

Further, in compliance with the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa") and the Best Practices recommended in the Malaysian Code of Corporate Governance ("the Code"), it is the objective of the AC to assure the shareholders of the Company that the directors have complied with specified financial standards and required disclosure policies developed by Bursa and other approved accounting standard bodies.

The AC shall ensure consistency with Bursa's commitment to encourage high standards of corporate disclosure and transparency. The AC also endeavours to adopt practices aimed at maintaining appropriate standards of corporate responsibility, integrity and accountability to the Company's shareholders.

2.3 Duties and Responsibilities

The principal duties and responsibilities of the AC shall include:-

- to review the effectiveness of management information and other systems of control within the Company and the Group;
- to review with the external auditors the scope of their audit plan, their evaluation of the system of internal control and the audit reports on the financial statements;
- to review the quarterly financial statements with management prior to the approval by the Board of Directors ("the Board");
- to review the annual financial statements with management and the external auditors prior to the approval by the Board;
- to review the scope and recommendations in the internal audit reports and the effectiveness, functions, adequacy, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work;
- to carry out in-depth review of major findings on internal investigations and management's response to recommended corrective measures;
- to consider compliance of statutory legislation or guidelines as imposed by the relevant authorities which will include but not limited to that imposed by the Securities Commission, Bursa and the Companies Commission of Malaysia;
- to review and report any related party transactions that may arise within the Company;
- to review any significant transactions which are in the normal course of business of the Company;
- to consider external auditors' appointment and remuneration;
- to review and report on areas of conflict of interest;
- to convene meetings with external auditors, internal auditors or both and the right to exclude the attendance of other directors and employees where necessary from such meeting; and
- to consider any other topics as may be defined by the Board.

2.4 Authority

In conducting its duties and responsibilities, the AC shall be granted the authority to investigate any activity of the Company and/or its subsidiaries and all employees shall be directed to co-operate as requested by the members of the AC. The AC shall have explicit authority to investigate any matter within its terms of reference, to utilize the resources to enable it to do so and have full access to information. The AC may obtain external professional advice and to invite outsiders with the relevant experience to attend if necessary.

2.5 Meetings

The AC is to meet not less than four (4) times a year and as many times as the AC deems necessary. The quorum for meetings shall be two (2) members who are independent non-executive directors. The Secretary to the AC shall be the Company Secretary or her representative.

The Accountant and/or other personnel may be invited to attend the meetings to brief the AC on internal audit reports and any significant control issues/concerns where necessary. Minutes of each meeting shall be kept by the Secretary as evidence that the AC has discharged its functions. The Chairman of the AC will report to the Board after each AC meeting. The AC minutes will be forwarded to Board members for information.



AUDIT COMMITTEE REPORT (Cont'd)

3. Summary of Activities during the Financial Year

During the financial year, the AC held meetings on 23 February, 20 April, 21 May, 5 August, 24 August and 24 November. Full attendance was recorded for all the AC members for the six (6) meetings held. In the same period, AC met with the external auditors twice without the presence of any management personnel. From the private discussion, AC gathered that Management had given their full co-operation to the auditors and was satisfied that the auditors were able to carry out their duties without any obstacles from Management as well as staff members.

In line with its Terms of Reference, AC carried out the following activities during the financial year ended 31 December 2010 in the discharge of its duties and responsibilities:-

- Review of the unaudited quarterly financial results and report for Board's approval for public release;
- Review of the unaudited financial statements for the financial year ended 31 December 2010 for Board's approval for public announcement;
- Review of the Report on the AC and the Statement on Internal Control for Board's approval for inclusion in the Annual Report;
- Review of the draft Circular to Shareholders in relation to the Proposed Shareholders' Mandate for Recurrent Related Party Transactions ("RRPT") of a revenue or trading nature for Board's approval prior to circulation;
- Review of the internal audit plan and the internal audit reports;
- Review of the external audit plan and the external auditors' reports;
- Review and appraisal of the external auditors' performance for recommendation for re-appointment;
- Review of the risk management reports;
- Review of the reports on RRPT of a revenue and trading nature and the revised policies and procedures for RRPT;
- Review of the financial budgets;
- Review and assessment of sizeable potential investments; and
- Discussion and review of any other matters that were raised during the meetings.

4. Internal Audit Functions and Activities

A summary of the internal audit functions and activities conducted during the financial year is set out under the Statement on Internal Control on page 27 to 28.



STATEMENT ON INTERNAL CONTROL

Introduction

This Internal Control Statement is made pursuant to paragraph 15.26(b) of the Listing Requirements of Bursa Malaysia Securities Berhad.

As a follow through from the previous year's report, the Board of Directors is pleased to present a status review of the Group's state of internal controls during the year.

Board's Responsibility

The Board acknowledges its overall responsibility for maintaining sound system of internal control that supports the achievement of Harn Len Group of Companies' ("the Group") policies, aims and objectives, whilst safeguarding the shareholders' interest and the Group's assets. The Board has in place an on-going process for reviewing the adequacy and the integrity of the Group's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines

The Board also acknowledges that a sound system of internal control can only reduces, but cannot eliminate the possibility of poor judgment in decision making, human error, control process being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances. Accordingly, the system can only provide reasonable but not absolute assurance against failing to achieve business objectives or all material misstatement, operation failures, fraud, losses or breaches of law or regulations.

Risk Management Framework

The Board recognises that having a formal risk management framework in place is essential to ensure proper management of the risks that may impede the achievement of the Group's goals and objectives. An Enterprise Risk Management ("ERM") framework has been implemented since 2007 to ensure that structured and consistent approaches and methods are practiced in the on-going process of identifying, evaluating, managing and monitoring the significant risks that affect the attainment of the Group's business objectives and goals.

The Board has also delegated the responsibility of reviewing the effectiveness of risk management to the Risk Management Committee ("RMC"). The RMC is responsible to implement the Group's risk management policy and on quarterly basis, report directly to the Board on the results of identification, evaluation and management of significant risks faced by the Group.

The RMC in its meetings has discussed on the status of risks, measures taken and suitable follow-up actions. As part of the tools for documenting the Group's risks profile, risks identified are depicted in a risk map which shows the positioning of key risks identified in terms of the impact and likelihood of occurrence. This provides the Board and Senior Management with an overview of the risk exposure of the Group.

Internal Audit Function

The internal audit function of the Group is outsourced to an external consultant who reports directly to the Audit Committee on a half yearly basis. The cost incurred for the outsourced internal audit function for the financial year ended 31 December 2010 was RM 56,000.

The Internal Auditors continue to provide the internal audit support function to the Audit Committee and Board during the year.

The areas to be audited by the Internal Auditors were determined based on the review of the risk registers as well as discussion with the management and members of the Audit Committee. The Audit Committee approved the internal audit plan before the commencement of the audit work for the year.

During the financial year, the internal auditors have carried out two reviews according to the approved risk-based internal audit plan. The reviews covered the assessment on the adequacy and effectiveness of the Group's internal controls system. The results of the internal audit observations, recommendations, management comments and any necessary corrective action were reported directly to the Audit Committee. Formal procedures were in place for correction of weaknesses identified in the Internal Audit Reports.



STATEMENT ON INTERNAL CONTROL (Cont'd)

Other Control Processes

Apart from the risk management and internal audit, the Group has the following control processes in place:

- Regular visits to operating units by Board members and Senior Management whenever appropriate.
- Organisation structure with clearly defined lines of authority and appropriate levels of delegation.
- Annual budget for each business function and approved by the Board.
- Regular Management Meeting to discuss on the Group's operational and management issues.
- Review and approval by the Board on all major decisions.
- Regular submission of appropriate reports covering all divisions and departments within the Group to the Board.
- Communication of policies and procedures to all staff members via circulars and internal memorandums.
- Adequate financial and operational information systems in place to capture and present timely and pertinent internal business information.
- Existence of a performance management system and continuous training and education programmes to enhance the employees' competencies.

Weaknesses in Internal Controls That Result in Material Losses

The Board is not aware of any material losses incurred during the financial year under review as a result of weaknesses in internal control. The Board and the Management are committed to continuously take appropriate measures to strengthen the control environment.



ADDITIONAL COMPLIANCE INFORMATION

1. Non-Audit Fees

The amount of non-audit fees paid to the external auditors by the Company for the financial year ended 31 December, 2010 is RM100,900.00.

2. American Deposit Receipt (“ADR”) or Global Deposit Receipt (“GDR”) Programme

During the financial year, the Company did not sponsor any ADR or GDR programme.

3. Material contracts

During financial year under review, the Company has on 6 August 2010 entered into a Conditional Sales and Purchase Agreement with Nusantara Bakti Sdn Bhd (“NBSB”) (Co. No. 186773-X), a related party, for the acquisition of the following five (5) units of shophouses for a total purchase consideration of RM2,000,000 :-

Details of shophouses

- i) Geran 32250, Lot 2046, District of Johor Bahru, known as 158, Jalan Ngee Heng, 80100 Johor Bahru
- ii) Geran 99923, Lot 2048, District of Johor Bahru, known as 160, Jalan Ngee Heng, 80100 Johor Bahru
- iii) Geran 99924, Lot 2049, District of Johor Bahru, known as 161, Jalan Ngee Heng, 80100 Johor Bahru
- iv) Geran 51476, Lot 2050, District of Johor Bahru, known as 162, Jalan Ngee Heng, 80100 Johor Bahru
- v) Geran 99925, Lot 2051, District of Johor Bahru, known as 163, Jalan Ngee Heng, 80100 Johor Bahru

4. Utilisation of Proceeds

No proceeds were raised by the Company from any corporate proposal during the financial year.

5. Share Buy-Back

There was no share buy-back during the financial year.

6. Exercise of Options, Warrants or Convertible Securities

There were no options, warrants or convertible securities being exercised during the financial year.

7. Sanctions and/or Penalties

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, directors or management by the regulatory bodies.

8. Variation in results

There were no variances of more than 10% for the audited results of the Group from the unaudited results as announced on 25 February 2011.

9. Profit Guarantee

There was no profit guarantee given by the Company during the financial year under review.

10. Conviction of Offence

None of the Directors have been convicted of any offence within the past 10 years other than traffic offences.

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FINANCIAL STATEMENT



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Directors' Report

For the year ended 31 December 2010

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the year ended 31 December 2010.

Principal activities

The principal activities of the Company consist of those relating to the cultivation of oil palm and teak trees, palm oil mill, property investment and investment holding.

The principal activities of the subsidiaries are disclosed in Note 6 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

Results

	Group RM	Company RM
Profit for the year attributable to:		
Owners of the Company	12,831,985	3,022,097
Minority interests	(2,034,198)	--
	<u>10,797,787</u>	<u>3,022,097</u>

Reserves and provisions

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

Dividends

Since the end of the previous financial year, the Company paid an interim single tier dividend of 1 sen per ordinary share totalling RM1,854,772 in respect of the year ended 31 December 2009 on 11 January 2010.

The first and final dividend recommended by the Directors in respect of the year ended 31 December 2010 is a single tier dividend of 1 sen per ordinary share totalling RM1,854,772.

Directors of the Company

Directors who served since the date of the last report are:

Tan Sri Dato' Low Nam Hui
Mr. Low Quek Kiong
Mr. Low Kueck Shin
Mr. Low Kwek Lee
Mr. Low Kuek Kong
Mr. Lee Chon Sing
Mr. Loh Wann Yuan
Mr. Law Piang Woon
Brig. Jen. (B) Dato' Ali bin Haji Musa
Puan Sri Datin Chan Pui Leorn (appointed on 1 March 2011)



Directors' Report

For the year ended 31 December 2010 (Cont'd)

Directors interests

The interests and deemed interests in the ordinary shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at year end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

Name of Directors	Interest	Number of ordinary shares of RM1.00 each			At 31 December 2010
		At 1 January 2010	Bought	Sold	
Company					
Tan Sri Dato' Low Nam Hui	Deemed	128,539,708 ^{*1}	1,170,000	(1,250,000)	128,459,708 ^{*1}
Mr. Low Quek Kiong	Direct	20,000	--	--	20,000
	Deemed	128,519,708 ^{*2}	1,170,000	(1,250,000)	128,439,708 ^{*2}
Mr. Low Kueck Shin	Deemed	128,539,708 ^{*1}	1,170,000	(1,250,000)	128,459,708 ^{*1}
Mr. Low Kwek Lee	Deemed	128,539,708 ^{*1}	1,170,000	(1,250,000)	128,459,708 ^{*1}
Mr. Low Kuek Kong	Deemed	128,539,708 ^{*1}	1,170,000	(1,250,000)	128,459,708 ^{*1}
Mr. Lee Chon Sing	Direct	50,001	--	--	50,001
Mr. Loh Wann Yuan	Direct	1	--	--	1

Subsidiary

- Harn Len Pelita Bangunan Sdn. Bhd.

Tan Sri Dato' Low Nam Hui	Deemed	3	2,854,080	--	2,854,083
Mr. Low Quek Kiong	Deemed	3	2,854,080	--	2,854,083
Mr. Low Kueck Shin	Deemed	3	2,854,080	--	2,854,083
Mr. Low Kwek Lee	Deemed	3	2,854,080	--	2,854,083
Mr. Low Kuek Kong	Deemed	3	2,854,080	--	2,854,083

*1 By virtue of his interests in Low Nam Hui United Holdings Sdn. Bhd., Low Nam Hui & Sons Sdn. Bhd., LNH Enterprise Sdn. Bhd., Yong Yaow Properties Sdn. Bhd. and Seri Cemerlang Plantation (Pahang) Sdn. Bhd. and the shares held by his immediate family members, Puan Sri Datin Chan Pui Leorn, Mr. Low Quek Kiong, Mr. Low Kok Yong and Ms. Low Siew Eng pursuant to Section 6A of the Companies Act, 1965.

*2 By virtue of his interests in Low Nam Hui United Holdings Sdn. Bhd., Low Nam Hui & Sons Sdn. Bhd., LNH Enterprise Sdn. Bhd., Yong Yaow Properties Sdn. Bhd. and Seri Cemerlang Plantation (Pahang) Sdn. Bhd. and the shares held by his immediate family members, Puan Sri Datin Chan Pui Leorn, Mr. Low Kok Yong and Ms. Low Siew Eng pursuant to Section 6A of the Companies Act, 1965.

By virtue of their substantial interests in the shares of the Company, Tan Sri Dato' Low Nam Hui, Mr. Low Quek Kiong, Mr. Low Kueck Shin, Mr. Low Kwek Lee and Mr. Low Kuek Kong are also deemed interested in the shares of all the wholly-owned subsidiaries of the Company.

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the 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, other than certain Directors who have significant financial interests in companies which traded with the Company and certain subsidiaries in the ordinary course of business as disclosed in Note 31 to the financial statements.



Directors' Report

For the year ended 31 December 2010 (Cont'd)

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Issue of shares and debentures

There were no changes in the authorised, issued and paid-up capital of the Company during the financial year.

