



Statement on Corporate Governance

The Board of Directors of Harn Len is committed to ensuring that the highest standards of corporate governance are practiced throughout the Group as a fundamental part of discharging its responsibilities to protect and enhance shareholder value and the financial performance of Harn Len. To this end, the Board fully supports the recommendations of the Malaysian Code of Corporate Governance ("the Code").

Set out below is a statement of how the Group has applied the principles of the Code. The Board confirms that, with the exceptions set out below, the Group has complied with the best practices in the Code.

BOARD OF DIRECTORS

Responsibilities

The Board takes full responsibility for the overall performance of the Company including setting out the objectives, strategic direction and evaluation of performance of the Company. Other responsibilities including ensuring good corporate governance, succession planning, public relations and shareholder communication, ensuring sound internal control systems and evaluation of various performance indicators. Where deemed necessary, the Board may set up committees to examine certain key areas. Where a committee is set up, the authority and terms of reference of the committee is clearly spelt out.

Composition and Balance

The Board has a wide range of experience in various fields such as plantations, property, manufacturing, legal and accounting. Representation on the Board is with the view of ensuring the right mix of business experience and technical knowledge.

The Board currently has nine (9) members, comprising six (6) Executive Directors and three (3) Independent Non-Executive Directors. Independent Non-Executive Directors make up one third of the Board. There is a clear division of responsibility between the Chairman and 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.

The Code recommends the appointment of a senior independent non-executive Director to whom concerns may be conveyed. The Board has not appointed any independent non-executive Director to fulfill that role.

Supply of Information

The Board is provided with an agenda and set of Board papers prior to Board meetings. 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 and operational, corporate and financial issues. Where necessary, qualitative information is made available to the Board in its decision making and evaluations. Directors may obtain independent professional advice where deemed necessary at the Company's expense.

The Board also has access to the Company Secretary for advice in carrying out their duties. Every effort is taken to ensure that the Board is provided with information on significant events in a timely manner, even in the event that there is no Board meeting pending.

The Company Secretary ensures that all appointments are properly made, that all necessary information is obtained from the Directors for the purposes of meeting statutory obligations and the Listing Requirements or other regulatory requirements.

Attendance

For financial year ended 31 December 2004, the number of board meetings held was four (4) and the attendance of the Directors at the Board meetings is as follows:-

	No. of meetings attended
Tan Sri Dato' Low Nam Hui	4
Low Quek Kiong	4
Low Kueck Shin	4
Low Kuek Lee	4
Low Kuek Kong	4
Lee Chon Sing	4
Brig. Jen. (B) Dato' Ali bin Haji Musa	4
Loh Wann Yuan	4
Law Piang Woon	4
Dato' Liew Kuek Hin*	0

* Resigned as director on 1 January 2005

Nomination Committee

The Nomination Committee was set up on 23 May 2003. It presently comprises the following members:-

Loh Wann Yuan (Independent Non-Executive Director)
 Brig. Jen. (B) Dato' Ali bin Haji Musa (Independent Non-Executive Director)
 Law Piang Woon* (Independent Non-Executive Director)

* Law Piang Woon was appointed as a member of the Nomination Committee on 25 February, 2005 to replace Dato' Liew Kuek Hin who resigned as a director on 1 January 2005

The Nomination Committee is composed exclusively of Non-Executive Directors. It is responsible for making recommendations for any new candidates to the Board; to assess candidates for directorship proposed by the Managing Director/CEO or any senior executive, director or shareholder and to recommend directors to fill the seats on Board committees. Ultimate responsibility on appointment of new Directors still lie with the Board notwithstanding recommendations that may be made by the Nomination Committee. The Nomination Committee will also review the required mix of skills and experience and other qualities, including core competencies which Non-Executive Directors should bring to the Board from time to time and assess the effectiveness of the Board as a whole (including its size), Board committees and the individual contributions of each Director. New appointments to the Board are made to ensure the right mix of experience and expertise to enhance the core competencies of the Board. As part of the process of appointment, new Directors are provided with an orientation and familiarisation program which include briefings by senior management and attendance of directors training programs conducted by the Bursa Malaysia Securities Berhad.

Under the Company's Articles of Association, all Directors (including the Managing Director) are required to submit for re-election at least once every three years.



Remuneration Committee

A Remuneration Committee was set up by the Board on 23 May 2003. It presently comprises of the following members:-

Brig. Jen. (B) Dato Ali bin Haji Musa (Independent Non-Executive Director)
Loh Wann Yuan (Independent Non-Executive Director)
Lee Chon Sing (Executive Director)

The Remuneration Committee composes mainly of Non-Executive Directors. It is responsible for setting up the policy framework and recommending to the Board the remuneration packages and benefits to be extended to Executive Directors.

The individual Executive Director should play no part in decisions on his/her own remuneration. The remuneration of Non-Executive Directors will be a matter to be decided by the Board as a whole. The individual Non-Executive Director should play no part in deliberations and decisions on his/her own remuneration. Criteria for remuneration is primarily based on experience, performance, qualifications and responsibilities and use of external benchmarks. Directors' fees are determined by the Board with the approval of shareholders at the Company's AGM.

Directors' Remuneration

The aggregate remuneration of the Directors who had served during the financial year ended 31 December 2004 categorized into appropriate components is as follows:-

	Executive Directors	Non-Executive Directors
Salaries and allowances	RM3,319,080-00	RM 78,000-00
Fees	nil	RM180,000-00
Attendance allowances	nil	RM 26,000-00

Breakdown of aggregate remuneration for the year of Directors who had served during the financial year ended 31 December 2004 in bands of RM50,000 are as follows:-

Remuneration	No. of Directors	
	Executive	Non-Executive
RM1 to RM50,000	-	-
RM50,001 to RM100,000	-	4
RM200,001 to RM250,000	1	-
RM250,001 to RM300,000	2	-
RM500,001 to RM550,000	2	-
RM1,450,000 to RM1,500,000	1	-

ACCOUNTABILITY AND AUDIT

Financial Reporting

It is the responsibility of the Board, with the assistance of the Audit Committee, to ensure that the presentation of the Company's accounts are in accordance with the Companies Act 1965 (true and fair view) and the Bursa Malaysia Listing Requirements (i.e. periodic disclosures). The Board ensures that the application of accounting policies and standards are consistent with accepted standards. The Statement by the Board pursuant to Paragraph 15.27(a) of the Bursa Malaysia Listing Requirements on its responsibilities in preparing the financial statements is set out on page 16.

Relationship with Auditors

Harn Len's external auditors are KPMG. Regular dialogues are held between the management and 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 being highlighted to the Board at Board meetings.

Audit Committee

The Audit Committee was set up by the Board on 23 May 2003 and presently comprises the following:-

Loh Wann Yuan (Independent Non-Executive Director)
Law Piang Woon (Independent Non-Executive Director)
Lee Chon Sing (Executive Director)

The Audit Committee Report is attached as required under Chapter 15 of the Bursa Malaysia Listing Requirements.

Internal Control

A Statement on Internal Control is attached as required under Chapter 15 of the Bursa Malaysia Listing Requirements.

SHAREHOLDERS

Dialogue with Investors

Where required and practical, dialogues are held with research analysts and institutional investors. Information on latest corporate developments affecting the Company are disseminated promptly via the Bursa Malaysia including quarterly financial results and where appropriate, announcement, Circulars and press releases.

Annual General Meeting

All shareholders are given notice of the AGM through Annual Reports which are sent out at least twenty-one (21) days before the date of the AGM. The Notice of the AGM is also published in major newspapers and released through the Bursa Malaysia for public dissemination.

Briefings and shareholders queries are dealt with at the AGM and EGMs. Ample opportunities and time are provided for questions to be asked and issues to be raised. It is also the practice for the Board to hold press conferences with journalists after the AGM.



STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF THE CODE ON CORPORATE GOVERNANCE

The Company is committed to achieving high standards of corporate governance throughout the Company and to the highest level of integrity and ethical standards in all its business dealings. The Board considers that it has complied throughout the financial year with the Best Practices as set out in the Code.

Statement made in accordance with the resolution of the Board of Directors dated 25 February, 2005.

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

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 have used appropriate accounting policies and applied them consistently;
- ii) reasonable and prudent judgements 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.

Statement made in accordance with the resolution of the Board of Directors dated 25 February 2005.



Additional Compliance Information

1. Non-Audit Fees

The amount of non-audit fees paid and payable to the external auditors by the Company for the financial year ended 31 December, 2004 was RM60,900-00.

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.





Report of the Audit Committee

Composition

An independent Audit Committee (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 Director 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, the majority of whom shall be Independent Non-Executive 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 either have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967 or a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act 1967; or
- iii) hold a degree/masters/doctorate in accounting or finance and at least three years' post qualification experience in accounting or finance; or
- iv) have at least seven years' experience being a chief financial 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 Director 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.

Members

The AC was set up on 23 May 2003 and the current members of the AC and their respective designations are:-

- | | |
|--|----------------|
| - Loh Wann Yuan
(Independent Non-Executive Director) | Chairman of AC |
| - Law Piang Woon
(Independent Non-Executive Director) | Member of AC |
| - Lee Chon Sing
(Executive Director) | Member of AC |

Objectives

The primary objective of the AC is to assist the Board of Harn Len 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 Bursa Malaysia Listing Requirements and the Best Practices recommended in the Malaysian Code on Corporate Governance, 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 the Bursa Malaysia and other approved accounting standard bodies.

The AC shall ensure consistency with Bursa Malaysia'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.

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 and annual financial statements with management and external auditors prior to the approval by the Board;
- to review the scope and recommendations in the internal audit reports and the effectiveness of the internal audit function;
- to carry out in-depth-review of major findings on internal investigations and management's response to recommend 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 Malaysia 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; and
- to consider any other topics as may be defined by the Board.

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.

Meetings and activities

The AC is to meet not less than four times a year and as many times as the AC deems necessary. The quorum for meetings shall be two 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 approved minutes of AC meetings will be forwarded to Board members for information.

The AC held four (4) meetings during the financial year ended 31 December 2004 with all members of the AC in attendance. The dates of the meetings were 26 February 2004, 19 May 2004, 25 August 2004 and 26 November 2004. During the year under review, the activities of the AC included :-

- Reviewed the unaudited quarterly financial results and announcements of the results prior to the approval of the Board of Directors;
- Reviewed the audit reports with the external auditors;
- Reviewed the internal audit report with the appointed internal auditors;
- Reviewed related party transactions including review procedures;
- Reviewed financial budgets;
- Appraised level of corporate governance;
- Discussed any other matters raised during the meeting.





Statement on Internal Control

Introduction

The Malaysian Code on Corporate Governance requires the Board to maintain a sound system of internal control to safeguard shareholders' investment and the Group's assets. The Board of Directors ("the Board") is pleased to include a statement on the state of the Group's internal controls in accordance with paragraph 15.27(b) of the Bursa Malaysia Securities Berhad ("Bursa Malaysia") Listing Requirements and as guided by the Bursa Malaysia's Statement on Internal Control Guidance for Directors of Public Listed Companies ("the Guidance").

Board's Responsibility

It is the Board's view that the Group's objectives, its internal organization and the environment in which it operates continuously evolve; and as a result, the risks that it faces also change. A sound system of internal control therefore depends on a thorough and regular evaluation of the nature and extent of the risks which may threaten the Group's continuous growth and financial viability.

The Board further believes that the Group's system of internal control practice will contribute significantly to good corporate governance. The internal controls, financial or otherwise should provide reasonable assurance regarding the achievement of the Group's objectives in:

- Effectiveness and efficiency of operations
- Reliability and transparency of financial information
- Compliance with applicable laws and regulations
- Safeguarding of the Group's assets
- Realizing the Group's strategic objectives
- Optimizing the returns to and protecting the interest of stakeholders (including shareholders, customers and staff)

The Board further acknowledges its responsibility for maintaining a sound system of internal control and review the adequacy and integrity of the Group's system of internal control. However, it recognizes that reviewing the Group's system of internal control is a concerted and continuing process, designed to manage rather than eliminate the risk of failure to achieve the business objectives. As with any such system, controls can only provide reasonable but not absolute assurance against material misstatement, loss or fraud.

Risk Management Framework

The Management is presently looking into the outsourcing of external consultants to review the Risk Management Framework and Risk Management Policy for the Group.



Internal Audit Function

The internal audit function of the Group is outsourced to external consultants who report directly to the Audit Committee.

Internal audit reviews the internal controls within the key activities of the Group's businesses based on the detailed annual internal audit plan approved by the Audit Committee.

The resulting internal audit reports, including management's recommended remedial actions, are reviewed by the Audit Committee. The Committee presents its findings to the Board based on the frequency of internal audit cycles set out in the internal audit plan.

Other Risk and Control Processes

The current system of internal control in the Group has within it, the following elements:

- An organizational structure which clearly defined lines of responsibility and delegation of authority to provide a documented and auditable trail of accountability.
- Regular Board meetings, which require important matters to be highlighted, discussed and decided upon thereby ensuring that the Board maintains full and effective supervision over key issues.
- Regular visits to operating units by members of the Board and senior management whenever appropriate.

Weaknesses in Internal Control That Result in Material Losses

The Board is not aware of any material losses incurred during the current financial year as a result of weaknesses in internal control. Management continues to take measures to strengthen the control environment.



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Directors' Report

for the year ended 31 December 2004

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 2004.

Principal activities

The principal activities of the Company consist of those relating to the operations of oil palm estate, palm oil mill, property investment, investment holding and the provision of transport services.

The principal activities of the subsidiaries are disclosed in Note 3 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
Net profit/(loss) for the year	<u>4,785,841</u>	<u>(264,542)</u>

Significant event during the year

During the financial year ended 31 December 2004, the Company successfully completed the following corporate proposals announced on 22 December 2003:

- a) Acquisition of the entire issued and paid up share capital of Desamawar Runding Sdn. Bhd., Pelita Pertama Sdn. Bhd. and Suen Tai (Sabah) Sdn. Bhd. from LNH Enterprise Sdn. Bhd. for a total cash consideration of RM28,146,798;
- b) Acquisition of estate equipments from Lian Hup Manufacturing Company Sdn. Berhad and Syarikat Senang Oil Palm Estate Sdn. Bhd. for a total cash consideration of RM1,415,000;
- c) Subscription of 16,024,010 new ordinary shares of RM1.00 each in Masranti Plantation Sdn. Bhd. at an issue price of RM1.38 per share for a cash consideration of RM22,113,134; and
- d) Proposed management agreement between Tropical Inn Sdn. Bhd. ("TISB") and the Company to appoint TISB as the Manager and Operator of a hotel known as "Tropical Inn".

On 3 September 2004, one of the subsidiary, Premium Dragon Sdn. Bhd. ("PDSB") had entered into a Joint Venture Agreement with Pelita Holdings Sdn. Bhd. ("PHSB") to set up a Joint Venture company named Harn Len Pelita Bangunan Sdn. Bhd. ("HLPB") with an authorised capital of RM100,000 and an initial issued and paid-up capital of RM2.00 comprising two (2) ordinary shares of RM1.00 each to be subscribed by PDSB and PHSB. However, it is intended that HLPB will eventually have an issued and paid-up capital of RM24,000,000 of which 60% will be held by PDSB. The Joint Venture is for the purpose of developing several parcels of land in Sarawak into oil palm plantation with a plantable area of approximately 10,000 hectares.



Dividends

No dividend has been paid or declared by the Company since the end of the previous financial year. The Directors do not recommend the payment of any dividend in respect of the current financial year.

Reserves and provisions

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

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
 Dato' Liew Kuek Hin (resigned on 1 January 2005)

Directors' interests

The holdings and deemed holdings 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 as recorded in the Register of Directors' Shareholdings are as follows:

Name of Directors	Interest	Number of ordinary shares of RM1.00 each			
		At 1.1.2004	Bought	Sold	At 31.12.2004
<i>Company</i>					
Tan Sri Dato' Low Nam Hui	Deemed	97,772,097* ¹	27,988,661	10,560,000	115,200,758* ²
Dato' Liew Kuek Hin	Deemed	97,642,097* ³	16,610,961	5,280,000	108,973,058* ³
Mr. Low Quek Kiong	Deemed	97,772,097* ¹	16,688,661	5,280,000	109,180,758* ¹
	Direct	-	20,000	-	20,000
Mr. Low Kueck Shin	Deemed	97,772,097* ¹	16,708,661	5,280,000	109,200,758* ⁴
Mr. Low Kwek Lee	Deemed	97,642,097* ³	16,610,961	5,280,000	108,973,058* ³
Mr. Low Kuek Kong	Deemed	97,642,097* ³	16,610,961	5,280,000	108,973,058* ³
Mr. Lee Chon Sing	Direct	1	50,000	-	50,001
Mr. Loh Wann Yuan	Direct	1	-	-	1



Name of Directors	Interest	Number of warrants			At 31.12.2004
		At 1.1.2004	Bought	Sold	
<i>Company</i>					
Tan Sri Dato' Low Nam Hui	Deemed	47,304,687* ⁵	-	-	47,304,687* ⁵
Dato' Liew Kuek Hin	Deemed	47,304,687* ⁵	-	-	47,304,687* ⁵
Mr. Low Quek Kiong	Deemed	47,304,687* ⁵	-	-	47,304,687* ⁵
Mr. Low Kueck Shin	Deemed	47,304,687* ⁵	-	-	47,304,687* ⁵
Mr. Low Kwek Lee	Deemed	47,304,687* ⁵	-	-	47,304,687* ⁵
Mr. Low Kuek Kong	Deemed	47,304,687* ⁵	-	-	47,304,687* ⁵

*1 By virtue of their interests in 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 Low Nam Hui (C & E) Sdn. Berhad pursuant to Section 6A of the Companies Act, 1965.

*2 By virtue of their interests in 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., Low Nam Hui (C & E) Sdn. Berhad and Yong Yaow Properties Sdn. Bhd. and the shares held by his son, Low Quek Kiong, pursuant to Section 6A of the Companies Act, 1965.

*3 By virtue of their interests in Lian Hup Manufacturing Company Sdn. Berhad, Syarikat Senang Oil Palm Estate Sdn. Bhd., Perdana Properties Berhad, Low Nam Hui & Sons Sdn. Bhd. and LNH Enterprise Sdn. Bhd. and the shares held by his sibling, Low Quek Kiong, pursuant to Section 6A of the Companies Act, 1965.

*4 By virtue of their interests in 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 Low Nam Hui (C & E) Sdn. Berhad and shares held by his sibling, Low Quek Kiong, pursuant to Section 6A of the Companies Act, 1965.

*5 By virtue of their interests in Perdana Properties Berhad and Low Nam Hui & Sons Sdn. Bhd., pursuant to Section 6A of the Companies Act, 1965.

By virtue of their interests in the shares of the Company, Tan Sri Dato' Low Nam Hui, Dato' Liew Kuek Hin, 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 the subsidiaries during the financial year to the extent that Harn Len Corporation Bhd has an interest.

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 certain companies in the Group in the ordinary course of business as disclosed in Note 24 to the financial statements.

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

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

Warrants

Pursuant to the Abridged Prospectus dated 18 July 2003, 30,000,000 free detachable warrants were issued to entitled shareholders who subscribed for the Rights Issue of 30,000,000 new Harn Len shares. In addition, 44,310,095 warrants were also issued on 18 July 2003 in conjunction with the issuance of RM44,310,095 nominal value of 1.5% five (5) year Redeemable Convertible Secured Loan Stock ("RCSLS").

The salient features of the warrants as set out in the Deed Poll dated 28 February 2003 are as follows:

- i) Each warrant entitles the registered holder during the exercise period to subscribe for one (1) new Harn Len share at the exercise price of RM1.00 per share.
- ii) The warrants may be exercised at any time during normal business hours up to 5.00 p.m. from and including 18 July 2003 up to and including the expiry date on 17 July 2008.
- iii) Full provisions regarding the conversion of the warrants to new ordinary shares, which thereafter rank parri passu with the existing ordinary shares of the Company, quotation on Bursa Malaysia Securities Berhad and other terms and conditions pertaining to the warrants are set out in detail in the Deed Poll executed by the Company on 28 February 2003, which is available for inspection at the registered office of the Company.

At the end of the financial year, all the warrants remained unexercised.

Options granted over unissued shares

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



Other statutory information

Before the financial statements 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) all current assets have been stated at the lower of cost and net realisable value.

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.

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 results of the operations of the Group and of the Company for the year ended 31 December 2004 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 in accordance with a resolution of the Directors:

Low Quek Kiong

Director

Low Kueck Shin

Director

Johor Bahru,

Date: 25 February, 2005





Statement by Directors

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 33 to 61 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 December 2004 and the results of their operations and cash flows for the financial year ended on that date.

Signed in accordance with a resolution of the Directors:

Low Quek Kiong

Director

Low Kueck Shin

Director

Johor Bahru,

Date: 25 February, 2005



Statutory Declaration

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 33 to 61 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed in Johor Bahru in the State of Johor on 25 February, 2005.

Low Quek Kiong

Before me:

Hj Bahari Hj Mahadi (No: J-075)
Commissioner for Oaths
Johor Bahru





Report of the Auditors

We have audited the financial statements set out on pages 33 to 61. The preparation of the financial statements is the responsibility of the Company's Directors.

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

We conducted our audit in accordance with approved Standards on Auditing in Malaysia. These standards require that we plan and perform the audit to obtain all the information and explanations which we consider necessary to provide us with evidence to give reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. An audit also includes an assessment of the accounting principles used and significant estimates made by the Directors as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of:
 - i) the state of affairs of the Group and of the Company at 31 December 2004 and the results of their operations and cash flows for the financial year ended on that date; and
 - ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company; and
- (b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company and the subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the said Act.

We are satisfied that the financial statements 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 consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The audit reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment made under sub-section (3) of Section 174 of the Act.

KPMG
Firm Number: AF 0758
Chartered Accountants

Ang Ah Leck
Partner
Approval Number: 1991/09/05 (J)

Johor Bahru,

Date: 25 February, 2005





Balance Sheets

at 31 December 2004

	Note	Group		Company	
		2004 RM	2003 RM	2004 RM	2003 RM
Property, plant and equipment	2	292,545,249	210,863,977	163,222,640	159,423,765
Investments in subsidiaries	3	-	-	105,259,936	50,000,002
Intangible assets	4	13,033,705	2,036,044	-	-
		<u>305,578,954</u>	<u>212,900,021</u>	<u>268,482,576</u>	<u>209,423,767</u>
Current assets					
Inventories	5	3,787,238	540,934	1,094,457	307,686
Trade and other receivables	6	2,958,115	7,552,388	25,149,743	6,842,606
Cash and cash equivalents	7	5,887,455	10,254,712	5,411,758	9,411,026
		<u>12,632,808</u>	<u>18,348,034</u>	<u>31,655,958</u>	<u>16,561,318</u>
Current liabilities					
Trade and other payables	8	18,214,255	5,543,359	26,640,057	6,402,491
Borrowings (secured)	9	2,988,394	80,004	2,890,811	80,004
Taxation		2,971,483	40,542	1,736,321	40,542
Redeemable Convertible Secured Loan Stocks	10	8,862,019	-	8,862,019	-
		<u>33,036,151</u>	<u>5,663,905</u>	<u>40,129,208</u>	<u>6,523,037</u>
Net current (liabilities)/assets		<u>(20,403,343)</u>	<u>12,684,129</u>	<u>(8,473,250)</u>	<u>10,038,281</u>
Financed by:-		<u>285,175,611</u>	<u>225,584,150</u>	<u>260,009,326</u>	<u>219,462,048</u>
Capital and reserves					
Share capital	11	185,477,159	185,477,159	185,477,159	185,477,159
Reserves	12	1,011,060	(3,774,781)	(5,748,512)	(5,483,970)
		<u>186,488,219</u>	<u>181,702,378</u>	<u>179,728,647</u>	<u>179,993,189</u>
Long term and deferred liabilities					
Borrowings (secured)	9	48,502,740	139,995	48,323,515	139,995
Deferred tax liabilities	13	19,754,039	6,790,487	1,526,551	2,377,574
Retirement benefits	14	134,543	60,310	134,543	60,310
Redeemable Convertible Secured Loan Stocks	10	30,296,070	36,890,980	30,296,070	36,890,980
		<u>98,687,392</u>	<u>43,881,772</u>	<u>80,280,679</u>	<u>39,468,859</u>
		<u>285,175,611</u>	<u>225,584,150</u>	<u>260,009,326</u>	<u>219,462,048</u>

The financial statements were approved and authorised for issue by the Board of Directors on 25 February 2005.