There were no debentures issued during the financial year.

Options granted over unissued shares

No options were granted to any person to take up unissued shares of the Company during the financial year.

Other statutory information

Before the statement of financial position and statement of comprehensive income of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

- i) all known bad debts have been written off and adequate provision has been made for doubtful debts, and
- ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

- i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, or
- ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or
- iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or
- iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

- i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or
- ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.



Directors' Report

For the year ended 31 December 2010 (Cont'd)

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 December 2010 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Auditors

The auditors, Messrs KPMG, have indicated their willingness to accept re-appointment.

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

Low Quek Kiong

Low Kueck Shin

Johor Bahru,

Date: 28 April 2011



Statement by Directors pursuant to Section 169(15) of the Companies Act, 1965

In the opinion of the Directors, the financial statements set out on pages 40 to 91 are 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 at 31 December 2010 and of their financial performance and cash flows for the financial year then ended.

In the opinion of the Directors, the information set out in Note 34 to the financial statements has been compiled in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

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

Low Quek Kiong

Low Kueck Shin

Johor Bahru,

Date: 28 April 2011



Statutory declaration pursuant to Section 169(16) of the Companies Act, 1965

I, **Low Quek Kiong**, the Director primarily responsible for the financial management of HARN LEN CORPORATION BHD, do solemnly and sincerely declare that the financial statements set out on pages 40 to 92 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the above named in Johor Bahru in the State of Johor on 28 April 2011

Low Quek Kiong

Before me:
K.AMUDALINGAM
PLP, PIS, PPN
Commissioner For Oaths
J-133



Independent Auditors' Report to the members of Harn Len Corporation Bhd

Report on the Financial Statements

We have audited the financial statements of Harn Len Corporation Bhd, which comprise the statements of financial position as at 31 December 2010 of the Group and of the Company, and the statements of comprehensive income, changes in equity and cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 40 to 91.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia, and for such internal control as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 about 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 judgement, 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 of financial statements that give a true and fair view 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 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.



Independent Auditors' Report to the members of Harn Len Corporation Bhd (Cont'd)

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 of 31 December 2010 and of their financial performance and cash flows for the year then ended.

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 subsidiaries have been properly kept in accordance with the provisions of the Act.
- (b) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (c) Our audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Reporting Responsibilities

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The information set out in Note 34 to the financial statements has been compiled by the Company as required by the Bursa Malaysia Securities Berhad Listing Requirements and is not required by the Financial Reporting Standards. We have extended our audit procedures to report on the process of compilation of such information. In our opinion, the information has been properly compiled, in all material respects, in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

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.

KPMG

Firm Number: AF 0758
Chartered Accountants

Wee Beng Chuan

Approval Number: 2677/12/12 (J)
Chartered Accountant

Johor Bahru

Date: 28 April 2011



Statements of financial position

As at 31 December 2010

	Note	Group		Company	
		2010 RM	2009 RM	2010 RM	2009 RM
Assets					
Property, plant and equipment	3	258,733,886	231,429,175	155,787,535	159,072,622
Biological assets	4	98,148,159	92,234,403	8,402,140	4,294,319
Investment properties	5	12,297,858	10,300,000	1,997,858	--
Investments in subsidiaries	6	--	--	87,284,023	87,089,097
Deferred tax assets	7	554,000	1,041,083	--	180,678
Goodwill on consolidation	8	7,616,523	7,616,523	--	--
Other receivables	9	--	--	75,021,047	66,704,352
Total non-current assets		377,350,426	342,621,184	328,492,603	317,341,068
Inventories	10	4,324,119	3,327,826	812,444	2,106,219
Trade and other receivables	9	7,840,039	14,501,444	4,083,274	10,138,803
Tax recoverable		830,437	2,565	821,377	--
Cash and cash equivalents	11	3,244,866	4,009,401	2,032,552	3,575,431
Total current assets		16,239,461	21,841,236	7,749,647	15,820,453
Total assets		393,589,887	364,462,420	336,242,250	333,161,521
Equity					
Share capital		185,477,159	185,477,159	185,477,159	185,477,159
Reserves		59,296,827	46,464,842	49,928,830	46,906,733
Total equity attributable to owners of the Company	12	244,773,986	231,942,001	235,405,989	232,383,892
Minority interests	13	(2,682,836)	(2,551,360)	--	--
Total equity		242,091,150	229,390,641	235,405,989	232,383,892
Liabilities					
Deferred tax liabilities	7	4,683,096	4,251,019	514,697	--
Retirement benefits	14	671,870	590,020	671,870	590,020
Loans and borrowings (secured)	15	61,027,191	58,783,620	22,670,505	29,729,994
Other payables	16	--	--	32,633,548	21,855,567
Total non-current liabilities		66,382,157	63,624,659	56,490,620	52,175,581
Trade and other payables	16	30,863,496	29,165,053	10,912,757	11,786,325
Dividend payable		17,515	1,872,430	17,515	1,872,430
Loans and borrowings (secured)	15	53,314,073	39,526,400	33,415,369	34,364,804
Taxation		921,496	883,237	--	578,489
Total current liabilities		85,116,580	71,447,120	44,345,641	48,602,048
Total liabilities		151,498,737	135,071,779	100,836,261	100,777,629
Total equity and liabilities		393,589,887	364,462,420	336,242,250	333,161,521

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



Statements of comprehensive income

For the year ended 31 December 2010

	Note	Group		Company	
		2010 RM	2009 RM	2010 RM	2009 RM
Revenue	17	131,486,760	103,077,561	78,944,587	86,462,439
Cost of goods sold		<u>(86,843,201)</u>	<u>(70,969,316)</u>	<u>(57,234,691)</u>	<u>(43,043,163)</u>
Gross profit	17	44,643,559	32,108,245	21,709,896	43,419,276
Other income		132,802	5,915,964	68,256	5,714,689
Administrative expenses		(18,243,706)	(16,801,558)	(12,753,716)	(12,046,724)
Distribution expenses		(2,288,535)	(2,301,689)	(1,622,341)	(1,628,800)
Other expenses		<u>(243,431)</u>	<u>(1,820,607)</u>	<u>--</u>	<u>--</u>
Results from operating activities		24,000,689	17,100,355	7,402,095	35,458,441
Finance income		5,163	9,322	2,333,568	2,395,178
Finance costs	18	<u>(6,954,693)</u>	<u>(6,151,938)</u>	<u>(4,598,772)</u>	<u>(5,421,266)</u>
Net finance costs		<u>(6,949,530)</u>	<u>(6,142,616)</u>	<u>(2,265,204)</u>	<u>(3,026,088)</u>
Profit before tax	19	17,051,159	10,957,739	5,136,891	32,432,353
Income tax expense	20	<u>(6,253,372)</u>	<u>(5,973,439)</u>	<u>(2,114,794)</u>	<u>(3,196,910)</u>
Profit for the year/ Total comprehensive income for the year		<u>10,797,787</u>	<u>4,984,300</u>	<u>3,022,097</u>	<u>29,235,443</u>
Profit attributable to:					
Owners of the Company		12,831,985	6,905,035	3,022,097	29,235,443
Minority interests		<u>(2,034,198)</u>	<u>(1,920,735)</u>	<u>--</u>	<u>--</u>
Profit for the year/ Total comprehensive income for the year		<u>10,797,787</u>	<u>4,984,300</u>	<u>3,022,097</u>	<u>29,235,443</u>
Earnings per ordinary share attributable to owners of the Company					
Earning per ordinary share (sen)	21	<u>6.9</u>	<u>3.7</u>		

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



Consolidated statement of changes in equity For the year ended 31 December 2010

Group	Note	Attributable to owners of the Company		Capital reserve RM	Distributable Retained earnings RM	Total RM	Minority interests RM	Total equity RM
		Share capital RM	Share premium RM					
At 1 January 2009		185,477,159	6,634,854	6,268,000	28,511,725	226,891,738	(630,625)	226,261,113
Total comprehensive income for the year		--	--	--	6,905,035	6,905,035	(1,920,735)	4,984,300
Dividends to shareholders	22	--	--	--	(1,854,772)	(1,854,772)	--	(1,854,772)
At 31 December 2009		185,477,159	6,634,854	6,268,000	33,561,988	231,942,001	(2,551,360)	229,390,641
Total comprehensive income for the year		--	--	--	12,831,985	12,831,985	(2,034,198)	10,797,787
Shares subscription by minority shareholders		--	--	--	--	--	1,902,722	1,902,722
At 31 December 2010		185,477,159	6,634,854	6,268,000	46,393,973	244,773,986	(2,682,836)	242,091,150

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



Statement of changes in equity For the year ended 31 December 2010 (Cont'd)

	Note	Attributable to owners of the Company				Total equity RM
		Share capital RM	Non-distributable Share premium RM	Capital reserve RM	Distributable Retained earnings RM	
Company						
At 1 January 2009		185,477,159	6,634,854	6,268,000	6,623,208	205,003,221
Total comprehensive income for the year		--	--	--	29,235,443	29,235,443
Dividends to shareholders	22	--	--	--	(1,854,772)	(1,854,772)
At 31 December 2009		185,477,159	6,634,854	6,268,000	34,003,879	232,383,892
Total comprehensive income for the year		--	--	--	3,022,097	3,022,097
At 31 December 2010		185,477,159	6,634,854	6,268,000	37,025,976	235,405,989

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



Statements of cash flows

For the year ended 31 December 2010

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Cash flows from operating activities				
Profit before tax	17,051,159	10,957,739	5,136,891	32,432,353
Adjustments for:				
Depreciation and amortisation	12,742,834	11,612,656	4,960,289	4,946,531
Finance costs	6,954,693	6,151,938	4,598,772	5,421,266
Retirement benefits	81,850	126,934	81,850	126,934
Interest income	(5,163)	(9,322)	(2,333,568)	(2,395,178)
Dividend income	--	--	--	(19,689,380)
Impairment loss on investment properties	33,235	1,571,987	--	--
Property, plant and equipment written off	1,813	38,424	1,813	--
Operating profit before changes in working capital	36,860,421	30,450,356	12,446,047	20,842,526
Change in inventories	(996,293)	537,013	1,293,775	(753,137)
Change in trade and other receivables	6,661,405	(5,591,599)	(2,261,166)	(8,687,074)
Change in trade and other payables	(12,762,333)	(4,963,300)	9,904,413	(16,608,733)
Cash generated from/(used in) operations	29,763,200	20,432,470	21,383,069	(5,206,418)
Tax paid	(6,123,825)	(7,174,608)	(2,819,285)	(5,027,945)
Net cash from/(used in) operating activities	23,639,375	13,257,862	18,563,784	(10,234,363)

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



Statements of cash flows

For the year ended 31 December 2010 (Cont'd)

	Note	2010 RM	Group 2009 RM	2010 RM	Company 2009 RM
Cash flows from investing activities					
Acquisition of:					
- property, plant and equipment	23	(21,252,599)	(6,596,730)	(1,552,873)	(1,077,246)
- biological assets	24	(9,126,699)	(7,960,289)	(4,107,821)	(3,538,812)
- investment properties		(2,033,235)	(21,710)	(2,000,000)	--
- a subsidiary	25	(194,926)	--	(194,926)	--
Proceeds from shares subscription by minority shareholders		1,902,722	--	--	--
Interest received		5,163	9,322	2,333,568	2,395,178
Increase in pledged deposits placed with licensed banks		(5,163)	(9,322)	(5,163)	(9,322)
Net cash used in investing activities		<u>(30,704,737)</u>	<u>(14,578,729)</u>	<u>(5,527,215)</u>	<u>(2,230,202)</u>
Cash flows from financing activities					
Interest paid		(7,094,565)	(6,202,039)	(4,598,772)	(5,421,266)
Dividend received		--	--	--	19,689,380
Dividend paid		(1,854,915)	(3,691,885)	(1,854,915)	(3,691,885)
Payment of finance lease liabilities		(1,986,666)	(1,799,323)	(725,911)	(765,473)
Drawdown of term loans		22,678,625	13,000,000	9,000,000	--
Repayment of term loans		(13,826,000)	(11,628,000)	(9,826,000)	(8,628,000)
Net cash (used in)/from financing activities		<u>(2,083,521)</u>	<u>(10,321,247)</u>	<u>(8,005,598)</u>	<u>1,182,756</u>
Net (decrease)/increase in cash and cash equivalents		(9,148,883)	(11,642,114)	5,030,971	(11,281,809)
Cash and cash equivalents at 1 January		<u>(10,287,792)</u>	<u>1,354,322</u>	<u>(10,721,762)</u>	<u>560,047</u>
Cash and cash equivalents at 31 December		<u>(19,436,675)</u>	<u>(10,287,792)</u>	<u>(5,690,791)</u>	<u>(10,721,762)</u>

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



Statements of cash flows

For the year ended 31 December 2010 (Cont'd)

Cash and cash equivalents included in the statements of cash flows comprise the following statements of financial position amounts:

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Cash and bank balances	2,981,569	3,751,267	1,769,255	3,317,297
Bank overdraft	<u>(22,418,244)</u>	<u>(14,039,059)</u>	<u>(7,460,046)</u>	<u>(14,039,059)</u>
	<u>(19,436,675)</u>	<u>(10,287,792)</u>	<u>(5,690,791)</u>	<u>(10,721,762)</u>

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



Notes to the financial statements

Harn Len Corporation Bhd is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The address of the registered office of the Company is as follows:

Registered office

6th Floor, Johor Tower
No. 15, Jalan Gereja
80100 Johor Bahru
Johor
Malaysia

The consolidated financial statements of the Company as at and for the year ended 31 December 2010 comprise the Company and its subsidiaries (together referred to as the "Group").

The principal activities of the Company consist of those relating to the cultivation of oil palm and teak trees, palm oil mill, property investment and investment holding. The principal activities of the subsidiaries are disclosed in Note 6.

These financial statements were authorised for issue by the Board of Directors on 28 April 2011.

1. Basis of preparation

(a) Statement of compliance

These financial statements have been prepared in accordance with Financial Reporting Standards (FRS), generally accepted accounting principles and the Companies Act, 1965 in Malaysia.