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



Income Statements

for the financial year ended 31 December 2004

	Note	Group		Company	
		2004 RM	2003 RM	2004 RM	2003 RM
Revenue	15	<u>72,487,302</u>	<u>29,540,587</u>	<u>53,949,159</u>	<u>24,273,567</u>
Operating profit/(loss)	15	16,745,047	(13,261,837)	8,833,931	(15,847,772)
Interest expense	16	(6,288,003)	(1,303,625)	(6,141,031)	(1,293,150)
Interest income		<u>145,992</u>	<u>48,746</u>	<u>145,992</u>	<u>48,746</u>
Profit/(Loss) before tax		10,603,036	(14,516,716)	2,838,892	(17,092,176)
Tax expense	17	<u>(5,817,195)</u>	<u>(2,106,387)</u>	<u>(3,103,434)</u>	<u>(1,240,116)</u>
Net profit/(loss) for the year		<u>4,785,841</u>	<u>(16,623,103)</u>	<u>(264,542)</u>	<u>(18,332,292)</u>
Basic earning/(loss) per ordinary share (sen)	18	<u>2.6</u>	<u>(19.5)</u>		
Diluted earning/(loss) per ordinary share (sen)	18	<u>-</u>	<u>-</u>		

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



Statement of Changes in Equity

for the financial year ended 31 December 2004

			<i>Non-distributable</i>			
	Note	Share capital RM	Share premium RM	RCSLS- Equity component RM	Accumulated losses RM	Total RM
Group						
At date of consolidation		-	-	-	(54,532)	(54,532)
Issue of shares	11	185,477,159	9,000,000	-	-	194,477,159
RCSLS – Equity component		-	-	6,268,000	-	6,268,000
Net loss for the year		-	-	-	(16,623,103)	(16,623,103)
Listing expenses written off		-	(2,365,146)	-	-	(2,365,146)
At 31 December 2003		<u>185,477,159</u>	<u>6,634,854</u>	<u>6,268,000</u>	<u>(16,677,635)</u>	<u>181,702,378</u>
Net profit for the year		-	-	-	4,785,841	4,785,841
At 31 December 2004		<u>185,477,159</u>	<u>6,634,854</u>	<u>6,268,000</u>	<u>(11,891,794)</u>	<u>186,488,219</u>
Company						
At 1 January 2003		3	-	-	(54,532)	(54,529)
Issue of shares	11	185,477,156	9,000,000	-	-	194,477,156
RCSLS - Equity component		-	-	6,268,000	-	6,268,000
Net loss for the year		-	-	-	(18,332,292)	(18,332,292)
Listing expenses written off		-	(2,365,146)	-	-	(2,365,146)
At 31 December 2003		<u>185,477,159</u>	<u>6,634,854</u>	<u>6,268,000</u>	<u>(18,386,824)</u>	<u>179,993,189</u>
Net loss for the year		-	-	-	(264,542)	(264,542)
At 31 December 2004		<u>185,477,159</u>	<u>6,634,854</u>	<u>6,268,000</u>	<u>(18,651,366)</u>	<u>179,728,647</u>

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

Cash Flow Statements

for the financial year ended 31 December 2004

	Note	Group		Company	
		2004 RM	2003 RM	2004 RM	2003 RM
Cash flows from operating activities					
Profit/(Loss) before tax		10,603,036	(14,516,716)	2,838,892	(17,092,176)
Adjustments for:					
Interest income		(145,992)	(48,746)	(145,992)	(48,746)
Depreciation		4,912,755	1,572,732	2,785,514	985,941
Amortisation of goodwill		691,625	107,160	-	-
Interest expense		6,288,003	1,303,625	6,141,031	1,293,150
Exceptional items		-	20,261,251	-	20,261,251
Retirement benefits		73,858	60,685	73,858	60,685
Operating profit before working capital changes		22,423,285	8,739,991	11,693,303	5,460,105
Changes in working capital:					
Inventories		(2,140,978)	(473,335)	(786,771)	(307,686)
Trade and other receivables		6,342,232	(5,667,405)	(18,307,141)	(6,342,607)
Trade and other payables		83,923	1,163,928	20,237,941	4,210,753
Cash generated from operations		26,708,462	3,763,179	12,837,332	3,020,565
Income taxes paid		(2,263,967)	(1,260,000)	(2,258,678)	(1,260,000)
Net cash generated from operating activities		<u>24,444,495</u>	<u>2,503,179</u>	<u>10,578,654</u>	<u>1,760,565</u>
Cash flows from investing activities					
Increase in pledged deposits placed with licensed banks		(7,777)	(210,000)	(7,777)	(210,000)
Acquisition of subsidiaries, net of cash acquired	19	(49,127,309)	439,440	(55,259,930)	(2)
Listing expense paid		-	(728,314)	-	(728,314)
Purchase of property, plant and equipment	20	(25,331,462)	(1,497,601)	(5,155,389)	(1,169,706)
Interest received		145,992	48,746	145,992	48,746
Net cash used in investing activities		<u>(74,320,556)</u>	<u>(1,947,729)</u>	<u>(60,277,104)</u>	<u>(2,059,276)</u>
Cash flows from financing activities					
Interest paid		(4,020,894)	(16,740)	(3,873,922)	(6,265)
Proceeds from share issue		-	9,526,000	-	9,526,000
Payment to hire purchase creditors		(278,079)	(20,001)	(234,673)	(20,001)
Drawdown of term loan		49,800,000	-	49,800,000	-
Net cash generated from financing activities		<u>45,501,027</u>	<u>9,489,259</u>	<u>45,691,405</u>	<u>9,499,734</u>
Net (decrease)/increase in cash and cash equivalents		(4,375,034)	10,044,709	(4,007,045)	9,201,023
Cash and cash equivalents at beginning of year		10,044,712	3	9,201,026	3
Cash and cash equivalents at end of year		<u>5,669,678</u>	<u>10,044,712</u>	<u>5,193,981</u>	<u>9,201,026</u>
Cash and cash equivalents comprise:					
Cash and bank balances		1,633,557	1,995,966	1,157,860	1,152,280
Deposits placed with licensed banks		4,036,121	8,048,746	4,036,121	8,048,746
		<u>5,669,678</u>	<u>10,044,712</u>	<u>5,193,981</u>	<u>9,201,026</u>

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



Notes to the Financial Statements

1. Summary of significant accounting policies

The following accounting policies are adopted by the Group and the Company and are consistent with those adopted in previous years.

(a) Basis of accounting

The financial statements of the Group and of the Company are prepared on the historical cost basis except as disclosed in the notes to the financial statements and in compliance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia.

(b) Basis of consolidation

Subsidiaries are those enterprises controlled by the Company. Control exists when the Company has the power, directly or indirectly to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control effectively commences until the date that control effectively ceases. Subsidiaries are consolidated using the acquisition method of accounting.

A subsidiary is excluded from consolidation when either control is intended to be temporary if the subsidiary is acquired and held exclusively with a view of its subsequent disposal in the near future and it has not previously been consolidated or it operates under severe long term restrictions which significantly impair its ability to transfer funds to the Company. Subsidiaries excluded on these grounds are accounted for as investments.

Under the acquisition method of accounting, the results of subsidiaries acquired or disposed off during the year are included from the date of acquisition or up to the date of disposal. At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the Group financial statements. The difference between the acquisition cost and the fair values of the subsidiaries' net assets is reflected as goodwill or negative goodwill as appropriate.

Intragroup transactions and balances and the resulting unrealised profits are eliminated on consolidation. Unrealised losses resulting from intragroup transactions are also eliminated unless cost cannot be recovered.

(c) Property, plant and equipment

Freehold land is stated at cost. All other property, plant and equipment are stated at cost less accumulated depreciation.

New planting expenditure

New planting expenditure incurred on land clearing, upkeep of immature palms/trees, administrative expenses and interest incurred during the immature period (pre-cropping costs) are capitalised under Plantation Development Expenditure. Upon maturity, all subsequent maintenance expenditure is charged to revenue. Oil palm is considered mature 3 years after the month of planting. Teak tree is considered mature 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 will be charged to the Income Statement at the time of harvest and sale of trees based on area harvested.



Depreciation

Freehold land is not amortised. 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 while freehold and leasehold buildings are depreciated on a straight line basis over fifty (50) years. Other property, plant and equipment are depreciated on a straightline basis so as to write off the cost of the property, plant and equipment over their estimated useful lives at the following principal annual rates:

Estate buildings	2%
Plant and machinery	10%
Motor vehicles	20%
Roads and bridges, furniture, fittings and equipment	10%

(d) Finance leases

Leases (including hire purchase) in which the Group assume substantially all the risks and rewards of ownership are classified as finance leases. Assets acquired by way of finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses.

In calculating the present value of the minimum lease payments, the discount rate is the interest rate implicit in the lease, if this is practicable to determine; if not, the Group's incremental borrowing rate is used.

(e) Investments

Long term investments in subsidiaries are stated at cost in the Company, less impairment loss where applicable.

(f) Intangible assets**Goodwill**

Goodwill represents the excess of the cost of acquisition over the fair values of the net identifiable assets acquired and is stated at cost less accumulated amortisation and accumulated impairment losses (refer Note 1(g)).

Goodwill is amortised from the date of recognition over its estimated useful life of twenty (20) years.

(g) Impairment

The carrying amount of assets, other than inventories and financial assets (other than investments in subsidiaries) are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or the cash-generating unit to which it belongs exceeds its recoverable amount. Impairment losses are recognised in the income statement.

The recoverable amount is the greater of the asset's net selling price and its value in use. In assessing value in use, 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. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss in respect of goodwill is not reversed unless the loss was caused by a specific external event of an exceptional nature that is not expected to recur and subsequent external events have occurred that reverse the effect of that event.

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

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. The reversal is recognised in the income statement.

(h) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis. Cost of agricultural produce consists of cost of harvesting, direct labour, attributable manufacturing overheads and transport charges, where applicable. Costs of nursery, consumable and spares consist of the original cost of purchase plus the cost of bringing the inventories to their present location and condition.

(i) Trade and other receivables

Trade and other receivables are stated at cost less allowance for doubtful debts.

(j) Cash and cash equivalents

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

(k) Liabilities

Borrowings, trade and other payables are stated at cost.

(l) Redeemable Convertible Secured Loan Stocks

Convertible loan stocks are regarded as compound instruments, consisting of a liability component and an equity component. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar nonconvertible loan stock. The difference between the proceeds of issue of the convertible loan stocks and the fair value assigned to the liability component, representing the conversion option is included in shareholders' equity. The liability component is subsequently stated at amortised cost using the effective interest rate method until extinguished on conversion or redemption whilst the value of the equity component is not adjusted in subsequent periods. Attributable transaction costs are apportioned and deducted directly from the liability and equity component based on their carrying amounts at the date of issue.

Under the effective interest rate method, the interest expense on the liability component is calculated by applying the prevailing market interest rate for a similar non-convertible loan stocks to the instrument. The difference between this amount and the interest paid is added to the carrying value of the convertible loan stocks.