The Group and the Company have not applied the following accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the Group and the Company:

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 March 2010

- Amendments to FRS 132, *Financial Instruments: Presentation – Classification of Rights Issues*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2010

- FRS 1, *First-time Adoption of Financial Reporting Standards* (revised)
- FRS 3, *Business Combinations* (revised)
- FRS 127, *Consolidated and Separate Financial Statements* (revised)
- Amendments to FRS 2, *Share-based Payment*
- Amendments to FRS 5, *Non-current Assets Held for Sale and Discontinued Operations*
- Amendments to FRS 138, *Intangible Assets*



Notes to the financial statements (Cont'd)

(a) Statement of compliance (continued)

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2010 (continued)

- IC Interpretation 12, *Service Concession Agreements*
- IC Interpretation 16, *Hedges of a Net Investment in a Foreign Operation*
- IC Interpretation 17, *Distributions of Non-cash Assets to Owners*
- Amendments to IC Interpretation 9, *Reassessment of Embedded Derivatives*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2011

- Amendments to FRS 1, *First-time Adoption of Financial Reporting Standards*
 - *Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters*
 - *Additional Exemptions for First-time Adopters*
- Amendments to FRS 2, *Group Cash-settled Share Based Payment Transactions*
- Amendments to FRS 7, *Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments*
- IC Interpretation 4, *Determining whether an Arrangement contains a Lease*
- IC Interpretation 18, *Transfers of Assets from Customers*
- Improvements to FRSs (2010)

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2011

- IC Interpretation 19, *Extinguishing Financial Liabilities with Equity Instruments*
- Amendments to IC Interpretation 14, *Prepayments of a Minimum Funding Requirement*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2012

- FRS 124, *Related Party Disclosures* (revised)
- IC Interpretation 15, *Agreements for the Construction of Real Estate*

The Group and the Company plan to apply the abovementioned standards, amendments and interpretations in the respective financial year when the above standards, amendments and interpretations become effective.

The initial application of a standard, an amendment or an interpretation, which will be applied prospectively or which requires extended disclosures, is not expected to have any financial impacts to the current and prior periods financial statements upon their first adoption.

The other standards, amendments, interpretations and improvements are either not applicable or are not expected to have any material impact on the financial statements of the Group and of the Company.



Notes to the financial statements (Cont'd)

(b) Basis of measurement

These financial statements have been prepared on the historical cost basis.

As at 31 December 2010, the Group and the Company's current liabilities exceeded their current assets by RM68,877,119 and RM36,595,994 respectively. The financial statements of the Group and of the Company continued to be prepared on the going concern basis as it is the intention of the Group and of the Company to continue their operations as going concerns. The going concern status of the Group and of the Company is dependent on the continuous financial support from the Group's bankers, suppliers and plantation contractors and the achievement of future profitable operations.

Without such financial support and the achievement of future profitable operations by the Group and the Company, there is doubt that the Group and the Company will be able to continue as going concerns and, therefore, as appropriate realise their assets and discharge their liabilities in the normal course of business. Consequently, adjustments may be required to the recoverability and classification of recorded asset amounts or to amounts and classification of liabilities should the Group and the Company be unable to continue as going concerns. In addition, the Group and the Company may have to provide for further liabilities that may arise.

Notwithstanding the net current liabilities position, as a plantation and property owner, the Group has significant long term assets which it uses as security for its banking facilities.

In view of the prevailing good market prices for its oil palm produce and the positive cash flow generated from its plantation activities; the Group has principally drawn on short term facilities from its bankers for its capital requirements.

As at 31 December 2010, the Group has undrawn banking facilities of RM13 million for working capital purposes and RM33 million for the completion of its oil mill under construction. In addition, the Group is currently in the process of negotiating with its bankers to convert certain short term borrowings to long term loans in order to improve its capital management and cash flows.

The Directors are of the opinion that with the prevailing and expected good market prices of oil palm produces and the good track records and relationship with banks, these would enhance the Group's ability to renew the current bank loans upon expiry or to convert short term borrowings to long term loans or to secure adequate banking facilities to enable the Group to meet its financial obligations as and when they fall due for the foreseeable future. Accordingly, the financial statements have been prepared on the going concern basis.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (RM), which is the Company's functional currency. All financial information is presented in RM, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of financial statements in conformity with FRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.



Notes to the financial statements (Cont'd)

(d) Use of estimates and judgements (continued)

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

- Note 1(b) – going concern
- Note 7 - recognition of unutilised tax losses and unabsorbed capital allowances
- Note 8 - valuation of goodwill on consolidation
- Note 28 – contingent liabilities

2. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities other than those disclosed in the following notes:

- Note 2 (b) - Financial instruments
- Note 2 (f) - Leased assets
- Note 2 (j) - Receivables
- Note 2 (s) - Operating segments

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including unincorporated entities, controlled by the Group. Control exists when the Group has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

Under the purchase method of accounting, the financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses.

(ii) Changes in Group composition

Where a subsidiary issues new equity shares to minority interests for cash consideration and the issue price has been established at fair value, the reduction in the Group's interests in the subsidiary is accounted for as a disposal of equity interest with the corresponding gain or loss recognised in profit or loss.

When the Group purchases a subsidiary's equity shares from minority interests for cash consideration and the purchase price has been established at fair value, the accretion of the Group's interests in the subsidiary is accounted for as a purchase of equity interest for which the acquisition method of accounting is applied.

The Group treats all other changes in group composition as equity transactions between the Group and its minority interests holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.



Notes to the financial statements (Cont'd)

(a) Basis of consolidation (continued)

(iii) Minority interests

Minority interests at the end of the reporting period, being the portion of the net identifiable assets of subsidiaries attributable to equity interests that are not owned by the Company, whether directly or indirectly through subsidiaries, are presented in the consolidated statements of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Minority interests in the results of the Group are presented on the face of the consolidated statements of comprehensive income as an allocation of the comprehensive income for the year between minority interests and the owners of the Company.

Where losses applicable to the minority exceed the minority's interest in the equity of a subsidiary, the excess, and any further losses applicable to the minority, are charged against the Group's interest except to the extent that the minority has a binding obligation to, and is able to, make additional investment to cover the losses. If the subsidiary subsequently reports profits, the Group's interest is allocated with all such profits until the minority's share of losses previously absorbed by the Group has been recovered.

(iv) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(b) Financial instruments

Arising from the adoption of FRS 139, *Financial Instruments: Recognition and Measurement*, with effect from 1 January 2010, financial instruments are categorised and measured using accounting policies as mentioned below. Before 1 January 2010, different accounting policies were applied.

(i) Initial recognition and measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.



Notes to the financial statements (Cont'd)

(b) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial assets

(a) Financial assets at fair value through profit or loss

Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial assets that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial assets categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(b) Held-to-maturity investments

Held-to-maturity investments category comprises debt instruments that are quoted in an active market and the Group or the Company has the positive intention and ability to hold them to maturity.

Financial assets categorised as held-to-maturity investments are subsequently measured at amortised cost using the effective interest method.

(c) Loans and receivables

Loans and receivables category comprises debt instruments that are not quoted in an active market.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

(d) Available-for-sale financial assets

Available-for-sale category comprises investment in equity and debt securities instruments that are not held for trading.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. Other financial assets categorised as available-for-sale are subsequently measured at their fair values with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair value hedges which are recognised in profit or loss. On derecognition, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss. Interest calculated for a debt instrument using the effective interest method is recognised in profit or loss.

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment (see Note 2(h)(i)).



Notes to the financial statements (Cont'd)

(b) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement (continued)

Financial liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are held for trading, derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(iii) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are classified as deferred income and are amortised to profit or loss using a straight-line method over the contractual period or, when there is no specified contractual period, recognised in profit or loss upon discharge of the guarantee. When settlement of a financial guarantee contract becomes probable, an estimate of the obligation is made. If the carrying value of the financial guarantee contract is lower than the obligation, the carrying value is adjusted to the obligation amount and accounted for as a provision.

(iv) Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to:

- (a) the recognition of an asset to be received and the liability to pay for it on the trade date, and
- (b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

(v) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.



Notes to the financial statements (Cont'd)

(b) Financial instruments (continued)

(v) Derecognition (continued)

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(c) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs.

Cost also may include transfers from other comprehensive income of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged between knowledgeable willing parties in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items when available and replacement cost when appropriate.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gains or losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other income" or "other expenses" respectively in profit or loss.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.



Notes to the financial statements (Cont'd)

(c) Property, plant and equipment (continued)

(iii) Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Buildings are depreciated on a straight line basis over fifty (50) years. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

Leasehold land is amortised in equal instalments over the period of the respective leases which range from sixty-six (66) to ninety-seven (97) years.

The estimated useful lives for the current and comparative periods are as follows:

Estate buildings	25 years
Roads and bridges	10 years
Plant and machinery	10 years
Motor vehicles, furniture, fittings and equipment	5 - 10 years

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate at end of the reporting period.

(d) Biological assets

Biological assets are stated at cost less any accumulated amortisation and any accumulated impairment losses. Biological assets comprise plantation development expenditure.

New planting expenditure incurred on land clearing, upkeep of immature palms/trees and interest incurred during the immature period are capitalised under Plantation Development Expenditure. Upon maturity, all subsequent maintenance expenditure is charged to Income Statement. Oil palm is considered matured 3 years after the month of planting. Teak tree is considered matured 17 years after the month of planting.

Plantation Development Expenditure of oil palm estates will be amortised on a straight line basis over 25 years being the current expected useful lives of oil palm trees. The useful lives of oil palms would be subjected to review in the future and may be adjusted as considered appropriate.

Plantation Development Expenditure of teak trees is not amortised and will be charged to the Income Statement at the time of harvest and sale of trees based on area harvested.

(e) Investment properties

(i) Investment properties carried at cost

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are stated at cost less any accumulated depreciation and any accumulated impairment losses, consistent with the accounting policy for property, plant and equipment as stated in accounting policy Note 2(c).

Freehold land is not depreciated.



Notes to the financial statements (Cont'd)

(e) Investment properties (continued)

(i) Investment properties carried at cost (continued)

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised.

An investment property under construction before 1 January 2010 was classified as property, plant and equipment and measured at cost. Such property is measured at cost until construction or development is complete, at which time it is remeasured to fair value and reclassified as investment property. Any gain or loss arising on remeasurement is recognised in profit or loss.

Following the amendment made to FRS 140, *Investment Property*, with effect from 1 January 2010, investment property under construction is classified as investment property. Where the fair value of the investment property under construction is not reliably determinable, the investment property under construction is measured at cost until either its fair value becomes reliably determinable or construction is complete, whichever is earlier.

(ii) Reclassification to/from investment property

Transfers between investment property, property, plant and equipment and inventories do not change the carrying amount and the cost of the property transferred.

(iii) Determination of fair value

An external, independent valuation firm, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, values the Group's investment property portfolio annually.

The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

In the absence of current prices in an active market, the valuations are prepared by considering the aggregate of the estimated cash flows expected to be received from renting out the property. A yield that reflects the specific risks inherent in the net cash flows is then applied to the net annual cash flows to arrive at the property valuation.

Valuations reflect, where appropriate:

- the type of tenants actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting vacant accommodation, and the market's general perception of their creditworthiness;
- the allocation of maintenance and insurance responsibilities between the Group and the lessee; and
- the remaining economic life of the property.

When rent reviews or lease renewals are pending with anticipated reversionary increases, it is assumed that all notices and where appropriate counter-notices have been served validly and within the appropriate time.



Notes to the financial statements (Cont'd)

(f) Leased assets

(i) Finance lease

Leases in terms of which the Group or the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. On initial recognition of the lease, the asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

(ii) Operating lease

Leases, where the Group or the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised in the statement of financial position of the Group or the Company. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property.

In the previous years, a leasehold land that normally had an indefinite economic life and title was not expected to pass to the lessee by the end of the lease term was treated as an operating lease. The payment made on entering into or acquiring a leasehold land that was accounted for as an operating lease represents prepaid lease payments, except for leasehold land classified as investment property.

The Group has adopted the amendment made to FRS 117, *Leases* in 2010 in relation to the classification of lease of land. Leasehold land which in substance is a finance lease has been reclassified and measured as such retrospectively.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

(g) Intangible assets

(i) Goodwill

Goodwill arising on business combinations is measured at cost less any accumulated impairment losses. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity accounted investee.

For acquisitions prior to 1 January 2006, goodwill represents the excess of the cost of the acquisition over the Group's interest in the fair values of the net identifiable assets and liabilities.



Notes to the financial statements (Cont'd)

(g) Intangible assets (continued)

(i) Goodwill (continued)

For business acquisitions beginning from 1 January 2006, goodwill represents the 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 of the acquiree.

Any excess of the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in profit or loss.

(ii) Amortisation

Goodwill with indefinite useful lives are not amortised but are tested for impairment annually and whenever there is an indication that they may be impaired.

(h) Impairment

(i) Financial assets

All financial assets except for investments in subsidiaries are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment.

An impairment loss in respect of loans and receivables and held-to-maturity investments is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of available-for-sale financial assets is recognised in the profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been recognised in the other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity and recognised to profit or loss.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment losses recognised in profit or loss for an investment in an equity instrument is not reversed through the profit or loss.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in the profit or loss.



Notes to the financial statements (Cont'd)

(h) Impairment (continued)

(ii) Other assets

The carrying amounts of other assets except for inventories and deferred tax asset, are reviewed at the end of each reporting period to determine whether there is any indication of impairment.

If any such indication exists, then the asset's recoverable amount is estimated. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

Impairment losses are recognised in the profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (groups of units) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(i) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is measured based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of manufactured inventories cost includes an appropriate share of production overheads based on normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(j) Receivables

Prior to 1 January 2010, receivables were initially recognised at their costs and subsequently stated at cost less allowance for doubtful debts.

Following the adoption of FRS 139, trade and other receivables are categorised and measured as loans and receivables in accordance with Note 2(b).



Notes to the financial statements (Cont'd)

(k) Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in value. For the purpose of statement of the cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

Cash and cash equivalents (other than bank overdrafts) are categorised and measured as loans and receivables in accordance with policy Note 2(b).

(l) Affiliated company

An affiliated company is a company in which the Directors of the Company have significant influence or substantial interest.

(m) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company considers these to be insurance arrangements, and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

(n) Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences arising from the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit (or loss).

Deferred tax is measured at the tax rates that are expected to apply to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.



Notes to the financial statements (Cont'd)

(o) Revenue and other income

(i) Goods sold

Revenue from the sale of goods is measured at fair value of the consideration received or receivable, net of returns and allowances, traded discount and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

(ii) Services rendered

Revenue from transportation service is recognised upon performance of services. Revenue from the provision of rooms, food and beverage, laundry service fees and other income are recognised when services are rendered.

(iii) Rental income

Income from rental of offices is recognised in the income statements on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

Rental from car park are recognised based on value invoiced to customers.

(iv) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

(v) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

(p) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.



Notes to the financial statements (Cont'd)

(q) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) State plans

The Group's contribution to statutory pension funds are charged to profit or loss in the year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

(iii) Retirement benefits

The hotel division of the Group made a provision for retirement benefits for eligible employees of the division. The division sets aside provision for retirement benefits based on the basic salary of each eligible employee at the end of each financial year of service over the employees' period of employment.

(r) Earnings per ordinary share

The Group presents basic and diluted earnings per share data for its ordinary shares (EPS). Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

(s) Operating segments

In the previous years, a segment was a distinguishable component of the Group that was engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment) which was subject to risks and rewards that were different from those of other segments.

Following the adoption of FRS 8, *Operating Segments*, an operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker, which in this case is the Chief Executive Officer of the Group, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

**Notes to the financial statements (Cont'd)****3. Property, plant and equipment**

	Land and buildings RM	Road and bridges RM	Plant and machinery RM	Motor vehicles, furniture, fittings and equipment RM	Construction -in-progress RM	Total RM
Group						
At cost						
At 1 January 2009, restated	220,345,033	14,440,929	11,838,450	17,011,262	--	263,635,674
Additions	1,350,471	2,654,198	749,681	3,489,425	628,155	8,871,930
Written off	(48,856)	--	--	(30,000)	--	(78,856)
At 31 December 2009/ 1 January 2010, restated	221,646,648	17,095,127	12,588,131	20,470,687	628,155	272,428,748
Additions	3,710,957	1,523,038	1,031,055	1,382,954	14,523,513	22,171,517
Acquisition through business combination	14,655,702	--	--	--	--	14,655,702
Written off	--	--	--	(7,066)	--	(7,066)
At 31 December 2010	240,013,307	18,618,165	13,619,186	21,846,575	15,151,668	309,248,901
Accumulated depreciation						
At 1 January 2009, restated	17,105,182	5,372,655	3,805,886	5,912,316	--	32,196,039
Depreciation charge	3,328,082	1,613,877	1,249,700	2,652,307	--	8,843,966
Written off	(14,682)	--	--	(25,750)	--	(40,432)
At 31 December 2009/ 1 January 2010, restated	20,418,582	6,986,532	5,055,586	8,538,873	--	40,999,573
Depreciation charge	3,503,692	1,753,618	1,324,442	2,938,943	--	9,520,695
Written off	--	--	--	(5,253)	--	(5,253)
At 31 December 2010	23,922,274	8,740,150	6,380,028	11,472,563	--	50,515,015
Carrying amounts						
At 31 December 2010	216,091,033	9,878,015	7,239,158	10,374,012	15,151,668	258,733,886
At 31 December 2009, restated	201,228,066	10,108,595	7,532,545	11,931,814	628,155	231,429,175

Included in construction-in-progress of the Group is finance cost capitalised of RM132,818 (2009: NIL).

**Notes to the financial statements (Cont'd)****3. Property, plant and equipment (continued)**

	Land and buildings RM	Road and bridges RM	Plant and machinery RM	Motor vehicles, furniture, fittings and equipment RM	Total RM
Company					
At cost					
At 1 January 2009, restated	159,769,800	--	11,429,629	10,960,894	182,160,323
Additions	161,000	536,800	709,650	205,796	1,613,246
At 31 December 2009/ 1 January 2010, restated	159,930,800	536,800	12,139,279	11,166,690	183,773,569
Additions	--	5,000	1,021,700	648,173	1,674,873
Written off	--	--	--	(7,066)	(7,066)
At 31 December 2010	159,930,800	541,800	13,160,979	11,807,797	185,441,376
Accumulated depreciation					
At 1 January 2009, restated	12,287,493	--	3,788,053	3,678,870	19,754,416
Depreciation charge	2,319,958	22,792	1,206,565	1,397,216	4,946,531
At 31 December 2009/ 1 January 2010, restated	14,607,451	22,792	4,994,618	5,076,086	24,700,947
Depreciation charge	2,320,632	54,134	1,278,854	1,304,527	4,958,147
Written off	--	--	--	(5,253)	(5,253)
At 31 December 2010	16,928,083	76,926	6,273,472	6,375,360	29,653,841
Carrying amounts					
At 31 December 2010	143,002,717	464,874	6,887,507	5,432,437	155,787,535
At 31 December 2009, restated	145,323,349	514,008	7,144,661	6,090,604	159,072,622
	Group		Company		
	2010 RM	2009 RM	2010 RM	2009 RM	
Carrying amounts of land and buildings					
Long term leasehold land	148,581,816	133,786,493	80,386,153	81,632,029	
Freehold land	20,770,000	20,770,000	20,770,000	20,770,000	
Buildings	46,739,217	46,671,573	41,846,564	42,921,320	
	<u>216,091,033</u>	<u>201,228,066</u>	<u>143,002,717</u>	<u>145,323,349</u>	

The carrying amounts of land at 1 January 2009 and 31 December 2009 have been adjusted following the adoption of the amendments to FRS 117, Leases, where leasehold land, in substance is a finance lease, has been reclassified from prepaid lease payments to property, plant and equipment.

As at the year end, the title to a leasehold land of a subsidiary involved in a joint venture plantation with a carrying amount of RM2,378,400 has yet to be issued by the relevant authority to the said subsidiary (Note 4 and 28).



Notes to the financial statements (Cont'd)

3. Property, plant and equipment (continued)

Security

Land and buildings of the Group and of the Company with a carrying amount of RM163,371,447 (2009: RM163,128,815) and RM140,528,703 (2009: RM142,699,179) respectively are charged to banks as security for banking facilities granted to the Company and a subsidiary.

Leased motor vehicles

Included in the property, plant and equipment of the Group and of the Company are motor vehicles acquired under lease financing with carrying amount of RM4,897,261 (2009: RM5,764,576) and RM1,575,039 (2009: RM2,083,674) respectively. The leased motor vehicles secured lease obligation as stated in Note 15.

Others

Depreciation charge for property, plant and equipment is allocated as follows:

	Group	
	2010 RM	2009 RM
Income statements	9,079,507	8,370,154
Biological assets	441,188	473,812
	9,520,695	8,843,966

4. Biological assets

	Plantation development expenditure - oil palm RM	Plantation development expenditure - teak tree RM	Total RM
Group			
At cost			
At 1 January 2009	92,693,164	712,127	93,405,291
Additions	8,438,008	46,194	8,484,202
At 31 December 2009/1 January 2010	101,131,172	758,321	101,889,493
Additions	9,565,097	9,844	9,574,941
At 31 December 2010	110,696,269	768,165	111,464,434
Accumulated amortisation			
At 1 January 2009	6,412,588	--	6,412,588
Amortisation charge	3,242,502	--	3,242,502
At 31 December 2009/1 January 2010	9,655,090	--	9,655,090
Amortisation charge	3,661,185	--	3,661,185
At 31 December 2010	13,316,275	--	13,316,275
Carrying amounts			
At 31 December 2010	97,379,994	768,165	98,148,159
At 31 December 2009	91,476,082	758,321	92,234,403

**Notes to the financial statements (Cont'd)****4. Biological assets (continued)**

Company	Plantation development expenditure - oil palm RM
At cost	
At 1 January 2009	755,507
Additions	<u>3,538,812</u>
At 31 December 2009/1 January 2010	4,294,319
Additions	<u>4,107,821</u>
At 31 December 2010	<u><u>8,402,140</u></u>
Carrying amounts	
At 31 December 2010	<u><u>8,402,140</u></u>
At 31 December 2009	<u><u>4,294,319</u></u>

The biological assets of the Group and of the Company with carrying amount of RM17,906,270 (2009: RM12,442,341) and RM8,402,140 (2009: RM4,294,119) respectively are charged to a bank as security for banking facilities granted to the Company and a subsidiary.

Included in plantation development expenditure of the Group are the following expenses capitalised:

	2010 RM	2009 RM
Finance costs	7,054	50,101
Depreciation and amortisation (see Note 3)	441,188	473,812
Personnel expenses (including key management personnel)		
- Wages, salaries and others	<u>40,201</u>	<u>14,964</u>

The plantation development of a subsidiary, Harn Len Pelita Bengunan Sdn. Bhd. are situated on Native Customary Rights Land Development Area in Sarawak. Pursuant to the Joint Venture Agreement dated 3 September 2004 and Supplementary Agreement dated 29 March 2010, the joint venture partner, Pelita Holdings Sdn. Bhd. which holds 40% equity interest in the said subsidiary (30% of which as trustee for the Sarawak Government and the natives (hereinafter referred to as "NCR Owners")), undertake to procure the alienation of the land for a lease period of 60 years from the Sarawak State Government to the said subsidiary.

As at the year end, the title to the leasehold land of the subsidiary has yet to be issued by the relevant authority to the said subsidiary (Note 3 and 28).



5. Investment properties

	Land and building RM	Property development expenditure RM	Total RM
Group			
At cost			
At 1 January 2009	10,300,000	1,550,277	11,850,277
Additions	--	21,710	21,710
At 31 December 2009/1 January 2010	10,300,000	1,571,987	11,871,987
Additions	2,000,000	33,235	2,033,235
At 31 December 2010	12,300,000	1,605,222	13,905,222
Accumulated impairment losses			
At 1 January 2009	--	--	--
Impairment loss	--	1,571,987	1,571,987
At 31 December 2009/1 January 2010	--	1,571,987	1,571,987
Impairment loss	--	33,235	33,235
At 31 December 2010	--	1,605,222	1,605,222
Accumulated amortisation			
Amortisation charge/At 31 December 2010	2,142	--	2,142
Carrying amount			
At 31 December 2010	12,297,858	--	12,297,858
At 31 December 2009	10,300,000	--	10,300,000

	Land and building RM
Company	
At cost	
Additions/At 31 December 2010	2,000,000
Accumulated amortisation	
Amortisation charge/At 31 December 2010	2,142
Carrying amount	
At 31 December 2010	1,997,858

Included in the above are:

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
At cost				
Freehold land	12,096,428	10,300,000	1,796,428	--
Buildings	201,430	--	201,430	--
	12,297,858	10,300,000	1,997,858	--



Notes to the financial statements (Cont'd)

5. Investment properties (continued)

The following are recognised in profit or loss in respect of investment properties:

	Group/Company	
	2010 RM	2009 RM
Rental income	11,468	--

The investment properties comprise vacant land and five units of shophouses that are leased to third parties.

The fair value of the investment properties as at 31 December 2010 is RM14,033,000 (2009: RM10,300,000). The fair value is determined by independent professional qualified valuer using open market value method.

6. Investments in subsidiaries

	Company	
	2010 RM	2009 RM
Unquoted shares, at cost	87,284,023	87,089,097

Details of subsidiaries, all of which are incorporated in Malaysia, are as follows:

Name of company	Principal activities	Effective ownership interest	
		2010 %	2009 %
Uniglobal Sdn. Bhd. *	Cultivation of oil palm and teak trees	100	100
Masranti Plantation Sdn. Bhd.	Cultivation of oil palm and teak trees	99.99	99.99
Premium Dragon Sdn. Bhd.	Investment holding	100	100
Nusantara Daya Sdn. Bhd.	Investment property	100	100
Gemilang Bumimas Sdn Bhd	Cultivation of oil palm	100	--
Harn Len Pelita Bengunan Sdn. Bhd.	Cultivation of oil palm and teak trees	60	60
Harn Len Plantation Development Sdn. Bhd. (formerly known as Dyna Billion Sdn. Bhd.)	Dormant	100	100
Sunshine Zodiac Sdn. Bhd.	Dormant	100	100
Zhangxern Corporation Sdn. Bhd.	Dormant	100	100
Harn Len Realty (Serian) Sdn. Bhd. (formerly known as Masranti Palm Oil Mill Sdn. Bhd.)	Dormant	100	100

* The entire issued and paid-up share capital of this subsidiary with a cost of RM50,000,000 has been charged to a bank as security to obtain bank overdraft and term loan facilities of the Company and a subsidiary.

**Notes to the financial statements (Cont'd)****7. Deferred tax assets and liabilities**

Deferred tax liabilities and assets are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxation authority. The amounts determined after appropriate offsetting are as follows:

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Deferred tax assets	(554,000)	(1,041,083)	--	(180,678)
Deferred tax liabilities	4,683,096	4,251,019	514,697	--
	<u>4,129,096</u>	<u>3,209,936</u>	<u>514,697</u>	<u>(180,678)</u>

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Property, plant and equipment				
- capital allowances	10,764,336	10,206,383	2,333,986	1,681,939
- fair value adjustment	7,595,462	7,727,714	--	--
Provision	(202,774)	(494,680)	(192,361)	(494,680)
Unabsorbed capital allowances	(9,301,928)	(9,588,801)	(1,626,928)	(1,367,937)
Unutilised tax losses	(4,726,000)	(4,640,680)	--	--
	<u>4,129,096</u>	<u>3,209,936</u>	<u>514,697</u>	<u>(180,678)</u>

Movement in temporary difference during the year are as follows:

Group	At 1 January 2010 RM	Recognised in profit or loss RM	At 31 December 2010 RM
Property, plant and equipment			
- capital allowances	10,206,383	557,953	10,764,336
- fair value adjustment	7,727,714	(132,252)	7,595,462
Provision	(494,680)	291,906	(202,774)
Unabsorbed capital allowances	(9,588,801)	286,873	(9,301,928)
Unutilised tax losses	(4,640,680)	(85,320)	(4,726,000)
	<u>3,209,936</u>	<u>919,160</u>	<u>4,129,096</u>
Company			
Property, plant and equipment			
- capital allowances	1,681,939	652,047	2,333,986
Provision	(494,680)	302,319	(192,361)
Unabsorbed capital allowances	(1,367,937)	(258,991)	(1,626,928)
	<u>(180,678)</u>	<u>695,375</u>	<u>514,697</u>

**Notes to the financial statements (Cont'd)****7. Deferred tax assets and liabilities (continued)**

Group	At 1 January 2009 RM	Recognised in profit or loss RM	At 31 December 2009 RM
Property, plant and equipment			
- capital allowances	9,781,990	424,393	10,206,383
- fair value adjustment	7,860,239	(132,525)	7,727,714
Gain on crude palm oil swap receivables	837,000	(837,000)	--
Provision	(130,440)	(364,240)	(494,680)
Unabsorbed capital allowances	(9,358,043)	(230,758)	(9,588,801)
Unutilised tax losses	(4,640,680)	--	(4,640,680)
	<u>4,350,066</u>	<u>(1,140,130)</u>	<u>3,209,936</u>
Company			
Property, plant and equipment			
- capital allowances	1,161,920	520,019	1,681,939
Gain on crude palm oil swap receivables	837,000	(837,000)	--
Provision	(130,440)	(364,240)	(494,680)
Unabsorbed capital allowances	(1,137,179)	(230,758)	(1,367,937)
	<u>731,301</u>	<u>(911,979)</u>	<u>(180,678)</u>

Unrecognised deferred tax assets

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

	Group	
	2010 RM'000	2009 RM'000
Property, plant and equipment		
- capital allowances	21,810	20,473
Unutilised tax losses	(21,865)	(18,685)
Unabsorbed capital allowances	(27,716)	(26,561)
	<u>(27,771)</u>	<u>(24,773)</u>

The unutilised tax losses and unabsorbed capital allowances do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the subsidiaries can utilise the benefits there from.

8. Goodwill on consolidation

	2010 RM	2009 RM
Carrying amounts	<u>7,616,523</u>	<u>7,616,523</u>



Notes to the financial statements (Cont'd)

8. Goodwill on consolidation (continued)

Impairment testing for cash-generating units containing goodwill

For the purpose of impairment testing, goodwill is allocated to the Group's operating divisions which represent the lowest level within the Group at which the goodwill is monitored for internal management purpose.