(m) Affiliated company

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

(n) Income tax

Tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Temporary differences are not recognised for the initial recognition of assets or liabilities that at the time of the transaction affects neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

(o) Revenue

i) Sale of goods

Revenue from sale of goods is measured at the fair value of the consideration receivable and is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer.

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

Revenue from rental of offices and car park are recognised based on value invoiced to customer during the year.

iv) Interest income

Interest income is recognised in the income statement as it accrues, taking into account the effective yield on the asset.

(p) Interest expense

All interest and other costs incurred in connection with borrowings are expensed as incurred. The interest component of hire purchase payments is recognised in the income statement so as to give a constant periodic rate of interest on the outstanding liability at the end of each accounting period.

(q) Employee benefits

i) Short term employee benefits

Wages, salaries and bonuses are recognised as expenses in the year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, if any and short term non-accumulating compensated absences such as sick leave are recognised when absences occur.

ii) Defined contribution plan

Obligations for contributions to defined contribution plan are recognised as an expense in the income statement as incurred.

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.

2. Property, plant and equipment

	Land and buildings RM	Plantation development expenditure RM	Plant and machinery RM	Motor vehicles RM	Roads and bridges, furniture, fittings and equipment RM	Total RM
Group						
Cost						
Opening balance	188,927,843	20,466,463	926,967	816,398	1,299,038	212,436,709
Additions	-	17,074,913	3,702,720	2,384,925	4,460,281	27,622,839
Acquisition of subsidiaries	37,756,669	20,302,526	-	287,792	1,370,905	59,717,892
Closing balance	<u>226,684,512</u>	<u>57,843,902</u>	<u>4,629,687</u>	<u>3,489,115</u>	<u>7,130,224</u>	<u>299,777,440</u>
Depreciation						
Opening balance	1,083,415	310,757	33,999	70,604	73,957	1,572,732
Charge for the year	3,139,855	1,213,709	223,863	544,961	537,071	5,659,459
Closing balance	<u>4,223,270</u>	<u>1,524,466</u>	<u>257,862</u>	<u>615,565</u>	<u>611,028</u>	<u>7,232,191</u>
Net book value						
At 31 December 2004	<u>222,461,242</u>	<u>56,319,436</u>	<u>4,371,825</u>	<u>2,873,550</u>	<u>6,519,196</u>	<u>292,545,249</u>
At 31 December 2003	<u>187,844,428</u>	<u>20,155,706</u>	<u>892,968</u>	<u>745,794</u>	<u>1,225,081</u>	<u>210,863,977</u>
Depreciation charge for the year ended 31 December 2003	<u>1,083,415</u>	<u>310,757</u>	<u>33,999</u>	<u>70,604</u>	<u>73,957</u>	<u>1,572,732</u>
Company						
Cost						
Opening balance	157,555,600	1,444,400	926,966	325,000	157,740	160,409,706
Additions	-	-	3,702,720	1,712,605	1,169,064	6,584,389
Closing balance	<u>157,555,600</u>	<u>1,444,400</u>	<u>4,629,686</u>	<u>2,037,605</u>	<u>1,326,804</u>	<u>166,994,095</u>
Depreciation						
Opening balance	912,110	12,040	33,999	21,668	6,124	985,941
Charge for the year	2,189,064	28,896	223,863	281,186	62,505	2,785,514
Closing balance	<u>3,101,174</u>	<u>40,936</u>	<u>257,862</u>	<u>302,854</u>	<u>68,629</u>	<u>3,771,455</u>
Net book value						
At 31 December 2004	<u>154,454,426</u>	<u>1,403,464</u>	<u>4,371,824</u>	<u>1,734,751</u>	<u>1,258,175</u>	<u>163,222,640</u>
At 31 December 2003	<u>156,643,490</u>	<u>1,432,360</u>	<u>892,967</u>	<u>303,332</u>	<u>151,616</u>	<u>159,423,765</u>
Depreciation charge for the year ended 31 December 2003	<u>912,110</u>	<u>12,040</u>	<u>33,999</u>	<u>21,668</u>	<u>6,124</u>	<u>985,941</u>

2. Property, plant and equipment (continued)

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
<i>Net book value of land and buildings</i>				
Freehold land	20,770,000	20,770,000	20,770,000	20,770,000
Long term leasehold land	156,771,092	121,229,678	87,861,409	89,107,285
Buildings	<u>44,920,150</u>	<u>45,844,750</u>	<u>45,823,017</u>	<u>46,766,205</u>
	<u>222,461,242</u>	<u>187,844,428</u>	<u>154,454,426</u>	<u>156,643,490</u>

The net book value of plantation development expenditure comprise of the following:

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
<i>Plantation development expenditure</i>				
- oil palm	52,058,030	16,878,700	-	-
- teak tree	510,967	394,306	-	-
Estate buildings	<u>3,750,439</u>	<u>2,882,700</u>	<u>1,403,464</u>	<u>1,432,360</u>
	<u>56,319,436</u>	<u>20,155,706</u>	<u>1,403,464</u>	<u>1,432,360</u>

Depreciation charge is allocated as follows:

	Group	
	2004 RM	2003 RM
Income statements	4,912,755	1,572,732
Plantation development expenditure	<u>746,704</u>	<u>-</u>
	<u>5,659,459</u>	<u>1,572,732</u>

Security

Freehold land and freehold building of the Company with a net book value of RM65,690,150 (2003: RM66,614,750) is charged to AmTrustee Bhd. as security for the Redeemable Convertible Secured Loan Stocks ("RCSLS") (Note 10).

Long term leasehold land and plantation development expenditure of the Company with a net book value of RM90,167,740 (2003: RM91,461,100) is charged to bank as security for borrowings as disclosed on Note 9.

2. Property, plant and equipment (continued)

Assets under hire purchase

Included in the property, plant and equipment of the Group and the Company are motor vehicles acquired under hire purchase with a net book value of RM2,135,485 (2003: RM303,332) and RM1,734,752 (2003: RM303,332) respectively.

Long term leasehold land

Included in the long term leasehold land of the Group and the Company are oil palm trees which have exceeded twenty-five (25) years and hence no value is placed on the plantation development expenditure.

Others

The fair value adjustment for property, plant and equipment in respect of the acquisition of subsidiaries during the year has been allocated to respective property, plant and equipment caption by reference to the net book value of the property, plant and equipment of the respective subsidiary at the date of acquisition.

3. Investments in subsidiaries

	Company	
	2004 RM	2003 RM
Unquoted shares, at cost	105,259,936	52,500,002
Less: Investment written off	-	(2,500,000)
	105,259,936	50,000,002

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

Name of company	Principal activities	Effective ownership interest	
		2004	2003
		%	%
Uniglobal Sdn. Bhd. *	Cultivation of oil palm	100	100
Pelita Permata Sdn. Bhd.	Cultivation of oil palm	100	-
Desamawar Runding Sdn. Bhd.	Cultivation of oil palm	100	-
Suen Tai (Sabah) Sdn. Bhd.	Cultivation of oil palm	100	-
Masranti Plantation Sdn. Bhd.	Cultivation of oil palm	99.99	-
Dyna Billion Sdn. Bhd.	Dormant	100	100
Premium Dragon Sdn. Bhd.	Dormant	100	-
Sunshine Zodiac Sdn. Bhd.	Dormant	100	-
Sportma Corporation Berhad **	Placed under provisional liquidation on 9 September 2003	-	-

* The entire issued and paid-up capital of this subsidiary with cost of RM50,000,002 has been charged to bank as security to obtain bank overdraft and term loan facilities.

** This subsidiary is not consolidated as it is under provisional liquidation. The Company has written off the investment in this subsidiary company as at 31 December 2003.

4. Intangible assets

	Group	
	2004 RM	2003 RM
Goodwill		
Opening balance	2,036,044	–
Add: Acquisition of subsidiaries during the year (Note 19)	11,689,286	2,143,204
	<u>13,725,330</u>	<u>2,143,204</u>
Less: Amortisation of goodwill	(691,625)	(107,160)
	<u>13,033,705</u>	<u>2,036,044</u>

5. Inventories

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
At cost				
Agricultural produce	922,073	66,241	922,073	66,241
Consumable and spares	647,835	474,693	172,384	241,445
Nursery	2,217,330	–	–	–
	<u>3,787,238</u>	<u>540,934</u>	<u>1,094,457</u>	<u>307,686</u>

6. Trade and other receivables

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Trade receivables	2,706,916	1,655,918	1,251,545	943,841
Other receivables, deposits and prepayments	187,030	2,175,585	103,861	207,841
Due from subsidiaries				
- Non-trade	–	–	23,730,168	1,970,039
Due from affiliated companies				
- Trade	64,169	–	64,169	–
- Non-trade	–	3,720,885	–	3,720,885
	<u>64,169</u>	<u>3,720,885</u>	<u>64,169</u>	<u>3,720,885</u>
	<u>2,958,115</u>	<u>7,552,388</u>	<u>25,149,743</u>	<u>6,842,606</u>

The non-trade amounts due from subsidiaries and affiliated companies are in respect of advances made, which are unsecured, interest free and have no fixed terms of repayments.

Included in other receivables, deposits and prepayments of the Group in prior year was an amount of RM1,967,743 which is in respect of deposit paid for a land in Johor Bahru that the Company was considering to purchase.

Included in the amounts due from affiliated companies of the Group and of the Company in prior year were advances given for the purchase of estate equipments and 10% deposit for the acquisition of certain subsidiaries which was acquired during the current financial year.

7. Cash and cash equivalents

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Cash and bank balances	1,633,557	1,995,966	1,157,860	1,152,280
Deposits placed with licensed banks	4,253,898	8,258,746	4,253,898	8,258,746
	<u>5,887,455</u>	<u>10,254,712</u>	<u>5,411,758</u>	<u>9,411,026</u>

The deposits of the Group and of the Company of RM217,777 (2003: RM210,000) are pledged to licensed banks as security for bankers guarantee facility granted to the Group and the Company.

8. Trade and other payables

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Trade payables	5,457,940	3,016,402	4,383,318	2,092,917
Other payables and accrued expenses	10,660,862	2,146,493	2,905,617	2,146,493
Due to subsidiaries				
- Non-trade	-	-	17,933,152	1,782,617
Due to affiliated companies				
- Trade	1,006,075	344,489	1,006,067	344,489
- Non-trade	1,089,378	35,975	411,903	35,975
	<u>2,095,453</u>	<u>380,464</u>	<u>1,417,970</u>	<u>380,464</u>
	<u>18,214,255</u>	<u>5,543,359</u>	<u>26,640,057</u>	<u>6,402,491</u>

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

Included in other payables and accrued expenses of the Group is an amount of RM6,467,000 owing to a contractor for plantation development in a subsidiary.

9. Borrowings (secured)

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Current				
Hire purchase creditors	488,394	80,004	390,811	80,004
Term loan	2,500,000	-	2,500,000	-
	<u>2,988,394</u>	<u>80,004</u>	<u>2,890,811</u>	<u>80,004</u>
Non current				
Hire purchase creditors	1,202,740	139,995	1,023,515	139,995
Term loan	47,300,000	-	47,300,000	-
	<u>48,502,740</u>	<u>139,995</u>	<u>48,323,515</u>	<u>139,995</u>
	<u>51,491,134</u>	<u>219,999</u>	<u>51,214,326</u>	<u>219,999</u>

9. Borrowings (secured) (continued)

Hire purchase liabilities are payable as follows:

	2004			2003		
	Payments RM	Interest RM	Principal RM	Payments RM	Interest RM	Principal RM
Group						
Less than one year	556,392	67,998	488,394	88,164	8,160	80,004
Between one and five years	1,384,169	181,429	1,202,740	154,275	14,280	139,995
	<u>1,940,561</u>	<u>249,427</u>	<u>1,691,134</u>	<u>242,439</u>	<u>22,440</u>	<u>219,999</u>
Company						
Less than one year	446,388	55,577	390,811	88,164	8,160	80,004
Between one and five years	1,181,419	157,904	1,023,515	154,275	14,280	139,995
	<u>1,627,807</u>	<u>213,481</u>	<u>1,414,326</u>	<u>242,439</u>	<u>22,440</u>	<u>219,999</u>

The hire purchase is subject to fixed interest rate of 3.30% to 3.40% (2003: 3.40%) per annum.