The aggregate carrying amounts of goodwill allocated to each unit are as follows:

	Group	
	2010 RM	2009 RM
Masranti Plantation Sdn. Bhd.	5,794,799	5,794,799
Uniglobal Sdn. Bhd.	1,821,724	1,821,724
	7,616,523	7,616,523

The recoverable amount for the above was based on its value in use and was determined by discounting the future cash flows generated from the continuing use of these units and was based on the following key assumptions:

- Cash flows were projected based on a 10 years forecast and projections.
- Production yield is projected based on industry growth rate.
- Commodity price is projected based on current market price and remains constant throughout the projected period.
- Expenses were projected at annual increase of approximately 2% per annum.
- A pre-tax discount rate of 6.5% was applied in determining the recoverable amount of the unit. The discount rate was estimated based on the Group's existing rate of borrowing.

The value assigned to the key assumptions represents management's assessment of future trends in the industry.

Based on the management assessment, the estimated cash flow generated by Masranti Plantation Sdn. Bhd. and Uniglobal Sdn. Bhd. are significantly higher than the carrying amount of the respective goodwill. Management considers that no impairment is required.

9. Trade and other receivables

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Non-current				
Due from subsidiaries				
- Non-trade	--	--	75,021,047	66,704,352
Current				
Trade receivables	6,717,622	7,098,825	2,218,367	3,206,769
Other receivables, deposits and prepayments	1,122,417	7,402,015	319,096	5,631,194
Due from subsidiaries				
- Non-trade	--	--	1,545,811	1,300,236
Due from affiliated companies				
- Trade	--	604	--	604
	7,840,039	14,501,444	4,083,274	10,138,803
	7,840,039	14,501,444	79,104,321	76,843,155



Notes to the financial statements (Cont'd)

9. Trade and other receivables (continued)

The non-trade amounts due from subsidiaries are in respect of advances made which are unsecured and subject to interest at 3.5% (2009: 3.5%) per annum. The non-current amounts due from subsidiaries have no fixed terms of repayment and are not expected to be repaid within the next twelve months.

Included in other receivables, deposits and prepayment of the Group/Company in prior year was deposit of RM4,810,000 paid for the acquisition of a subsidiary, Gemilang Bumimas Sdn. Bhd.

10. Inventories

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Agricultural produce	421,837	1,177,093	421,837	1,177,093
Consumables and spares	1,300,051	1,314,015	390,607	929,126
Nursery	2,602,231	836,718	--	--
	<u>4,324,119</u>	<u>3,327,826</u>	<u>812,444</u>	<u>2,106,219</u>

11. Cash and cash equivalents

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Cash and bank balances	2,981,569	3,751,267	1,769,255	3,317,297
Deposits placed with licensed banks	263,297	258,134	263,297	258,134
	<u>3,244,866</u>	<u>4,009,401</u>	<u>2,032,552</u>	<u>3,575,431</u>

The deposits of the Group and of the Company of RM263,297 (2009: RM258,134) are pledged to licensed banks as security for bank guarantee facilities granted to the Group and the Company.

12. Capital and reserves

Share capital

	Group/Company		Group/Company Number of ordinary shares	
	2010 RM	2009 RM	2010	2009
Ordinary shares of RM1.00 each:				
Authorised	<u>500,000,000</u>	<u>500,000,000</u>	<u>500,000,000</u>	<u>500,000,000</u>
Issued and fully paid	<u>185,477,159</u>	<u>185,477,159</u>	<u>185,477,159</u>	<u>185,477,159</u>

Reserves

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Distributable				
Retained earnings	46,393,973	33,561,988	37,025,976	34,003,879
Non-distributable				
Share premium	6,634,854	6,634,854	6,634,854	6,634,854
Capital reserves	6,268,000	6,268,000	6,268,000	6,268,000
	<u>59,296,827</u>	<u>46,464,842</u>	<u>49,928,830</u>	<u>46,906,733</u>



Notes to the financial statements (Cont'd)

12. Capital and reserves (continued)

The Company has adopted the single tier company income tax system pursuant to Finance Act, 2007.

Capital reserves

On 18 July 2003, the Company issued RM44,310,095 1.5% five (5) years 2003/2008 Redeemable Convertible Secured Loan Stocks (RCCLS) at nominal value of RM1.00 each. Upon early redemption of the RCCLS in 2005, the equity component of the RCCLS was transferred to capital reserves.

13. Minority shareholders' interest

Group

The losses applicable to the minority in a subsidiary, Harn Len Pelita Bungalow Sdn. Bhd. exceeded the minority interest in the equity of that subsidiary. The Directors of the Company are of the opinion that this deficit is temporary as it is the intention of the said subsidiary to progressively increase its paid-up share capital to RM24,000,000 and the minority shareholder of the said subsidiary, being the joint venture partner of the development, has undertaken to subscribe for 40% of the increased paid-up share capital i.e. RM9,600,000 in accordance with the Joint Venture Agreement dated 3 September 2004 (see Note 3 and 4).

14. Retirement benefits

	Group/Company	
	2010 RM	2009 RM
At 1 January	590,020	507,447
Provision made during the year	81,850	126,934
Provision used during the year	--	(44,361)
At 31 December	<u>671,870</u>	<u>590,020</u>

15. Loans and borrowings (secured)

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Non-current				
Finance lease liabilities	1,495,566	2,312,620	367,505	808,994
Term loans	59,531,625	56,471,000	22,303,000	28,921,000
	61,027,191	58,783,620	22,670,505	29,729,994
Current				
Finance lease liabilities	1,475,829	1,859,341	535,323	697,745
Term loans	29,420,000	23,628,000	25,420,000	19,628,000
Bank overdrafts	22,418,244	14,039,059	7,460,046	14,039,059
	53,314,073	39,526,400	33,415,369	34,364,804
	<u>114,341,264</u>	<u>98,310,020</u>	<u>56,085,874</u>	<u>64,094,798</u>

**Notes to the financial statements (Cont'd)****15. Loans and borrowings (secured) (continued)****Finance lease liabilities**

Finance lease liabilities are payable as follows:

	2010			2009		
	Future minimum lease payments RM	Interest RM	Present value of minimum lease payments RM	Future minimum lease payments RM	Interest RM	Present value of minimum lease payments RM
Group						
Less than one year	1,614,729	138,900	1,475,829	2,062,613	203,272	1,859,341
Between one and five years	1,592,534	96,968	1,495,566	2,468,804	156,184	2,312,620
	<u>3,207,263</u>	<u>235,868</u>	<u>2,971,395</u>	<u>4,531,417</u>	<u>359,456</u>	<u>4,171,961</u>
Company						
Less than one year	568,787	33,464	535,323	757,624	59,879	697,745
Between one and five years	376,398	8,893	367,505	844,081	35,087	808,994
	<u>945,185</u>	<u>42,357</u>	<u>902,828</u>	<u>1,601,705</u>	<u>94,966</u>	<u>1,506,739</u>

Security

The term loans and bank overdrafts are secured by fixed charges over certain land and buildings and biological assets of the Group and the entire issued and paid-up capital of a subsidiary.

Significant covenants

- a. The Group, Company and subsidiaries are required to maintain various ratios during the tenure of credit facilities.
 - i) gearing ratio (ranging lower than 0.75 to 2.0); and
 - ii) interest cover ratio (lower than 2.0)
- b. The Group net tangible worth shall not be less than RM120,000,000.
- c. The Company shall not without the banks' prior written consent, incur or assume additional indebtedness or guarantee any indebtedness (except in the ordinary course of business), alter the present ownership structure and extend loans and advances to the Directors of the Company.
- d. The properties shall be valued by a professional valuer at least once every two years or such times as may be decided by the banks.

**Notes to the financial statements (Cont'd)****16. Trade and other payables**

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Non-current				
Due to a subsidiary				
- Non-trade	--	--	32,633,548	21,855,567
Current				
Trade payables	8,393,417	14,396,136	3,870,514	4,565,041
Other payables and accrued expenses	19,221,594	14,009,655	3,195,570	3,000,283
Due to a subsidiary				
- Non-trade	--	--	601,365	3,465,878
Due to affiliated companies				
- Trade	3,245,308	755,123	3,245,308	755,123
- Non-trade	3,177	4,139	--	--
	<u>3,248,485</u>	<u>759,262</u>	<u>3,245,308</u>	<u>755,123</u>
	<u>30,863,496</u>	<u>29,165,053</u>	<u>10,912,757</u>	<u>11,786,325</u>
	<u>30,863,496</u>	<u>29,165,053</u>	<u>43,546,305</u>	<u>33,641,892</u>

The non-trade amounts due to subsidiaries and affiliated companies are in respect of advances or payment on behalf, which are unsecured and have no fixed terms of repayment.

Interest is charged at 3.5% (2009: 3.5%) per annum on non-trade amounts due to subsidiaries.

Included in other payables and accrued expenses of the Group is an amount of RM8,359,554 (2009: RM6,231,748) owing to a contractor for plantation development work performed in certain subsidiaries.

17. Revenue/Gross profit

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Revenue				
- Plantations	124,161,637	95,770,478	71,619,464	59,465,976
- Property and hotel	7,325,123	7,307,083	7,325,123	7,307,083
- Dividend income from a subsidiary	--	--	--	19,689,380
	<u>131,486,760</u>	<u>103,077,561</u>	<u>78,944,587</u>	<u>86,462,439</u>
Cost of sales of agricultural produces	78,432,744	63,776,850	48,824,234	35,250,697
Cost of services	8,410,457	7,192,466	8,410,457	7,792,466
	<u>86,843,201</u>	<u>70,969,316</u>	<u>57,234,691</u>	<u>43,043,163</u>
Gross profit	<u>44,643,559</u>	<u>32,108,245</u>	<u>21,709,896</u>	<u>43,419,276</u>

**Notes to the financial statements (Cont'd)****18. Finance costs**

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Interest expenses	7,094,565	6,202,039	4,598,772	5,421,266
Less: Finance cost capitalised	(139,872)	(50,101)	--	--
	<u>6,954,693</u>	<u>6,151,938</u>	<u>4,598,772</u>	<u>5,421,266</u>

19. Profit before tax

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Profit before tax is arrived at after charging/(crediting)				
Auditors remuneration				
- Statutory audit	151,000	140,000	68,000	66,000
- Other services	82,700	85,900	65,000	65,000
Bad debts written off	9,901	26,825	9,901	26,825
Depreciation and amortisation	12,742,834	11,612,656	4,960,289	4,946,531
Impairment loss:				
- investment property	33,235	1,571,987	--	--
- trade receivables	38,474	44,779	38,474	44,779
Personnel expenses (including key management personnel)				
- Contributions to Employees Provident Fund	1,342,428	1,148,742	1,031,485	893,885
- Wages, salaries and others	14,780,352	13,420,507	11,798,458	10,838,494
Rental of premises	9,500	12,000	9,500	12,000
Retirement benefits	81,850	126,934	81,850	126,934
Property, plant and equipment written off	1,813	38,424	1,813	--
Waiver of debts	--	(5,640,302)	--	(5,640,302)
	<u></u>	<u></u>	<u></u>	<u></u>

Staff costs are allocated as follows:

	Group	
	2010 RM	2009 RM
Wages, salaries and others (including Directors' remuneration)		
- statement of comprehensive income	14,780,352	13,420,507
- plantation development expenditure	40,201	14,964
	<u>14,820,553</u>	<u>13,435,471</u>

**Notes to the financial statements (Cont'd)****19. Profit before tax (continued)****Key management personnel compensation**

The key management personnel compensation are as follows:

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Directors				
- Fees	135,000	135,000	135,000	135,000
- Remuneration	4,477,768	4,056,024	3,537,394	3,219,336
Total short-term employee benefits	4,612,768	4,191,024	3,672,394	3,354,336
Other key management personnel:				
- Short term employee benefits	1,706,791	1,520,424	1,182,324	1,081,384
	<u>6,319,559</u>	<u>5,711,448</u>	<u>4,854,718</u>	<u>4,435,720</u>

The estimated monetary value of Directors' benefit-in-kind for the Group/Company is RM180,260 (2009: RM229,072).

20. Income tax expense**Recognised in the profit or loss**

Major components of income tax expense include:

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Current tax expense				
- Current year	5,967,500	7,229,000	1,850,000	4,200,000
- Prior years	(633,288)	(115,431)	(430,581)	(91,111)
	5,334,212	7,113,569	1,419,419	4,108,889
Deferred tax expense/(income)				
- Origination and reversal of temporary differences	1,276,306	(1,137,572)	363,828	(919,546)
- Prior years	(357,146)	(2,558)	331,547	7,567
	919,160	(1,140,130)	695,375	(911,979)
	<u>6,253,372</u>	<u>5,973,439</u>	<u>2,114,794</u>	<u>3,196,910</u>

**Notes to the financial statements (Cont'd)****20. Income tax expense (continued)**

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Reconciliation of effective tax expense				
Profit before tax	<u>17,051</u>	<u>10,958</u>	<u>5,137</u>	<u>32,432</u>
Income tax calculated using Malaysian tax rate of 25%	4,263	2,740	1,284	8,108
Non-deductible expenses	2,695	2,425	1,555	1,505
Non-taxable income	(625)	(1,410)	(625)	(6,332)
Unrecognised deferred tax	<u>911</u>	<u>2,336</u>	<u>--</u>	<u>--</u>
	7,244	6,091	2,214	3,281
Over provided in prior year	<u>(991)</u>	<u>(118)</u>	<u>(99)</u>	<u>(84)</u>
Income tax expense	<u>6,253</u>	<u>5,973</u>	<u>2,115</u>	<u>3,197</u>

21. Earnings per ordinary share**Group****(a) Basic earnings per ordinary share**

The calculation of basic earnings per ordinary share at 31 December 2010 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

	2010 RM	2009 RM
Profit for the year attributable to owners	<u>12,831,985</u>	<u>6,905,035</u>

Weighted average number of ordinary shares are determined as follows:

	2010	2009
Weighted average number of ordinary shares at 31 December	<u>185,477,159</u>	<u>185,477,159</u>
Basic earnings per ordinary share (sen)	<u>6.9</u>	<u>3.7</u>

(b) Diluted earnings per ordinary share

There are no dilutive potential ordinary shares.

22. Dividends

Dividends recognised in the previous year by the Company are:

	Sen per share	Total amount RM	Date of payment
2009			
2009 - Interim, single tier	1.0	<u>1,854,772</u>	11 January 2010



Notes to the financial statements (Cont'd)

22. Dividends (continued)

After the reporting period, the following dividend was proposed by the Directors. This dividend will be recognised in subsequent financial period upon approval by the owners of the Company at the forthcoming Annual General Meeting.

	Sen per share	Total amount RM
2010 - Final, single tier	1.00	1,854,772

23. Acquisition of property, plant and equipment

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Current year's acquisition of plant and equipment	22,171,517	8,871,930	1,674,873	1,613,246
Less: Acquisition by lease financing	(786,100)	(2,275,200)	(122,000)	(536,000)
Finance cost capitalised	(132,818)	--	--	--
	<u>21,252,599</u>	<u>6,596,730</u>	<u>1,552,873</u>	<u>1,077,246</u>

24. Acquisition of biological assets

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Current year's acquisition of biological assets	9,574,941	8,484,202	4,107,821	3,538,812
Less: Non fund items capitalised:				
- Depreciation and amortisation	(441,188)	(473,812)	--	--
- Finance cost	(7,054)	(50,101)	--	--
	<u>9,126,699</u>	<u>7,960,289</u>	<u>4,107,821</u>	<u>3,538,812</u>

25. Acquisition of a subsidiary

On 31 May 2010, the Group acquired the entire issued and paid-up capital of Gemilang Bumimas Sdn. Bhd. ("GBSB") for a total cash consideration of RM194,926. The intended principal activity of the company is the operation of oil palm plantation. If the acquisition had occurred on 1 January 2010, management estimates that the Group's consolidated profit for the period would have been RM12,829,496. In determining these amounts, management has assumed that the fair value adjustments that arose on the date of the acquisition would have been the same if the acquisition had occurred on 1 January 2010.



Notes to the financial statements (Cont'd)

25. Acquisition of a subsidiary (continued)

The acquisition had the following effect on the Group's assets on acquisition date.

	Recognised value on acquisition RM
Property, plant and equipment	14,655,702
Trade and other payables	<u>(14,460,776)</u>
Net identifiable assets/Consideration paid, satisfied by cash/ Net cash outflow	<u>194,926</u>

Pre-acquisition carrying amounts were determined based on applicable FRSs immediately before the acquisition. The values of assets, liabilities, and contingent liabilities recognised on acquisition are their estimated fair values.

26. Operating segments

The Group has two reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different marketing strategies. For each of the strategic business units, the Group's Executive Chairman (the chief operating decision maker) reviews internal management reports at least on a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

- Segment 1 : Plantation - The cultivation of oils palm and palm oil milling
- Segment 2 : Property and hotel - Property investment and hotel business

Performance is measured based on segment profit before tax, interest, depreciation and amortisation, as included in the internal management reports that are reviewed by the Group's Executive Chairman (the chief operating decision maker). Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Segment assets

The total of segment asset is measured based on all assets (including goodwill) of a segment, as included in the internal management reports that are reviewed by the Group's Executive Chairman. Segment total asset is used to measure the return of assets of each segment.

Segment liabilities

Segment liabilities information is also included in the internal management reports provided to the Group's Executive Chairman.

Segment capital expenditure

Segment capital expenditure is the total cost incurred during the financial year to acquire property, plant and equipment, and intangible assets other than goodwill.

**26. Operating segments (continued)**

Group	Plantation		Property and hotel		Total	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Segment profit/(loss)	45,465	33,088	(141)	(2,136)	45,324	30,952
<i>Included in the measure of segment profit are:</i>						
Revenue from external customers	124,162	95,770	7,325	7,307	131,487	103,078
Impairment loss on trade receivables	--	--	(38)	(45)	(38)	(45)
Bad debts written off	--	--	(10)	(27)	(10)	(27)
<i>Not included in the measure of segment profit but provided to Chief Executive Officer:</i>						
Depreciation	(10,447)	(9,226)	(1,684)	(1,633)	(12,131)	(10,859)
Finance costs	(4,967)	(3,744)	(70)	(74)	(5,037)	(3,818)
Finance income	918	1,032	--	--	918	1,032
Income tax expense	(6,236)	(2,748)	--	(3,226)	(6,253)	(5,974)
Segment assets	312,916	277,390	78,370	77,460	391,286	354,850
<i>Included in the measure of segment assets are:</i>						
Additions to non-current assets other than financial instruments and deferred tax assets	44,995	16,008	2,698	841	47,693	16,849
Segment liabilities	(90,372)	(64,700)	(2,451)	(1,959)	(92,823)	(66,659)



26. Operating segments (continued)

Reconciliations of reportable segment revenues, profit and loss, assets and other material items.

	2010 RM'000	2009 RM'000
Profit or loss		
Total profit or loss for reportable segments	45,324	30,952
Depreciation and amortisation	(12,743)	(11,613)
Finance costs	(6,954)	(6,152)
Finance income	6	9
Unallocated expenses	(8,582)	(2,238)
Consolidated profit before tax	17,051	10,958

2010	External revenue RM'000	Depreciation and amortisation RM'000	Finance costs RM'000	Finance income RM'000	Segment assets RM'000	Additions to non-current assets RM'000	Segment liabilities RM'000
Total reportable segments	131,487	(12,131)	(5,037)	918	391,286	47,693	(92,823)
Unallocated amount	--	(612)	(1,917)	(912)	2,304	62	(58,676)
Consolidated total	131,487	(12,743)	(6,954)	6	393,590	47,755	(151,499)
2009							
Total reportable segments	103,078	(10,859)	(3,818)	1,032	354,850	16,849	(66,659)
Unallocated amount	--	(754)	(2,334)	(1,023)	9,612	5	(68,413)
Consolidated total	103,078	(11,613)	(6,152)	9	364,462	16,854	(135,072)

Major customers

The major customer with revenue equal or more than 10 percent of Group revenue is as follows:

	2010 Revenue RM'000	2009 Revenue RM'000	Segment
Customer - A	43,306	36,119	Plantation
Customer - B	14,095	13,765	Plantation
Customer - C	8,615	11,378	Plantation

**Notes to the financial statements (Cont'd)****27. Commitments**

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Capital commitment				
Property, plant and equipment				
Contracted but not provided for	25,160,825	15,991,214	423,000	330,500
Authorised but not contracted for	11,170,110	33,077,524	589,434	402,850
Biological assets				
Authorised but not contracted for	7,663,002	847,506	1,626,580	751,188
Other commitment				
Investments				
Contracted but not provided for	--	9,189,000	--	9,189,000
	<u>43,993,937</u>	<u>59,105,244</u>	<u>2,639,014</u>	<u>10,673,538</u>

28. Contingent liabilities

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Unsecured				
i) Corporate guarantees given to:				
- financial institution in respect of outstanding banking facilities of subsidiaries	--	--	42,840	34,215
- supplier in respect of outstanding amount owing by subsidiaries	--	--	--	7,687
ii) Subsidiary involving in joint venture plantation				
- leasehold land, road and bridges	7,982	5,513	--	--
- biological assets	34,394	31,478	--	--
	<u>42,376</u>	<u>36,991</u>	<u>42,840</u>	<u>41,902</u>

As disclosed in Note 3 and 4, a subsidiary, Harn Len Pelita Bungalow Sdn. Bhd. has entered into a joint venture agreement for the development of an oil palm plantation estate in Sarawak. Pursuant to the Joint Venture Agreement, the joint venture party undertake to procure the alienation of the land for a lease period of 60 years from the Sarawak State Government to the said subsidiary. As at the year end, the title to the leasehold land of the subsidiary has yet to be issued by the relevant authority to the said subsidiary. The amount disclosed above represent the potential impairment if the lease is not obtained.

Secured

The land and buildings of the Company amounting to RM140,528,703 (2009: RM142,699,179) are charged to banks as security for banking facilities granted to a subsidiary.



Notes to the financial statements (Cont'd)

29. Financial instruments

Certain comparative figures have not been presented for 31 December 2009 by virtue of the exemption given in paragraph 44AA of FRS 7.

29.1 Categories of financial statements

All financial assets and liabilities are categorised as loans and receivables and other liabilities in accordance with the Group's accounting policies as disclosed in Note 2 (b).

29.2 Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers. The Company's exposure to credit risk arises principally from loans and advances to subsidiaries and financial guarantees given to banks for credit facilities granted to subsidiaries.

Receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on customers requiring credit over a certain amount.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statement of financial position.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are measured at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than 60 days, which are deemed to have higher credit risk, are monitored individually.

Impairment losses

The ageing of receivables as at the end of the reporting period was:

Group	Gross RM'000	Individual impairment RM'000	Net RM'000
2010			
Not past due	6,607	(3)	6,604
Past due 0 - 30 days	112	(3)	109
Past due 31 - 60 days	27	(22)	5
Past due more than 60 days	70	(70)	--
	<u>6,816</u>	<u>(98)</u>	<u>6,718</u>

**Notes to the financial statements (Cont'd)****29. Financial instruments (continued)****Credit risk (continued)***Impairment losses (continued)*

Company	Gross RM'000	Individual impairment RM'000	Net RM'000
2010			
Not past due	2,107	(3)	2,104
Past due 0 - 30 days	112	(3)	109
Past due 31 - 60 days	27	(22)	5
Past due more than 60 days	70	(70)	--
	2,316	(98)	2,218

The movements in the allowance for impairment losses of receivables during the financial year were:

	Group/Company 2010 RM'000
At 1 January	60
Impairment loss recognised	55
Impairment loss reversed	(17)
At 31 December	98

The allowance account in respect of receivables is used to record impairment losses. Unless the Group is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

Financial guarantees*Risk management objectives, policies and processes for managing the risk*

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM42,839,559 (2009: RM34,215,222) representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period.

As at the end of the reporting period, there was no indication that any subsidiary would default on repayment.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.



Notes to the financial statements (Cont'd)

29. Financial instruments (continued)

Inter company balances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured loans and advances to subsidiaries. The Company monitors the results of the subsidiaries regularly.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Impairment losses

As at the end of the reporting period, there was no indication that the loans and advances to the subsidiaries are not recoverable. The Company does not specifically monitor the ageing of the advances to the subsidiaries.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

Group	Carrying amount RM'000	Contractual interest rate/ coupon %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	Over 5 years years RM'000
2010							
<i>Non-derivative financial liabilities</i>							
Bank overdrafts (secured)	22,418	7.04	22,418	22,418	--	--	--
Finance lease liabilities (secured)	2,971	3.52	3,207	1,615	957	635	--
Term loans (secured)	88,952	5.98 - 6.65	102,165	33,557	18,285	36,074	14,249
Trade and other payables	30,863		30,863	30,863	--	--	--
	<u>145,204</u>		<u>158,653</u>	<u>88,453</u>	<u>19,242</u>	<u>36,709</u>	<u>14,249</u>
Company							
2010							
<i>Non-derivative financial liabilities</i>							
Bank overdrafts (secured)	7,460	7.02	7,460	7,460	--	--	--
Finance lease liabilities (secured)	903	2.84	945	569	365	11	--
Term loans (secured)	47,723	5.98 - 6.19	51,188	27,159	11,508	12,521	--
Trade and other payables	10,913	--	10,913	10,913	--	--	--
	<u>66,999</u>		<u>70,506</u>	<u>46,101</u>	<u>11,873</u>	<u>12,532</u>	<u>--</u>

**Notes to the financial statements (Cont'd)****29. Financial instruments (continued)****Market risk**

Market risk is the risk that changes in market prices, such as interest rates will affect the Group's financial position or cash flows.

Interest rate risk

The Group's fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Short term receivables and payables are not significantly exposed to interest rate risk.

Exposure to interest rate risk

The interest rate profile of the Group's and Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Fixed rate instruments				
Financial assets	263	258	76,830	68,262
Financial liabilities	(37,742)	(39,571)	(68,909)	(62,227)
	<u>(37,479)</u>	<u>(39,313)</u>	<u>7,921</u>	<u>6,035</u>
Floating rate instruments				
Financial liabilities	<u>(76,599)</u>	<u>(58,739)</u>	<u>(20,412)</u>	<u>(27,189)</u>

*Interest rate risk sensitivity analysis**(a) Fair value sensitivity analysis for fixed rate instruments*

The Group and Company do not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

(b) Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis point (bp) in interest rate at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

	Profit or loss	
	100 bp increase RM'000	100 bp decrease RM'000
Group		
2010		
Floating rate instruments	<u>(596)</u>	<u>596</u>
Company		
2010		
Floating rate instruments	<u>(113)</u>	<u>113</u>



Notes to the financial statements (Cont'd)

30. Financial instruments (continued)

Fair value of financial instruments

The carrying amounts of cash and cash equivalents, short term receivables and payables and short term borrowings approximate fair values due to the relatively short term nature of these financial instruments.

The carrying amount of the variable term loan, being floating rate term loans, would approximate its fair values as its effective interest rate changes accordingly to movements in the market interest rate.

The fair values of other financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

Group	2010		2009	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Retirement benefit	(672)	(672)	(590)	(590)
Fixed rate term loan	(34,771)	(34,211)	(35,399)	(34,786)
Finance lease liabilities	<u>(2,971)</u>	<u>(2,971)</u>	<u>(4,172)</u>	<u>(4,172)</u>
Company				
Retirement benefit	(672)	(672)	(590)	(590)
Fixed rate term loan	(34,771)	(34,211)	(35,399)	(34,786)
Finance lease liabilities	(903)	(903)	(1,507)	(1,507)
Due from subsidiaries	75,021	75,021	66,704	66,704
Due to subsidiaries	<u>(32,634)</u>	<u>(32,634)</u>	<u>(21,856)</u>	<u>(21,856)</u>

The following summarises the methods used in determining the fair values of financial instruments reflected in the above table.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. For finance leases the market rate of interest is determined by reference to similar lease agreements.

Interest rates used to determine fair value

The interest rates used to discount estimated cash flows, when applicable, are as follows:

	2010 %	2009 %
Term loan	5.98 - 6.65	5.73 - 6.05
Financial leases	3.52	3.33
Due from/(to) subsidiaries	<u>3.50</u>	<u>3.50</u>



Notes to the financial statements (Cont'd)

30. Capital management

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. As a plantation and property owner, the Group has significant long term assets which it uses as security for its banking facilities. In view of the prevailing good market prices for its oil palm produce and the positive cash flow generated from its plantation activities; the Group has principally drawn on short term facilities from its bankers for its capital requirements. The Directors are of the opinion that barring any significant changes to the prevailing plantation produce prices, the Group will be able to fulfill its cash flow requirements when due. The Directors monitor and determine to maintain an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements.

During 2010, the Group's strategy, which was unchanged from 2009, was to maintain the Group's debt-to-equity ratio at the range of 0.5 : 1. The debt-to-equity ratios at 31 December 2010 and at 31 December 2009 were as follows:

	Group	
	2010 RM'000	2009 RM'000
Total borrowings (Note 15)	114,341	98,310
Less: Cash and cash equivalents (Note 11)	(3,324)	(4,009)
	<u>111,017</u>	<u>94,301</u>
Total equity	<u>242,091</u>	<u>229,391</u>
Debt-to-equity-ratios	<u>0.46</u>	<u>0.41</u>

There were no changes in the Group's approach to capital management during the financial year.