The term loan is secured by fixed charge over the long term leasehold land and buildings of the Company, the entire issued and paid-up capital of a subsidiary and a negative pledge over all the present and future assets of a subsidiary.

The term loan are repayable by half yearly instalments commencing 18 months after the first drawdown over the period of 7 years commencing 2005.

Interest on term loan is charged at 1.25% (2003: NIL) per annum above the lenders' lending rates.

10. Redeemable Convertible Secured Loan Stocks ("RCSLS")**Group/Company**

In the previous financial year, the Company issued RM44,310,095 nominal value of 1.5% five (5) years 2003/2008 Redeemable Convertible Secured Loan Stock ("RCSLS") at 100% nominal value of RM1.00 each pursuant to the Corporate and Debt Restructuring Scheme of Sportma. The RCSLS are attached with 44,310,095 free detachable Warrants 2003/2008 ("Warrant"), on the basis of one (1) free detachable Warrant for every one (1) nominal value of RCSLS. The Warrants are convertible into RM1.00 new ordinary share of the Company each at par any time upon issue within a period of five (5) years from the date of issuance of the Warrants.

The RCSLS has a conversion feature which allows the holder of RCSLS to convert one (1) RCSLS into one (1) new ordinary share of the Company of RM1.00 each per share at par value, unless the RCSLS is redeemed.

The RCSLS must be redeemed at the redemption date unless the RCSLS was converted before each due date.

The conversion or redemption of the RCSLS is based on the following:

Conversion/ Redemption date	Proportion	Conversion value	Redemption value
End of: Second year	20%	8,862,000	9,130,000
Third year	20%	8,862,000	9,266,000
Fourth year	30%	13,293,000	14,109,000
Fifth year	30%	13,293,095	14,319,095

Under the effective interest rate method, the interest expense on the liability component is calculated by applying the prevailing market interest rate for a similar non-convertible loan stocks to the instrument. The difference between this amount and the interest paid is added to the carrying value of the convertible loan stocks.

10. Redeemable Convertible Secured Loan Stocks ("RCCLS") (continued)

The RCCLS are accounted for in the balance sheets of the Group and of the Company as follows:

	Group/Company	
	2004	2003
	RM	RM
Nominal value of RCCLS	44,310,095	44,310,095
Equity component, net of deferred tax	(6,268,000)	(6,268,000)
Deferred tax liability	(2,438,000)	(2,438,000)
	<u>35,604,095</u>	<u>35,604,095</u>
Liability component at the date of issue	35,604,095	35,604,095
RCCLS interest	335,057	304,101
RCCLS discount	3,218,937	982,784
	<u>39,158,089</u>	<u>36,890,980</u>
Liability component as at 31 December	<u>39,158,089</u>	<u>36,890,980</u>
Current	8,862,019	-
Non-current	30,296,070	36,890,980
	<u>39,158,089</u>	<u>36,890,980</u>

The RCCLS is secured by way of fixed charges over the freehold land and freehold building of the Company (see Note 2).

The redemption value of the RCCLS is higher due to the inclusion of additional 1.5% per annum compounded interest should the RCCLS is redeemed instead of converted.

11. Share capital

	Group/Company	
	2004	2003
	RM	RM
Ordinary shares of RM1.00 each:		
Authorised:		
Opening balance	500,000,000	100,000
Increase of share	-	499,900,000
	<u>500,000,000</u>	<u>500,000,000</u>
Closing balance	<u>500,000,000</u>	<u>500,000,000</u>
Issued and fully paid:		
Opening balance	185,477,159	3
Issue of shares:		
- Acquisition of Sportma Corporation Berhad	(i) -	2,500,000
- Acquisition of property, plant and equipment and a subsidiary	(ii) -	139,689,905
- Rights issue	(iii) -	30,000,000
- New share issue	(iv) -	13,287,251
	<u>-</u>	<u>185,477,156</u>
Closing balance	<u>185,477,159</u>	<u>185,477,159</u>

11. Share capital (continued)

In the previous financial year, the increase in the Company paid up share capital resulted from the following events:

- (i) The acquisition of the entire issued and paid-up share capital of Sportma Corporation Berhad ("Sportma") by the Company comprising 25,000,000 ordinary shares of RM1.00 each via a share swap on the basis of one (1) new ordinary share of RM1.00 each of the Company at par for every ten (10) existing ordinary shares of RM1.00 each of Sportma held by existing shareholders of Sportma.
- (ii) The acquisition of property, plant and equipment from the Low Nam Hui & Sons Sdn. Bhd.'s group of companies and the entire equity interest of a subsidiary, Uniglobal Sdn. Bhd. from LNH Enterprise Sdn. Bhd. ("LNHE") satisfied by the issuance of 139,689,905 new ordinary shares of RM1.00 each of the Company at par.
- (iii) Rights issue of 30,000,000 new ordinary shares of RM1.00 each of the Company at an issue price of RM1.30 per share on the basis of twelve (12) rights shares for every one (1) shares held by existing shareholders of the Company together with up to 30,000,000 free detachable warrants on the basis of one (1) warrant for every one (1) rights share subscribed.
- (iv) Settlement of RM13,287,251 by the Company to the creditors of Sportma as part of the debt that was novated to the Company via issuance of 13,287,251 new ordinary shares of RM1.00 each of the Company at par.

The Company issued 30,000,000 free detachable warrants to its shareholders on 18 July 2003 in conjunction with its Rights Issue of 30,000,000 ordinary shares. The warrants were issued on the basis of one (1) warrant for every one (1) ordinary share. The warrants are in registered form and constituted by a Deed Poll and entitled the registered holder to subscribe for one (1) new ordinary share of RM1.00 in the Company at a price of RM1.00 per ordinary share for every warrant held. The conversion ratio is subject to the aforesaid Deed Poll and can be exercised at any time during the five years subscription period expiring on 17 July 2008.

44,310,095 detachable warrants were also issued to Perdana Properties Berhad on 18 July 2003 in conjunction with the issuance of RM44,310,095 nominal value of RM1.00 each 1.5% five (5) year 2003/2008 Redeemable Convertible Secured Loan Stocks (See Note 10).

At the end of the financial year, all the warrants remained unexercised.

12. Reserves

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Accumulated losses	(11,891,794)	(16,677,635)	(18,651,366)	(18,386,824)
Non-distributable				
Share premium	6,634,854	6,634,854	6,634,854	6,634,854
RCSLS - Equity component	6,268,000	6,268,000	6,268,000	6,268,000
	<u>1,011,060</u>	<u>(3,774,781)</u>	<u>(5,748,512)</u>	<u>(5,483,970)</u>

13. Deferred tax liabilities

The recognised deferred tax liabilities are as follows:

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Property, plant and equipment				
- capital allowances	3,782,679	2,360,084	353,659	231,746
- fair value adjustment	15,087,879	3,359,925	-	-
Unabsorbed capital allowances	(385,704)	(394,177)	(299,704)	-
Unabsorbed tax losses	(203,411)	(681,173)	-	-
Deferred tax on Redeemable Convertible Secured Loan Stocks ("RCSLS")				
- discount on interest (Note 10)	2,438,000	2,438,000	2,438,000	2,438,000
Reversal of RCSLS discount	(901,301)	(275,180)	(901,301)	(275,180)
Others	(64,103)	(16,992)	(64,103)	(16,992)
	<u>19,754,039</u>	<u>6,790,487</u>	<u>1,526,551</u>	<u>2,377,574</u>

Movement in deferred tax assets and liabilities (prior to offsetting of balances) during the year are as follows:

Group	At 1.1.2004 RM	Charged/ (Credited) to income statements RM	Acquisition of subsidiaries RM	Capitalised to plantation development expenditure RM	Equity RM	At 31.12.2004 RM
<i>Deferred tax liabilities</i>						
Property, plant and equipment	5,720,009	(210,516)	13,495,392	(134,327)	-	18,870,558
RCSLS –Equity component	2,162,820	-	-	-	(626,121)	1,536,699
Total	<u>7,882,829</u>	<u>(210,516)</u>	<u>13,495,392</u>	<u>(134,327)</u>	<u>(626,121)</u>	<u>20,407,257</u>
<i>Deferred tax assets</i>						
Unabsorbed capital allowances	(394,177)	643,421	(634,948)	-	-	(385,704)
Unutilised tax losses	(681,173)	863,215	(385,453)	-	-	(203,411)
Others	(16,992)	(47,111)	-	-	-	(64,103)
Total	<u>(1,092,342)</u>	<u>1,459,525</u>	<u>(1,020,401)</u>	<u>-</u>	<u>-</u>	<u>(653,218)</u>
Company						
<i>Deferred tax liabilities</i>						
Property, plant and equipment	231,746	121,913	-	-	-	353,659
RCSLS –Equity component	2,162,820	-	-	-	(626,121)	1,536,699
Total	<u>2,394,566</u>	<u>121,913</u>	<u>-</u>	<u>-</u>	<u>(626,121)</u>	<u>1,890,358</u>

13. Deferred tax liabilities (continued)

Company	At 1.1.2004 RM	Charged/ (Credited) to income statements RM	Acquisition of subsidiaries RM	Capitalised to plantation development expenditure RM	Equity RM	At 31.12.2004 RM
Deferred tax assets						
Unabsorbed capital allowance	-	(299,704)	-	-	-	(299,704)
Others	(16,992)	(47,111)	-	-	-	(64,103)
Total	(16,992)	(346,815)	-	-	-	(363,807)

No deferred tax has been recognised for the following items:

	Group	
	2004 RM'000	2003 RM'000
Property, plant and equipment - capital allowances	11,942	-
Unutilised tax losses	(4,000)	-
Unabsorbed capital allowances	(12,272)	-
	<u>(4,330)</u>	<u>-</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 Company can utilise the benefits.

14. Retirement benefits**Group/Company**

The Company has made a provision for retirement benefits amounting to RM134,543 in respect of retirement benefits payable to the unionised hotel employees upon their retirement. The provision made is in respect of retirement benefits accruing to the hotel employees after 1 August 2003, the date in which the Company offered the hotel employees similar terms and conditions as per their previous employment.

As the hotel employees are offered similar terms and conditions as per their previous employment, the Company will be liable for retirement benefits due to the employees prior to 1 August 2003. However, the Company has entered into an arrangement with Tropical Inn Sdn. Bhd. ("TISB"), the previous hotel owner of Tropical Inn whereby any retirement benefits accruing to the hotel employees from the date of employment until 31 July 2003 will be borne by TISB.

As at 31 December 2004, the hotel retirement benefits accruing to the hotel employees is RM974,498 (2003: RM900,640) of which RM134,543 (2003: RM60,685) is recognised by the Company while the remaining amount of RM839,955 (2003: RM839,955) will be due to the Company from TISB upon the hotel employee retiring. Accordingly, the remaining balance of RM839,955 (2003: RM839,955) has not recognised in the financial statements.

15. Operating profit/(loss)

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Revenue				
- sale of agricultural produce	65,360,256	25,829,007	46,822,113	20,561,987
- hotel operations	4,347,665	2,216,387	4,347,665	2,216,387
- rental	2,132,141	1,003,252	2,132,141	1,003,252
- transport	647,240	491,941	647,240	491,941
	<u>72,487,302</u>	<u>29,540,587</u>	<u>53,949,159</u>	<u>24,273,567</u>
Cost of sales of agricultural produce	33,127,569	13,348,605	25,245,013	11,310,217
Cost of services	2,693,329	1,119,371	2,693,329	1,119,371
	<u>35,820,898</u>	<u>14,467,976</u>	<u>27,938,342</u>	<u>12,429,588</u>
Gross profit	36,666,404	15,072,611	26,010,817	11,843,979
Administration expenses	(17,050,377)	(7,340,327)	(15,651,397)	(6,834,346)
Distribution costs	(1,706,162)	(651,439)	(1,594,470)	(624,179)
Other operating expenses				
- exceptional items	-	(20,261,251)	-	(20,261,251)
- others	(1,233,799)	(109,456)	-	-
Other operating income	68,981	28,025	68,981	28,025
	<u>16,745,047</u>	<u>(13,261,837)</u>	<u>8,833,931</u>	<u>(15,847,772)</u>
	Group	Company	2004 RM	2003 RM
Operating profit/(loss) is arrived at after charging				
Audit fees	82,500	63,000	50,000	50,000
Amortisation of goodwill	691,625	107,160	-	-
Bad debts written off	58,962	-	58,692	-
Allowance for doubtful debts	94,399	-	94,399	-
Depreciation	4,912,755	1,572,732	2,785,514	985,941
Directors' remuneration:				
- Fees	180,000	75,000	180,000	75,000
- Emoluments	3,423,080	1,949,978	3,423,080	1,949,978
Exceptional items:				
- Novation of debts written off	-	17,761,251	-	17,761,251
- Investment written off	-	2,500,000	-	2,500,000
Rental of premises	51,607	9,000	14,000	9,000
Retirement benefits	73,858	60,685	73,858	60,685

The estimated monetary value of benefits-in-kind receivable by the Directors of the Group/Company is RM77,869 (2003: RM15,720).

15. Operating profit/(loss) (continued)**Employee information**

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Staff costs (including Executive Directors' remuneration)	<u>10,299,133</u>	<u>2,398,998</u>	<u>8,987,651</u>	<u>4,301,092</u>

Staff costs of the Group and of the Company include contributions to the Employees' Provident Fund of RM831,980 (2003: RM322,921) and RM768,906 (2003: RM313,529) respectively.

Staff costs and Employees' Provident Fund are allocated as follows:

	Group	
	2004 RM	2003 RM
Staff costs		
- income statements	10,121,719	2,398,998
- plantation development expenditure	<u>177,414</u>	<u>-</u>
	<u>10,299,133</u>	<u>2,398,998</u>
Employees' Provident Fund		
- income statements	817,026	322,921
- plantation development expenditure	<u>14,954</u>	<u>-</u>
	<u>831,980</u>	<u>322,921</u>

The numbers of employees (including Executive Directors) of the Group and of the Company at the end of the year were 346 (2003: 230) and 235 (2003: 172) respectively.

16. Interest expense

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Term loan interest	3,145,675	-	3,145,675	-
Redeemable Convertible Secured Loan Stocks				
- interest	699,250	304,101	699,250	304,101
- discount	2,236,152	982,784	2,236,152	982,784
Others	<u>206,926</u>	<u>16,740</u>	<u>59,954</u>	<u>6,265</u>
	<u>6,288,003</u>	<u>1,303,625</u>	<u>6,141,031</u>	<u>1,293,150</u>

17. Tax expense

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM^e
Income tax expense				
- Current year	4,936,000	1,300,542	3,696,150	1,300,542
- Underprovision in prior year	258,307	-	258,307	-
	5,194,307	1,300,542	3,954,457	1,300,542
Deferred tax expense/(income)				
- Origination and reversal of temporary differences	1,406,396	1,081,025	(67,515)	214,754
- Overprovision in prior year	(157,387)	-	(157,387)	-
	1,249,009	1,081,025	(224,902)	214,754
Reversal of deferred tax on recognition of interest on Redeemable Convertible Secured Loan Stocks ("RCSLS") discount	(626,121)	(275,180)	(626,121)	(275,180)
	5,817,195	2,106,387	3,103,434	1,240,116
	RM'000	RM'000	RM'000	RM'000
Reconciliation of effective tax expense				
Profit/(Loss) before tax	10,603	(14,517)	2,839	(17,092)
Income tax using Malaysian tax rates	2,969	(4,065)	795	(4,786)
Non deductible expenses	3,373	6,446	2,833	6,301
Reversal of deferred tax on recognition of interest on RCSLS discount	(626)	(275)	(626)	(275)
	5,716	2,106	3,002	1,240
Underprovision in prior year	101	-	101	-
Tax expense	5,817	2,106	3,103	1,240

18. Earning/(Loss) per ordinary share**Group****Basic earning/(loss) per share**

The calculation of basic earning/(loss) per share is based on the net profit/(loss) attributable to ordinary shareholders of RM4,785,841 (2003: RM16,623,103) and the weighted average number of ordinary shares outstanding during the year of 185,477,159 (2003: 85,245,715).

	Group	
	2004	2003
Weighted average number of ordinary shares		
Issued ordinary shares at beginning of the year	185,477,159	3
Effect of shares issued on 23 May 2003	-	1,527,397
Effect of shares issued on 18 July 2003	-	83,718,315
	185,477,159	85,245,715

Diluted earning/(loss) per share

No disclosure is made for diluted earnings per share as it is anti-dilutive.



19. Acquisition of subsidiaries

2004

On 15 January 2004, the Company subscribed for 16,024,010 new ordinary shares of RM1.00 each in Masranti Plantation Sdn. Bhd. ("MPSB"), at an issue price of RM1.38 per share, representing 99.99% of the enlarged issued and paid-up share capital of MPSB for a cash consideration of RM22,113,134.

On 1 April 2004, the Company acquired three plantation companies as follows:

- (i) The Company acquired 781,205 ordinary shares of RM1.00 each in Desamawar Runding Sdn. Bhd. ("DRSB") representing the entire issued and paid-up capital of DRSB from LNH Enterprise Sdn. Bhd. ("LNHE"), an affiliated company, for a cash consideration of RM4,737,333;
- (ii) The Company acquired 4,977,990 ordinary shares of RM1.00 each in Pelita Pertama Sdn. Bhd. ("PPSB") representing the entire issued and paid-up capital of PPSB from LNHE for a cash consideration of RM18,558,933; and
- (iii) The Company acquired 1,182,943 ordinary shares of RM1.00 each in Suen Tai (Sabah) Sdn. Bhd. ("STSB") representing the entire issued and paid-up capital of STSB from LNHE for a cash consideration of RM4,850,532.

In July 2004, the Company acquired 2 ordinary shares of RM1.00 each in Sunshine Zodiac Sdn. Bhd. ("SZSB") representing the entire issued and paid-up capital of SZSB for a cash consideration of RM2.00.

In August 2004, the Company acquired 2 ordinary shares of RM1.00 each in Premium Dragon Sdn. Bhd. ("PDSB") representing the entire issued and paid-up capital of PDSB for a cash consideration of RM2.00.

The paid-up share capital of PDSB was subsequently increased by the issue of 4,999,998 ordinary shares of RM1.00 each fully paid and allotted to the Company on 26 August 2004. The acquisition of the above subsidiaries was accounted for using the acquisition method of accounting.

2003

On 25 July 2003, the Company acquired all the shares in Uniglobal Sdn. Bhd. for a consideration of RM50,000,000 satisfied by the issuance of 50,000,000 new ordinary shares of RM1.00 each of the Company at par. The acquisition was accounted for using the acquisition method of accounting.

On 13 October 2003, the Company acquired all the shares in Dyna Billion Sdn. Bhd. for a cash consideration of RM2. The acquisition was accounted for using the acquisition method of accounting. The effect of the contribution of the subsidiary to the consolidated net loss for the year is immaterial as the subsidiary is dormant.

19. Acquisition of subsidiaries (continued)

- a) The effect of the acquisition of the above companies on the Group's operating results, assets and liabilities as at 31 December 2004 and 2003 are as follows:

	From date of acquisition	
	2004 RM	2003 RM
Income statement:		
Revenue	4,522,888	5,267,020
Operating expenses	(3,571,299)	(2,494,523)
Profit before tax	951,589	2,772,497
Tax expense	(617,659)	(866,271)
Increase in Group profit attributable to shareholders	<u>333,930</u>	<u>1,906,226</u>
	As at 31.12.2004 RM	As at 31.12.2003 RM
Balance sheet:		
Property, plant and equipment	78,497,488	51,440,213
Current assets	7,164,459	3,571,626
Current liabilities	(33,144,656)	(923,485)
Long term liabilities	(12,985,252)	(4,412,913)
Net assets acquired/Group's share of net assets	39,532,039	49,675,441
Goodwill on acquisition	11,689,286	2,143,204
Less: Amortisation	(584,464)	(107,160)
Increase in Group's net assets	<u>50,636,861</u>	<u>51,711,485</u>

- b) The effects of the acquisition of the above subsidiaries on the cash flows of the Group at the date of acquisition are as follows:

	Acquisition of subsidiaries	
	2004 RM	2003 RM
Property, plant and equipment	59,717,892	51,699,108
Current assets	3,988,493	1,892,020
Current liabilities	(12,660,747)	(2,187,688)
Long term liabilities	(12,474,992)	(3,546,642)
Net assets acquired	38,570,646	47,856,798
Goodwill on acquisition	11,689,286	2,143,204
Total purchase consideration	50,259,932	50,000,002
Less: Consideration satisfied by issuance of shares	-	(50,000,000)
Consideration paid, satisfied by cash	50,259,932	2
Less: Cash acquired	(1,132,623)	(439,442)
Cash flow on acquisition, net of cash acquired	<u>49,127,309</u>	<u>(439,440)</u>

20. Purchase of property, plant and equipment

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Current year's purchase of plant and equipment	27,622,839	160,737,601	6,584,389	160,409,706
Less:				
- Amount financed by hire purchase	(1,679,000)	(240,000)	(1,429,000)	(240,000)
- Depreciation charge capitalised in plantation development expenditure	(746,704)	-	-	-
- Crystallisation of deferred tax on revaluation surplus capitalised in plantation development expenditure	134,327	-	-	-
- Amount financed by issuance of shares	-	(159,000,000)	-	(159,000,000)
	<u>25,331,462</u>	<u>1,497,601</u>	<u>5,155,389</u>	<u>1,169,706</u>

21. Segmental information***Group***

Segment information is presented in respect of the Group's business. The primary format, business segments, is based on the Group's management and internal reporting structure. Inter-segment pricing is determined based on negotiated terms.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise interest-earning assets and revenue, borrowings and expenses, and corporate assets and expenses.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

Business segments

The Group comprises the following main business segments:

Plantation	The cultivation of oil palm
Property	Property investment
Transport	Provision of transport services
Hotel	Hotel business

Geographical segments

Geographical segment is not presented as the Group's customers and assets are principally operating in Malaysia.

21. Segmental information (continued)

Group	Plantations		Property		Transport		Hotel		Investment holding		Consolidated	
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Business segments												
Revenue from external customers	65,360,255	25,829,007	2,132,141	1,003,252	647,241	491,941	4,347,665	2,216,387	-	-	72,487,302	29,540,587
Segment result/												
Operating profit/(loss)	26,701,848	10,713,513	(551,528)	(700,914)	93,629	296,161	(703,320)	415,752	(8,795,582)	(23,986,349)	16,745,047	(13,261,837)
Interest expense											(6,288,003)	(1,303,625)
Interest income											145,992	48,746
Profit/(Loss) before tax											10,603,036	(14,516,716)
Tax expense											(5,817,195)	(2,106,387)
Net profit/(loss) for the year											4,785,841	(16,623,103)
Segment assets/												
Total assets	243,431,044	149,493,597	66,214,311	68,896,063	-	-	1,692,801	1,102,247	6,873,606	11,756,148	318,211,762	231,248,055
Segment liabilities	34,287,830	3,310,404	675,689	544,379	-	-	857,543	616,821	95,902,481	38,243,044	131,723,543	42,714,648
Unallocated liabilities											-	6,831,029
Total liabilities											131,723,543	49,545,677
Capital expenditure	83,846,685	144,953,969	231,440	67,000,000	-	-	937,624	-	1,712,605	482,740	86,728,354	212,436,709
Depreciation and amortisation	3,644,464	1,159,690	929,738	385,250	-	-	41,599	-	296,954	27,792	4,912,755	1,572,732
Non-cash expenses other than depreciation and amortisation	691,625	-	94,399	-	-	-	73,858	60,685	-	20,368,411	859,882	20,429,096



22. Commitments

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Property, plant and equipment				
Contracted but not provided for	3,175,000	1,838,000	3,013,000	1,838,000
Investments				
Contracted but not provided for	14,400,000	49,693,000	-	49,693,000
	<u>17,575,000</u>	<u>51,531,000</u>	<u>3,013,000</u>	<u>51,531,000</u>

The estimated amount of plantation development expenditure not contracted and not provided for in the financial statement of the Group amounted to RM22,778,000.