Under the requirement of Bursa Malaysia Practice Note No. 17/2005, the Company is required to maintain a consolidated shareholders' equity equal to or not less than the 25 percent of the issued and paid-up capital and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement.

The Group is also required to maintain debt-to-equity ratios ranging from 0.75 to 2.00 to comply with the bank covenants of its bank borrowings, failing which, the bank may call an event of default.



Notes to the financial statements (Cont'd)

31. Related parties

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Group, and certain members of senior management of the Group.

The significant related party transactions of the Group and of Company, other than key management personnel compensation (see Note 19), are as follows:

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Subsidiaries				
- Interest income	--	--	2,328,405	2,385,856
- Interest expense	--	--	991,813	1,149,722
Affiliated companies				
- Rental of premises	9,500	12,000	9,500	12,000
- Management fees receivable	37,800	37,800	37,800	37,800
- Sales	323,471	301,428	323,471	301,428
- Rental receivable	57,168	39,168	57,168	39,168
- Purchase of air tickets	159,647	187,140	92,476	98,521
- Transport charges payable	822,506	1,286,420	822,506	1,286,420
- Purchases	26,223,528	22,767,387	26,223,528	22,767,387
- Transport charges receivable	368,881	435,083	368,881	435,083
- Bio-organic fertilizer	--	267,869	--	267,869
- Insurance	494,473	232,062	399,497	168,481
- Hotel accommodation	2,310	5,832	2,310	5,832
Remuneration paid to staff who are close family member of certain Directors, Tan Sri Dato' Low Nam Hui, Mr. Low Quek Kiong, Mr. Low Kueck Shin, Mr. Low Kwek Lee and Mr. Low Kuek Kong	954,592	818,104	954,592	818,104



Notes to the financial statements (Cont'd)

32. Significant changes in accounting policies

FRS 117, Leases

The Group has adopted the amendment to FRS 117. The Group has reassessed and determined that all leasehold land of the Group which is in substance is finance leases and has reclassified the leasehold land to property, plant and equipment. The change in accounting policy has been made retrospectively in accordance with the transitional provisions of the amendment.

The reclassification does not affect the basic and diluted earnings per ordinary share for the current and prior periods.

33. Comparative figures

Following the adoption of the amendment to FRS 117, certain comparatives have been re-presented as follows:

Group	At 31 December 2009		At 1 January 2009	
	As restated RM	As previously stated RM	As restated RM	As previously stated RM
Property, plant and equipment	231,429,175	97,642,682	231,439,635	95,540,574
Prepaid lease payments	--	133,786,493	--	135,899,061
Company				
Property, plant and equipment	159,072,622	77,440,593	162,405,907	79,528,002
Prepaid lease payments	--	81,632,029	--	82,877,905



Notes to the financial statements (Cont'd)

34. Supplementary information on the breakdown of realised and unrealised profits or losses

On 25 March 2010, Bursa Malaysia Securities Berhad ("Bursa Malaysia") issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the unappropriated profits or accumulated losses as at the end of the reporting period, into realised and unrealised profits or losses.

On 20 December 2010, Bursa Malaysia further issued another directive on the disclosure and the prescribed format of presentation.

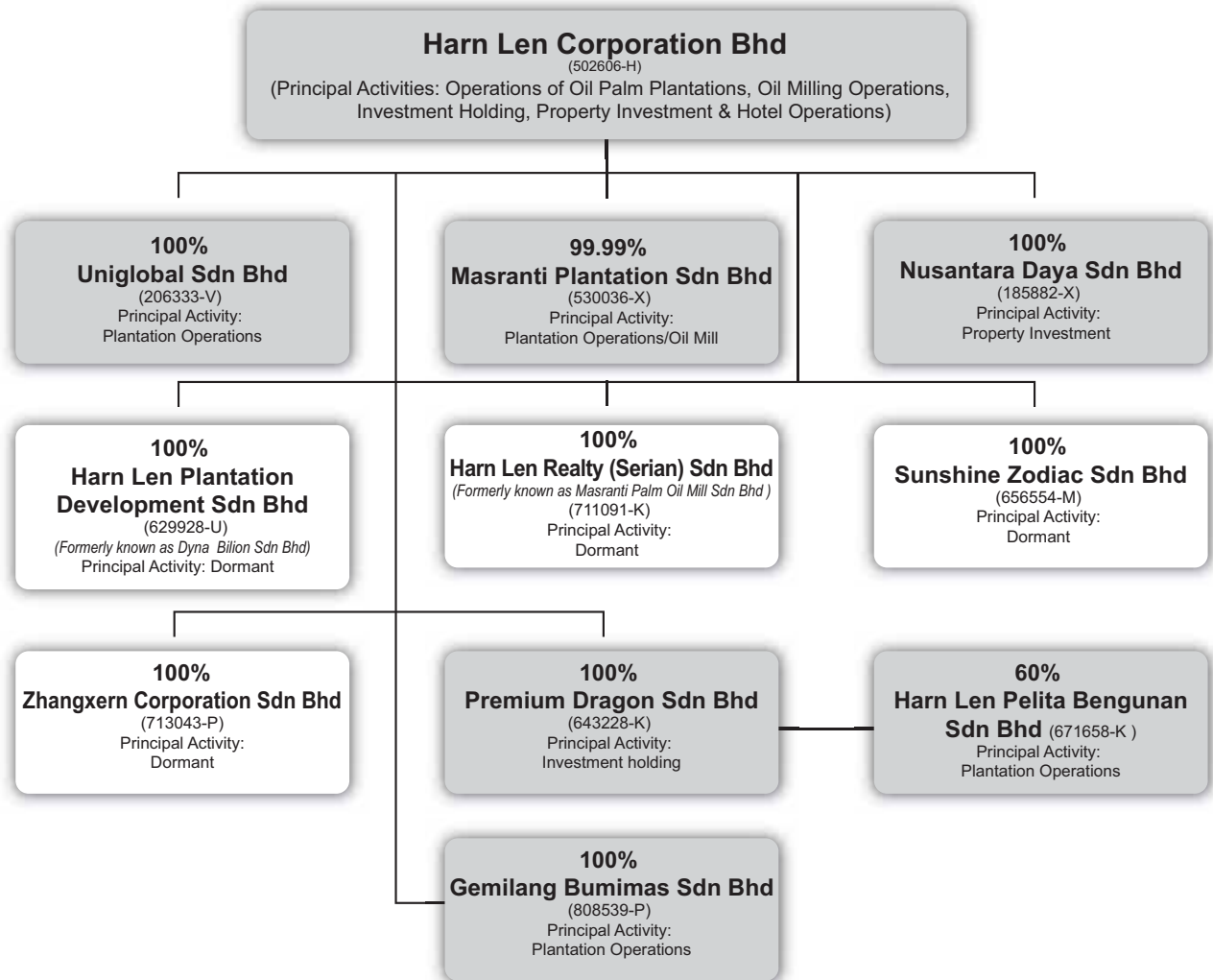
The breakdown of the retained earnings of the Group and of the Company as at 31 December 2010, into realised and unrealised profits, pursuant to the directive, is as follows:

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Total retained earnings of the Company and its subsidiaries:				
- realised	7,644	(4,965)	37,541	33,823
- unrealised	(1,403)	(447)	(515)	181
	<u>6,241</u>	<u>(5,412)</u>	<u>37,026</u>	<u>34,004</u>
Add: Consolidation adjustments	40,153	38,974	--	--
Total retained earnings	<u><u>46,394</u></u>	<u><u>33,562</u></u>	<u><u>37,026</u></u>	<u><u>34,004</u></u>

The determination of realised and unrealised profits is based on the Guidance of Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by Malaysian Institute of Accountants on 20 December 2010.



GROUP CORPORATE STRUCTURE AS AT 31 DECEMBER 2010



LOCATION OF OPERATIONS

Harn Len Corporation Bhd

- Senang Estate (2,116 Ha)
- Lian Hup Estate (2,124 Ha)
- Lian Hup Oil Mill
- All in Keratong

Harn Len Corporation Bhd

- Corporate & Business Office
25-storey Office cum Hotel Building
(Tropical Inn)
Jalan Gereja, Johor Bahru
- Five units of Double-Storey
Terrace Shophouses
Jalan Ngee Heng, Johor Bahru

Nusantara Daya Sdn Bhd

- HS(D) 443014, PTB 21949,
Township & District of Johor Bahru
Vacant Land (55,592 sq ft)

Uniglobal Sdn Bhd

- Oil Palm Estate (2,410 Ha)
- Lahad Datu

Harn Len Pelita Bengunan Sdn Bhd

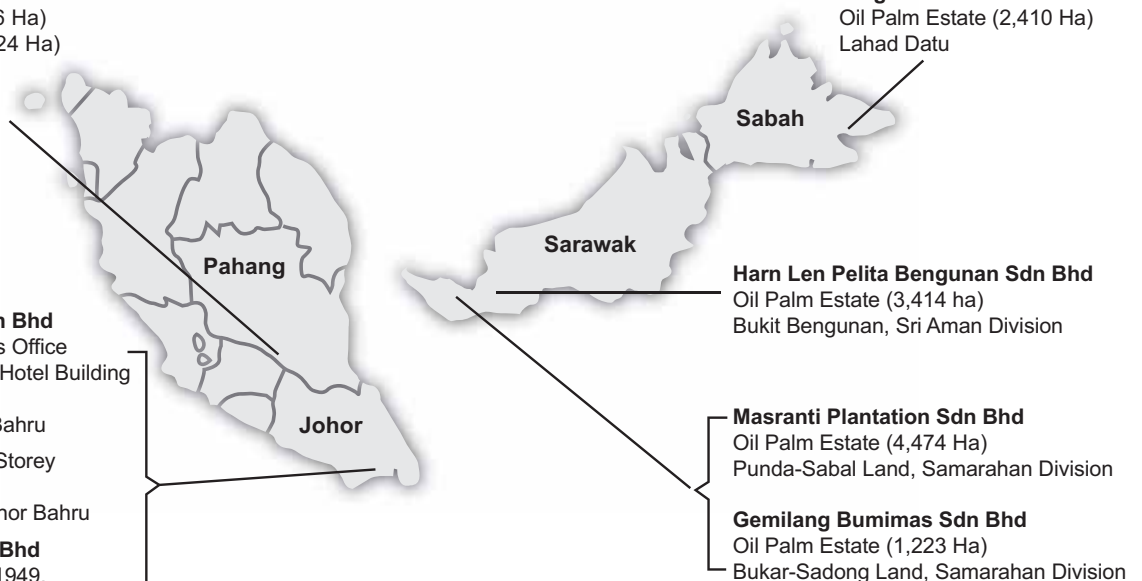
- Oil Palm Estate (3,414 ha)
- Bukit Bengunan, Sri Aman Division

Masranti Plantation Sdn Bhd

- Oil Palm Estate (4,474 Ha)
- Punda-Sabal Land, Samarahan Division

Gemilang Bumimas Sdn Bhd

- Oil Palm Estate (1,223 Ha)
- Bukar-Sadong Land, Samarahan Division





LIST OF PROPERTIES OF THE GROUP

Registered owner/ Location	Tenure	Area	Year of Expiry (For leasehold)	Description/ Existing Use	Net Book Value (RM'000)	Age of Building (years)	Date of Acquisition
1. Harn Len							
i) Lot 1782, Geran 27393 Township and District of Johor Bahru, Johor	Freehold	40,293 sq. ft	Freehold	Office & hotel building	60,140	33	18.07.2003
ii) Lian Hup Estate - Lot PT 166, 259 - Lot PT 313 - Lot PT 345 - Lot PT 510, 521, 522 All in Mukim of Keratong, District of Rompin, Pahang Darul Makmur Estate Buildings Factory Workshop	Leasehold	2,124.46 Hectares ("ha")	2070 2072 2074 2079	Oil Palm Plantation & Palm oil mill	39,442 1,140 648	N/A 2-34 33	18.07.2003
iii) Senang Estate - Lot PT 163, 164, 165, 255 - Lot PT 314 - Lot PT 448, 449, 450, 451 - Lot PT 515 All in Mukim of Keratong, District of Rompin, Pahang Darul Makmur Estate Buildings	Leasehold	2,116.31 ("ha")	2070 2072 2078 2079	Oil Palm Plantation	40,944 686	N/A 2-33	18.07.2003
iv) Double-Storey Terrace Shophouses - Lot 2046 Geran 32250 - Lot 2048 Geran 99923 - Lot 2049 Geran 99924 - Lot 2050 Geran 51476 - Lot 2051 Geran 99925 All in Township and District of Johor Bahru, Johor	Freehold	1707 sq ft 1617 sq ft 1613 sq ft 1655 sq ft 1706 sq ft	Freehold	Shophouses	1,998	75	15.10.2010
2. Uniglobal Sdn Bhd							
Uniglobal Estate - CL 115345401 - CL 115378115 District of Lahad Datu, Sabah Estate Buildings	Leasehold	2,023 ha 386.80 ha	2077 2084	Oil palm Plantation	29,114 898	N/A 1-12	18.07.2003
3. Masranti Plantation Sdn Bhd							
Lot No 35, TRN.: 708-LCPLS-024-000-00035 Punda-Sabal Land District of Samarahan Division Sarawak Estate Buildings	Leasehold	4,474 ha	2061	Oil palm Plantation	22,173 2,460	N/A 1-6	15.01.2004



LIST OF PROPERTIES OF THE GROUP

Registered owner/ Location	Tenure	Area	Year of Expiry (For leasehold)	Description/ Existing Use	Net Book Value (RM'000)	Age of Building (years)	Date of Acquisition
<u>4. Nusantara Daya Sdn Bhd</u> - Lot 21473, Geran 27641 - Lot 21472, Geran 24609 - Lot 3898, Geran 95664 All in Township and District of Johor Bahru, Johor	Freehold	55,592.15 sq. ft	Freehold	Vacant Land	10,300	N/A	28.11.2006
<u>5. Harn Len Pelita Bengunan</u> Estate Buildings Kara Rangua Engkaramut Bukit Bengunan, Sri Aman Division Sarawak	Leasehold	1982 Ha NCR Land	60 Years	Oil palm Plantation	1,584 2,378	1-4	23.08.2010
<u>6. Gemilang Bumimas Sdn Bhd</u> - Lot No 1513 TRN.: 08-LCPLS-018-000-01513 - Lot No 1514 TRN.: 08-LCPLS-018-000-01514 - Lot No 1515 TRN.: 08-LCPLS-018-000-01515 All in Bukar-Sadong Land District of Samarahan Division Sarawak	Provisional Lease	1223 ha	20.01.2068	Oil palm Plantation	14,430 <u>228,335</u>	N/A	31.05.2010