23. Contingent liabilities (unsecured)

	Company	
	2004 RM'000	2003 RM'000
Corporate guarantees given to financial institution in respect of outstanding banking facilities of subsidiaries	<u>222</u>	<u>-</u>

24. Related parties

Controlling related party relationships are as follows:

- i) Subsidiaries as disclosed in Note 3.

Significant related party transactions of the Group and of the Company other than those disclosed elsewhere in the financial statements are as follows:

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Affiliated companies				
Low Nam Hui & Sons Sdn. Bhd.				
- Sales commission payable	-	37,429	-	37,429
- Management fees payable	-	42,188	-	42,188
- Management fees receivable	36,000	15,000	36,000	15,000
- Hiring of tractors	36,000	-	-	-
	<u>36,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Pengangkutan Low Nam Hui Sdn. Bhd.				
- Transport charges payable	1,088,480	445,674	1,088,480	445,674
- Purchases	204,064	133,408	204,064	133,408
- Sales	188,508	49,899	188,508	49,899
- Hiring of tractors	30,000	-	-	-
- Purchase of plant and equipment	159,000	-	-	-
	<u>1,569,052</u>	<u>628,981</u>	<u>1,481,052</u>	<u>628,981</u>
Seri Cemerlang Plantation (Pahang) Sdn. Bhd.				
- Purchases	15,787,908	6,663,038	15,787,908	6,663,038
- Transport income receivable	647,241	248,196	647,241	248,196
- Sales	6,249	1,110	6,249	1,110
- Purchase of plant and equipment	158,000	-	-	-
	<u>16,599,408</u>	<u>7,112,344</u>	<u>16,441,408</u>	<u>7,112,344</u>

24. Related parties (continued)

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
<i>Lian Hup Manufacturing Sdn. Bhd.</i>				
- Purchase of plant and equipment	755,000	-	755,000	-
<i>LNH Enterprise Sdn. Bhd.</i>				
- Interest received	166,022	-	166,022	-
<i>Syarikat Senang Oil Palm Estate Sdn. Bhd.</i>				
- Purchase of plant and equipment	660,000	-	660,000	-
<i>Nusantara Daya Sdn. Bhd.</i>				
- Deposit paid	-	1,967,743	-	1,967,743
<i>Comet Travels Sdn. Bhd.</i>				
- Rental receivable	26,739	-	26,739	-
<i>Hon Lian Development Sdn. Bhd.</i>				
- Purchases	3,127,500	-	-	-

Balances with affiliated companies at balance sheet date are disclosed in Note 6 and Note 8 respectively.

These transactions have been entered into in the normal course of business and have been established under negotiated terms.

25. Financial instruments***Financial risk management objectives and policies***

Exposure to credit, currency, interest and liquidity risk arises in the normal course of the Group's and the Company's business. The Group's and the Company's policies for managing the risks are summarised below:

Credit 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 all customers requiring credit over a certain amount. The Group and the Company do not require collateral in respect of financial assets.

Foreign currency risk

The Group and the Company are not exposed to any foreign risk as there is no foreign currency transactions entered into or borrowings that is denominated in foreign currency at balance sheet date.

Interest rate risk

The Group's and Company's primary interest rate risk is related to interest-earning deposits placed with licensed banks, Redeemable Convertible Secured Loan Stocks and term loan. There is no formal hedging policy with respect to interest rate exposure.

25. Financial instruments (continued)**Effective interest rate and repricing analysis**

In respect of interest-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at the balance sheet date and the periods in which they reprice or mature, whichever is earlier.

Group/Company	Effective interest rate per annum %	Total RM	Within 1 year RM	1-5 years RM
2004				
Financial assets				
Deposits with licensed banks	3.00	4,253,898	4,253,898	-
Financial liabilities				
Term loan	7.25	49,800,000	49,800,000	-
Redeemable Convertible Secured Loan Stocks	7.50	39,158,089	8,862,019	30,296,070
2003				
Financial assets				
Deposits with licensed banks	3.0	8,258,746	8,258,746	-
Financial liability				
Redeemable Convertible Secured Loan Stocks	7.9	36,890,980	-	36,890,980

Liquidity risk

The Group and the Company monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's and the Company's operations and to mitigate the effects of fluctuations in cash flows.

Fair values*Recognised financial instruments*

The carrying amounts of financial assets and liabilities approximate their fair values due to the relatively short term nature of these financial instruments.

The aggregate fair values of other financial assets and liabilities carried on the balance sheet at 31 December are shown below:

Group/Company	2004		2003	
	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
Financial liabilities				
Retirement benefits	134,543	134,543	60,310	60,310
Redeemable Convertible Secured Loan Stocks	39,158,089	44,310,095	36,890,980	44,310,095

25. Financial instruments (continued)

For other financial instruments listed above, fair value has been determined by discounting the relevant cash flows using current effective interest rates for similar instruments at the balance sheet date.

It is not practical to estimate the fair value of the Company's non-current unquoted shares because of the lack of quoted market prices and the inability to estimate fair value without incurring excessive costs.

The carrying amount of the 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.

26. Significant events

During the financial year ended 31 December 2004, the Company successfully completed the following corporate proposals announced on 22 December 2003:

- a) Acquisition of the entire issued and paid up share capital of Desamawar Runding Sdn. Bhd., Pelita Pertama Sdn. Bhd. and Suen Tai (Sabah) Sdn. Bhd. from LNH Enterprise Sdn. Bhd. for a total cash consideration of RM28,146,798;
- b) Acquisition of estate equipments from Lian Hup Manufacturing Company Sdn. Berhad and Syarikat Senang Oil Palm Estate Sdn. Bhd. for a total cash consideration of RM1,415,000;
- c) Subscription of 16,024,010 new ordinary shares of RM1.00 each in Masranti Plantation Sdn. Bhd. at an issue price of RM1.38 per share for a cash consideration of RM22,113,134; and
- d) Proposed management agreement between Tropical Inn Sdn. Bhd. ("TISB") and the Company to appoint TISB as the Manager and Operator of a hotel known as "Tropical Inn".

On 3 September 2004, one of the subsidiary, Premium Dragon Sdn. Bhd. ("PDSB") had entered into a Joint Venture Agreement with Pelita Holdings Sdn. Bhd. ("PHSB") to set up a Joint Venture company named Harn Len Pelita Bengunan Sdn. Bhd. ("HLPB") with an authorised capital of RM100,000 and an initial issued and paid-up capital of RM2.00 comprising two (2) ordinary shares of RM1.00 each to be subscribed by PDSB and PHSB. However, it is intended that HLPB will eventually have issued and paid-up capital of RM24,000,000 of which 60% will be held by PDSB. The Joint Venture is for the purpose of developing several parcels of land in Sarawak into oil palm plantation with a plantable area of approximately 10,000 hectares.



List of Properties of the Group

Registered owner/ Location	Tenure	Area	Year of Expiry (For leasehold)	Description/ Existing Use	Net Book Value (000's)	Age of Building (years)	Date of Acquisition
1. Harn Len							
i) Lot 1782, Geran 27393 Township & District of Johor Bahru, Johor Darul Takzim	Freehold	40,293 sq. ft.	Freehold	Office & hotel building	65,690	25	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	Leasehold	2,124.46 Hectares ("ha")	2070 2072 2074 2079	Oil Palm Plantation & Palm oil mill	43,199	N/A	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	Leasehold	2,116.31 Ha	2070 2072 2078 2079	Oil Palm Plantation	44,662	N/A	18.07.2003
2. Uniglobal Sdn Bhd							
Uniglobal Estate - CL 115345401 - CL 115378115 District of Lahad Datu, Sabah	Leasehold	2,023 ha 386.80 ha	2077 2084	Oil Palm Plantation	31,693	N/A	18.07.2003
3. Suen Tai (Sabah) Sdn Bhd							
Country Lease 115403757 District of Lahad Datu, Sabah	Leasehold	202.0 ha	2096	Oil Palm Plantation	1,815	N/A	01.04.2004
4. Desamawar Runding Sdn Bhd							
Country Lease 115398368 District of Lahad Datu, Sabah	Leasehold	202.6 ha	2096	Oil Palm Plantation	2,005	N/A	01.04.2004
5. Pelita Pertama Sdn Bhd							
Country Lease 115397496 District of Lahad Datu, Sabah	Leasehold	696.3 ha	2093	Oil Palm Plantation	8,490	N/A	01.04.2004
6. Masranti Plantation Sdn Bhd							
Lot No 35, TRN 08-LCPLS-024-000-00035 Punda-Sabal Land District Samarahan Division Sarawak	Leasehold	5,000 ha	2061	Oil Palm Plantation	24,907	N/A	15.01.2004
					222,461		

N/A Not Applicable

Analysis of Shareholdings

as at 27 April 2005

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 : 4,107
 VOTING RIGHTS : One vote per ordinary share

A) LIST OF SUBSTANTIAL SHAREHOLDERS

No.	Name Of Shareholders	Direct		Deemed interest in shares	
		No of shares	%	No. of shares	%
1.	Tan Sri Dato' Low Nam Hui	-	-	115,340,758 ^{*1}	62.19
2.	Dato' Liew Kuek Hin	140,000	0.08	108,973,058 ^{*5}	58.75
3.	Low Quek Kiong	20,000	0.01	109,320,758 ^{*4}	58.94
4.	Low Kueck Shin	-	-	109,340,758 ^{*3}	58.95
5.	Low Kwek Lee	-	-	109,113,058 ^{*2}	58.83
6.	Low Kuek Kong	-	-	109,113,058 ^{*2}	58.83
7.	Low Kuit Son	-	-	109,113,058 ^{*2}	58.83
8.	Low Ah Moi @ Chee Ing	-	-	109,113,058 ^{*2}	58.83
9.	Low Yok En	-	-	109,113,058 ^{*2}	58.83
10.	Low Mee Yeen	-	-	109,113,058 ^{*2}	58.83
11.	Low Nam Hui & Sons Sdn Bhd	4,628,992	2.50	63,302,421 ^{*6}	34.13
12.	Lian Hup Manufacturing Company Sdn Berhad	30,513,830	16.45	-	-
13.	Syarikat Senang Oil Palm Estate Sdn Bhd	30,513,830	16.45	-	-
14.	LNH Enterprise Sdn Bhd	41,021,645	22.12	-	-

Note:-

- *1. By virtue of his interests in 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, Low Nam Hui (C&E) Sdn Berhad, Yong Yaow Properties Sdn Bhd and the shares held by his sons, Dato' Liew Kuek Hin and Low Quek Kiong pursuant to Section 6A of the Companies Act, 1965.
- *2. By virtue of his/her interests in Lian Hup Manufacturing Company Sdn Berhad, Syarikat Senang Oil Palm Estate Sdn Bhd, Perdana Properties Berhad, Low Nam Hui & Sons Sdn Bhd and LNH Enterprise Sdn Bhd and the shares held by his/her siblings, Dato' Liew Kuek Hin and Low Quek Kiong pursuant to Section 6A of the Companies Act, 1965.
- *3. By virtue of his interests in 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 Low Nam Hui (C&E) Sdn Berhad and the shares held by his siblings, Dato' Liew Kuek Hin and Low Quek Kiong pursuant to Section 6A of the Companies Act, 1965.
- *4. By virtue of his interests in 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 Low Nam Hui (C&E) Sdn Berhad and the shares held by his sibling, Dato' Liew Kuek Hin pursuant to Section 6A of the Companies Act, 1965.
- *5. By virtue of his interests in 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 the shares held by his sibling, Low Quek Kiong pursuant to Section 6A of the Companies Act, 1965.
- *6. By virtue of its interests in Lian Hup Manufacturing Company Sdn Bhd, Syarikat Senang Oil Palm Estate Sdn Bhd and Perdana Properties Berhad pursuant to Section 6A of the Companies Act, 1965.



B) LIST OF DIRECTORS' SHAREHOLDINGS

No.	Name Of Shareholders	Direct		Deemed interest in shares	
		No of shares	%	No. of shares	%
1.	Tan Sri Dato' Low Nam Hui	-	-	115,340,758 ^{*1}	62.19
2.	Low Quek Kiong	20,000	0.01	109,320,758 ^{*2}	58.94
3.	Low Kueck Shin	-	-	109,340,758 ^{*3}	58.95
4.	Low Kwek Lee	-	-	109,113,058 ^{*4}	58.83
5.	Low Kuek Kong	-	-	109,113,058 ^{*4}	58.83
6.	Loh Wann Yuan	1	0	-	-
7.	Lee Chon Sing	50,001	0.03	-	-
8.	Brig. Jen. (B) Dato' Ali Bin Hj. Musa	-	-	-	-
9.	Law Piang Woon	-	-	-	-

Note :

- *1. By virtue of his interests in 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, Low Nam Hui (C&E) Sdn Berhad, Yong Yaow Properties Sdn Bhd and the shares held by his sons, Dato' Liew Kuek Hin and Low Quek Kiong pursuant to Section 6A of the Companies Act, 1965.
- *2. By virtue of his interests in 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 Low Nam Hui (C&E) Sdn Berhad and the shares held by his sibling, Dato' Liew Kuek Hin pursuant to Section 6A of the Companies Act, 1965.
- *3. By virtue of his interests in 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 Low Nam Hui (C&E) Sdn Berhad and the shares held by his siblings, Dato' Liew Kuek Hin and Low Quek Kiong pursuant to Section 6A of the Companies Act, 1965.
- *4. By virtue of their interests in Lian Hup Manufacturing Company Sdn Bhd, Syarikat Senang Oil Palm Estate Sdn Bhd, Perdana Properties Berhad, Low Nam Hui & Sons Sdn Bhd and LNH Enterprise Sdn Bhd and the shares held by their siblings, Dato' Liew Kuek Hin and Low Quek Kiong pursuant to Section 6A of the Companies Act, 1965.

C) DISTRIBUTION OF SHAREHOLDINGS

No of Holders	Holdings	Total Holdings	%
25	Less than 100	430	0.0002
1,591	100 to 1,000	481,458	0.2596
1,850	1,001 to 10,000	8,612,351	4.6433
573	10,001 to 100,000	16,972,411	9.1507
62	100,001 to less than 5% of issued shares	75,193,229	40.5405
6	5% and above of issued shares	84,217,280	45.4057



D) TOP 30 LARGEST SHAREHOLDERS

No	Name	No. Of Shares Held	Percentage (%)
1.	AMANAH RAYA BERHAD	20,000,000	10.7830
2.	PAB NOMINEE (TEMPATAN) SDN BHD - Pledged securities account for Sportma Corporation Bhd	18,210,961	9.8184
3.	LIAN HUP MANUFACTURING COMPANY SDN. BERHAD	12,506,915	6.7431
4.	SYARIKAT SENANG OIL PALM ESTATE SDN BHD	12,506,915	6.7431
5.	LNH ENTERPRISE SDN BHD	11,236,895	6.0584
6.	JB NOMINEES (TEMPATAN) SDN BHD - Pledged securities account for LNH Enterprise Sdn Bhd	9,755,594	5.2597
7.	LNH ENTERPRISE SDN BHD	8,067,098	4.3494
8.	BUMIPUTRA-COMMERCE NOMINEES (TEMPATAN) SDN BHD - Pledged securities account for A. A. Anthony Securities Sdn Bhd	7,325,000	3.9493
9.	CIMSEC NOMINEES (TEMPATAN) SDN BHD - Danaharta Managers Sdn Bhd (non-trade)	6,787,251	3.6593
10.	YONG YAOW PROPERTIES SDN BHD	6,000,000	3.2349
11.	LIAN HUP MANUFACTURING COMPANY SDN. BERHAD	5,907,944	3.1853
12.	SYARIKAT SENANG OIL PALM ESTATE SDN BHD	5,907,944	3.1853
13.	LOW NAM HUI & SONS SDN BHD	4,628,992	2.4957
14.	CIMSEC NOMINEES (TEMPATAN) SDN BHD -Danaharta Managers Sdn Bhd for Lian Hup Manufacturing Company Sdn Bhd	4,430,000	2.3884
15.	CIMSEC NOMINEES (TEMPATAN) SDN BHD -Danaharta Managers Sdn Bhd for Syarikat Senang Oil Palm Estate Sdn Bhd	4,430,000	2.3884
16.	ALLIANCE BANK MALAYSIA BERHAD	2,662,337	1.4354
17.	STANDARD CHARTERED BANK MALAYSIA BERHAD	1,589,823	0.8572
18.	BDO CAPITAL CONSULTANTS SDN BHD	1,568,830	0.8458
19.	PERDANA PROPERTIES BERHAD	1,483,853	0.8000
20.	AMSEC NOMINEES (TEMPATAN) SDN BHD - AMFinance Berhad	1,444,951	0.7790

No	Name	No. Of Shares Held	Percentage (%)
21.	APEX ACHIEVEMENT SDN BHD	1,205,500	0.6499
22.	AMMERCHANT BANK BERHAD	971,087	0.5236
23.	TASEC NOMINEES (TEMPATAN) SDN BHD - TA First Credit Sdn Bhd for Insular Mart Sdn Bhd	800,000	0.4313
24.	PERDANA PROPERTIES BERHAD	790,908	0.4264
25.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD - RHB Bank Berhad	646,732	0.3487
26.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD - Low Geat Hong	604,300	0.3258
27.	KOH LEE HUAT	410,900	0.2215
28.	TAN CHUAN TONG	378,800	0.2042
29.	LOH LAI KIM	346,000	0.1865
30.	CRMC (MALAYSIA) SDN BHD	290,900	0.1568



Analysis of Warrantholdings

as at 27 April 2005

VOTING RIGHTS : One (1) Vote Per Warrant (In the meeting of Warrantholders)
 NUMBER OF WARRANTS ISSUED : 74,310,095
 NUMBER OF HOLDERS : 1,036

A. Distribution of Warrantholdings

<u>No. of Holders</u>	<u>Holdings</u>	<u>Total Holdings</u>	<u>Percentage (%)</u>
12	Less than 100	461	0.0006
55	100 to 1,000	37,347	0.0489
625	1,001 to 10,000	2,957,837	3.9804
306	10,001 to 100,000	10,630,067	14.3050
35	100,001 to less than 5% of issued warrants	7,904,864	10.6377
3	5% and above of issued warrants	52,780,519	71.0274
Total:	1,036	74,310,095	100.0000

B. List of 30 Largest Warrantholders

No	Name	No. of Warrants Held	Percentage (%)
1.	PERDANA PROPERTIES BERHAD	42,675,695	57.4292
2.	PAB NOMINEE (TEMPATAN) SDN BHD - Pledged securities account for Sportma Corporation Bhd	5,475,832	7.3689
3.	LOW NAM HUI & SONS SDN BHD	4,628,992	6.2293
4.	STANDARD CHARTERED BANK MALAYSIA BERHAD	522,384	0.7030
5.	BDO CAPITAL CONSULTANTS SDN BHD	515,498	0.6937
6.	TANG SEE THONG	490,000	0.6594
7.	AMSEC NOMINEES (TEMPATAN) SDN BHD - AMFinance Berhad	474,782	0.6389
8.	FONG AH SO @ FOONG SENG YUN	381,900	0.5139
9.	KOH LEE HUAT	332,000	0.4468
10.	YEAP KOK ENG	300,000	0.4037
11.	LIM FOK CHOU	286,600	0.3857
12.	OSK NOMINEES (TEMPATAN) SDN BERHAD - Pledged securities account for Hee Yuen Sang	281,000	0.3781
13.	TNG POH YING	265,200	0.3569



No	Name	No. of Warrants Held	Percentage (%)
14.	HEE CHAN WA	250,000	0.3364
15.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD - Pledged securities account for Lu Lip Lai	235,000	0.3162
16.	MAYBAN SECURITIES NOMINEES (TEMPATAN) SDN BHD - Pledged securities account for Huen Wai Wan	230,000	0.3095
17.	CHONG KOK CHENG	210,000	0.2826
18.	LEONG KEK WONG	200,000	0.2691
19.	CHEAH SWEE KONG	199,000	0.2678
20.	TAN YUE TAY	195,900	0.2636
21.	LIM MENG HUAT	190,000	0.2557
22.	TAN YONG TIAN	182,300	0.2453
23.	KEW CHEE FAH	170,000	0.2288
24.	TENG HOCK HENG	164,000	0.2207
25.	TENG CHEE PHONG	164,000	0.2207
26.	BEH SWEE SANG	150,200	0.2021
27.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD - Pledged securities account for Lai Kin Sze	150,000	0.2019
28.	ENG NOMINEES (ASING) SDN BHD - Kim Eng Securities Pte Ltd for Michele Sharmini Rasanayagam	150,000	0.2019
29.	YEAP GEK SEE	149,100	0.2006
30.	LAM SIEW YING	138,000	0.1857

C. Statement of Directors' Interest in the Company**WARRANTS 2003/2008**

Directors	Warrants 2003/2008			
	Direct Interest		Deemed Interest	
	No. of warrants	%	No. of warrants	%
Tan Sri Dato' Low Nam Hui	-	-	47,304,687 ^{*1}	63.66
Low Quek Kiong	-	-	47,304,687 ^{*1}	63.66
Low Kueck Shin	-	-	47,304,687 ^{*1}	63.66
Low Kwek Lee	-	-	47,304,687 ^{*1}	63.66
Low Kuek Kong	-	-	47,304,687 ^{*1}	63.66
Loh Wann Yuan	-	-	-	-
Lee Chon Sing	-	-	-	-
Brig. Jen. (B) Dato' Ali Bin Hj. Musa	-	-	-	-
Law Piang Woon	-	-	-	-

Notes:

*1 By virtue of their interests in Perdana Properties Berhad and Low Nam Hui & Sons Sdn Bhd pursuant to Section 6A of the Companies Act, 1965.



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HARN LEN CORPORATION BHD
(Incorporated in Malaysia Co. No. 502606-H)

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 Fifth Annual General Meeting of the Company to be held on Thursday, the 23rd day of June, 2005 at 11.00 a.m. at Hall 4, Fourth 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
1.	Adoption of Audited Financial Statements and Reports		
2.	Approval of Directors' Fees		
3.	Re-election of Director - Low Quek Kiong		
4.	Re-election of Director - Low Kueck Shin		
5.	Re-election of Director - Low Kwek Lee		
6.	Re-appointment of Director- Tan Sri Dato' Low Nam Hui		
7.	Re-appointment of Messrs KPMG as Auditors		
Special Business:			
8.	Authority to allot and issue shares pursuant to Section 132D of the Companies Act, 1965		
9.	Proposed Renewal of Shareholders' Mandate for recurrent related party transactions with Seri Cemerlang Plantation (Pahang) Sdn Bhd		
10.	Proposed Renewal of Shareholders' Mandate for recurrent related party transactions with Pengangkutan Low Nam Hui Sdn Bhd		

(Please indicate with a cross (X) in the appropriate space 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

Signature of Member / Members

Dated this _____ day of _____ 2005

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 an officer or 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.

The Company Secretary
Harn Len Corporation Bhd
6th Floor, Johor Tower
15 Jalan Gereja
80100 Johor Bahru