N/A – Not Applicable

NCR – Native Customary Rights



ANALYSIS OF SHAREHOLDINGS AS AT 26 APRIL 2011

AUTHORISED SHARE CAPITAL	:	RM500,000,000 ordinary shares of RM1-00 each
ISSUED AND FULLY PAID-UP CAPITAL	:	RM185,477,159 divided into 185,477,159 shares
CLASS OF SHARES	:	Ordinary shares of RM1-00 each
NO OF SHAREHOLDERS	:	3,621
VOTING RIGHTS	:	One vote per ordinary share

A) LIST OF SUBSTANTIAL SHAREHOLDERS

No.	Name Of Shareholders	No of shares	%	No of shares	%
1.	Tan Sri Dato' Low Nam Hui	-	-	128,459,708 ^{*1}	69.26
2.	Puan Sri Datin Chan Pui Leorn	500,000	0.27	127,959,708 ^{*2}	68.99
3.	Dato Liew Kuek Hin	-	-	114,507,245 ^{*3}	61.74
4.	Low Quek Kiong	20,000	0.01	128,439,708 ^{*4}	69.25
5.	Low Kueck Shin	-	-	128,459,708 ^{*1}	69.26
6.	Low Kwek Lee	-	-	128,459,708 ^{*1}	69.26
7.	Low Kuek Kong	-	-	128,459,708 ^{*1}	69.26
8.	Low Kuit Son	-	-	128,459,708 ^{*1}	69.26
9.	Low Kok Yong	330,000	0.18	128,129,708 ^{*5}	69.08
10.	Low Kok Yaow	-	-	128,459,708 ^{*1}	69.26
11.	Low Siew Eng	200,800	0.11	128,258,908 ^{*6}	69.15
12.	Low Nam Hui United Holdings Sdn Bhd	46,286,679	24.96	-	-
13.	LNH (C&E) Sdn Bhd	-	-	11,571,670 ^{*7}	6.24
14.	Low Nam Hui & Sons Sdn Bhd	11,571,670	6.24	-	-
15.	LNH Enterprise Sdn Bhd	47,808,896	25.78	16,706,863 ^{*8}	9.01
16.	Seri Cemerlang Plantation (Pahang) Sdn Bhd	16,706,863	9.01	-	-

Notes:-

- *1 Deemed interested in the shares held by Low Nam Hui United Holdings Sdn Bhd, Low Nam Hui & Sons Sdn Bhd, LNH Enterprise Sdn Bhd, Seri Cemerlang Plantation (Pahang) Sdn Bhd and Yong Yaow Properties Sdn Bhd and the shares held by his immediate family members Puan Sri Datin Chan Pui Leorn, Low Quek Kiong, Low Kok Yong and Low Siew Eng pursuant to Section 6A of the Companies Act, 1965.
- *2 Deemed interested in the shares held by Low Nam Hui United Holdings Sdn Bhd, Low Nam Hui & Sons Sdn Bhd, LNH Enterprise Sdn Bhd, Seri Cemerlang Plantation (Pahang) Sdn Bhd and Yong Yaow Properties Sdn Bhd and the shares held by her immediate family members Low Quek Kiong, Low Kok Yong and Low Siew Eng pursuant to Section 6A of the Companies Act, 1965.
- *3 Deemed interested in the shares held by Lian Hup Manufacturing Company Sdn Berhad, Syarikat Senang Oil Palm Estate Sdn Bhd, Perdana Properties Berhad, Low Nam Hui & Sons Sdn Bhd, LNH Enterprise Sdn Bhd and Seri Cemerlang Plantation (Pahang) Sdn Bhd and the shares held by his siblings, Low Quek Kiong and Low Kok Yong pursuant to Section 6A of the Act. The status of some of Dato' Liew's indirect shareholdings in Harn Len are the subject of a legal action vide Johor Bahru High Court Suit No.MT4-22-843-2005.
- *4 Deemed interested in the shares held by Low Nam Hui United Holdings Sdn Bhd, Low Nam Hui & Sons Sdn Bhd, LNH Enterprise Sdn Bhd, Seri Cemerlang Plantation (Pahang) Sdn Bhd and Yong Yaow Properties Sdn Bhd and the shares held by his immediate family members Puan Sri Datin Chan Pui Leorn, Low Kok Yong and Low Siew Eng pursuant to Section 6A of the Companies Act, 1965.
- *5 Deemed interested in the shares held by Low Nam Hui United Holdings Sdn Bhd, Low Nam Hui & Sons Sdn Bhd, LNH Enterprise Sdn Bhd, Seri Cemerlang Plantation (Pahang) Sdn Bhd and Yong Yaow Properties Sdn Bhd and the shares held by his immediate family members Puan Sri Datin Chan Pui Leorn, Low Quek Kiong and Low Siew Eng pursuant to Section 6A of the Companies Act, 1965.
- *6 Deemed interested in the shares held by Low Nam Hui United Holdings Sdn Bhd, Low Nam Hui & Sons Sdn Bhd, LNH Enterprise Sdn Bhd, Seri Cemerlang Plantation (Pahang) Sdn Bhd and Yong Yaow Properties Sdn Bhd and the shares held by her immediate family members Puan Sri Datin Chan Pui Leorn, Low Quek Kiong and Low Kok Yong pursuant to Section 6A of the Companies Act, 1965.
- *7 Deemed interested in the shares held by Low Nam Hui & Sons Sdn Bhd pursuant to Section 6A of the Companies Act, 1965.
- *8 Deemed interested in the shares held by Seri Cemerlang Plantation (Pahang) Sdn Bhd pursuant to Section 6A of the Companies Act, 1965.



ANALYSIS OF SHAREHOLDINGS AS AT 26 APRIL 2011 (Cont'd)

B) LIST OF DIRECTORS' SHAREHOLDINGS

No.	Name of Directors	Direct		Deemed interest in shares	
		No of shares	%	No of shares	%
1.	Tan Sri Dato' Low Nam Hui	-	-	128,459,708 ^{*1}	69.26
2.	Puan Sri Datin Chan Pui Leorn	500,000	0.27	127,959,708 ^{*2}	68.99
3.	Low Quek Kiong	20,000	0.01	128,439,708 ^{*3}	69.25
4.	Low Kueck Shin	-	-	128,459,708 ^{*1}	69.26
5.	Low Kwek Lee	-	-	128,459,708 ^{*1}	69.26
6.	Low Kuek Kong	-	-	128,459,708 ^{*1}	69.26
7.	Loh Wann Yuan	1	0	-	-
8.	Lee Chon Sing	50,001	0.03	-	-
9.	Brig. Jen. (B) Dato' Ali Bin Hj. Musa	-	-	-	-
10.	Law Piang Woon	-	-	-	-

Notes:-

*1 Deemed interested in the shares held by Low Nam Hui United Holdings Sdn Bhd, Low Nam Hui & Sons Sdn Bhd, LNH Enterprise Sdn Bhd, Seri Cemerlang Plantation (Pahang) Sdn Bhd and Yong Yaow Properties Sdn Bhd and the shares held by his immediate family members Puan Sri Datin Chan Pui Leorn, Low Quek Kiong, Low Kok Yong and Low Siew Eng pursuant to Section 6A of the Companies Act, 1965.

*2 Deemed interested in the shares held by Low Nam Hui United Holdings Sdn Bhd, Low Nam Hui & Sons Sdn Bhd, LNH Enterprise Sdn Bhd, Seri Cemerlang Plantation (Pahang) Sdn Bhd and Yong Yaow Properties Sdn Bhd and the shares held by her immediate family members Low Quek Kiong, Low Kok Yong and Low Siew Eng pursuant to Section 6A of the Companies Act, 1965.

*3 Deemed interested in the shares held by Low Nam Hui United Holdings Sdn Bhd, Low Nam Hui & Sons Sdn Bhd, LNH Enterprise Sdn Bhd, Seri Cemerlang Plantation (Pahang) Sdn Bhd and Yong Yaow Properties Sdn Bhd and the shares held by his immediate family members Puan Sri Datin Chan Pui Leorn, Low Kok Yong and Low Siew Eng pursuant to Section 6A of the Companies Act, 1965.

C) DISTRIBUTION OF SHAREHOLDINGS

	No. of Holders	Holdings	Total Holdings	Percentage (%)
	45	Less than 100	1,325	0.00
	1,172	100 to 1,000	344,262	0.19
	1,645	1,001 to 10,000	8,650,105	4.66
	676	10,001 to 100,000	21,222,880	11.44
	78	100,001 to less than 5% of issued shares	36,854,479	19.87
	5	5% and above of issued shares	118,404,108	63.84
Total:	3,621		185,477,159	100.00



ANALYSIS OF SHAREHOLDINGS AS AT 26 APRIL 2011 (Cont'd)

D) TOP 30 LARGEST SECURITIES ACCOUNT HOLDERS

No.	Name	No. Of Shares Held	Percentage (%)
1.	LOW NAM HUI UNITED HOLDINGS SDN BHD	46,286,679	24.96
2.	LNH ENTERPRISE SDN BHD	27,808,896	15.00
3.	HSBC NOMINEES (TEMPATAN) SDN BHD Pledged securities account for LNH Enterprise Sdn Bhd	20,000,000	10.78
4.	SERI CEMERLANG PLANTATION (PAHANG) SDN BHD	12,736,863	6.87
5.	LOW NAM HUI & SONS SDN BHD	11,571,670	6.24
6.	YONG YAOW PROPERTIES SDN BHD	5,034,800	2.71
7.	HLG NOMINEE (TEMPATAN) SDN BHD Hong Leong Bank Bhd for Chuan Hong Hang Sdn Berhad	4,992,300	2.69
8.	KENANGA NOMINEES (TEMPATAN) SDN BHD Pledged securities account for Seri Cemerlang Plantation (Pahang) Sdn Bhd	2,500,000	1.35
9.	TOH EAN HAI	1,865,000	1.01
10.	HLG NOMINEE (TEMPATAN) SDN BHD Hong Leong Bank Bhd for Chuan Hong Hang Properties Sdn Bhd	1,531,000	0.83
11.	SERI CEMERLANG PLANTATION (PAHANG) SDN BHD	1,470,000	0.79
12.	PUBLIC NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account for Yap Qwee Beng (E-KPG)	1,345,000	0.73
13.	LOH LAI KIM	1,309,900	0.71
14.	TA NOMINEES (TEMPATAN) SDN BHD Pledged securities account for Chor Sek Choon	1,000,000	0.54
15.	LIM AH CHOO	627,900	0.34
16.	TAN CHONG LIANG @ THAN CHONG KIM	568,200	0.31
17.	BDO CAPITAL CONSULTANTS SDN BHD Exempt An	531,193	0.29
18.	PUAN SRI DATIN CHAN PUI LEORN	500,000	0.27
19.	GAN HONG LIANG	500,000	0.27
20.	HU THAI HUA @ ANDREW POH @ FOU TAI HUA	475,700	0.26
21.	CHIN HON PUN	465,200	0.25
22.	PUBLIC NOMINEES (TEMPATAN) SDN BHD Pledged securities account for Koay Ean Chim (IMO/TAS)	397,000	0.21
23.	CHEN FOOK WAH	337,700	0.18
24.	LOW KOK YONG	330,000	0.18
25.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD Pledged securities account for Lu Lip Lai (731389)	330,000	0.18
26.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD Pledged securities account for Ng Ching Soong (470478)	328,100	0.18
27.	CHIN KIAN FONG	323,000	0.17
28.	YEAT SIAW PING	315,400	0.17
29.	KOH KIN TONG	315,000	0.17
30.	TAY CHEE KIEN	314,600	0.17

**FORM OF PROXY**

I/We _____ [NRIC No : _____] of _____ being a member/ members of **HARN LEN CORPORATION BHD** (Co. No. 502606-H) do hereby appoint _____ [NRIC NO: _____] of _____ or failing him _____ [NRIC NO: _____] of _____ as * my/our proxy to attend and to vote for * me/us on * my/our behalf at the Eleventh (11th) Annual General Meeting of the Company to be held on Thursday, the 16th day of June, 2011 at 11.30 a.m. at Meranti Hall, 4th Floor, Johor Tower, 15 Jalan Gereja, 80100 Johor Bahru and at any adjournment thereof. * My / our proxy is to vote as indicated below:

No.	RESOLUTION	FOR	AGAINST
Ordinary Business:			
1.	Approval of Single Tier Final Dividend of 1.0%		
2.	Approval of Directors' Fees		
3.	Re-election of Director - Mr Low Kuek Kong		
4.	Re-election of Director - Mr Loh Wann Yuan		
5.	Re-election of Director - Brig. Jen. (B) Dato' Ali Bin Hj. Musa		
6.	Re-election of Director - Puan Sri Datin Chan Pui Leorn		
7.	Re-appointment of Director - Tan Sri Dato' Low Nam Hui		
8.	Re-appointment of Messrs KPMG as Auditors		
Special Business:			
9.	Authority to allot and issue shares pursuant to Section 132D of the Companies Act, 1965.		
10.	Proposed Renewal of Shareholders' Mandate for recurrent related party transactions with Seri Cemerlang Plantation (Pahang) Sdn Bhd		
11.	Proposed Renewal of Shareholders' Mandate for recurrent related party transactions with Pengangkutan Low Nam Hui Sdn Bhd		
12.	Proposed Renewal of Shareholders' Mandate for recurrent related party transactions with Low Nam Hui & Sons Sdn Bhd		
13.	Proposed Renewal of Shareholders' Mandate for recurrent related party transactions with KangHui Travel Sdn Bhd		
14.	Proposed Renewal of Shareholders' Mandate for recurrent related party transactions with Advance Pinnacle Sdn Bhd		
15.	Proposed Renewal of Shareholders' Mandate for recurrent related party transactions with Original Gift Sdn Bhd		
16.	Proposed Renewal of Shareholders' Mandate for recurrent related party transactions with Horn Lern Plantation Sdn Bhd		

(Please indicate with a cross (X) in the spaces whether you wish your votes to be cast for or against the resolution. In the absence of such specific directions, your proxy will vote or abstain as he thinks fit.)

Number of shares held

Dated this _____ day of _____ 2011

Signature of Member / Members

Note :

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company.
2. A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same Meeting.
3. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.
4. Where a member is an authorized nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
5. Where the Proxy Form is executed by a corporation, it must be either under its Common Seal or under the hand of its attorney duly authorised.
6. The Proxy Form must be deposited with the Company Secretary at the Registered Office, 6th Floor, Johor Tower, 15, Jalan Gereja, 80100 Johor Bahru, Johor not less than 48 hours before the time set for the Meeting.

FOLD HERE

STAMP

The Company Secretary
Harn Len Corporation Bhd (502606-H)
6th Floor, Johor Tower
15 Jalan Gereja
80100 Johor Bahru

FOLD HERE



HARN LEN CORPORATION BHD

(502606-H)

6th FLOOR JOHOR TOWER, 15 JALAN GEREJA
80100 JOHOR BAHRU, JOHOR, MALAYSIA

TEL : (607) 222 1777 FAX : (607) 224 9213