

Financial Statements



24	Directors' Report
30	Statement by Directors
31	Statutory Declaration
32	Report of the Auditors
33	Balance Sheets
34	Income Statements
35	Statement of Changes in Equity
36	Cash Flow Statements
37	Notes to the Financial Statements

Directors' Report

for the year ended 31 December 2005

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 2005.

Principal activities

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

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 for the year	<u>5,065,868</u>	<u>1,671,155</u>

Significant events

- a) On 30 May 2005, the Company announced the completion of the early redemption of the Redeemable Convertible Secured Loan Stocks ("RCCLS") based on the sum equivalent to RM0.85 per RM1.00 nominal value of RCCLS issued or a total of RM37,663,581. The early redemption has resulted in a gain of RM3,606,441 in the income statements; and
- b) On 16 June 2005, the Company had via its wholly owned subsidiary, Premium Dragon Sdn. Bhd., subscribed to three (3) new ordinary shares of RM1.00 each, representing 60% issued and paid up capital in Harn Len Pelita Bengunan Sdn. Bhd., a joint-venture company set up 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 except as disclosed in the financial statements.

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

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 1.1.2005	Bought	Sold	At 31.12.2005
Company					
Tan Sri Dato' Low Nam Hui	Deemed	115,200,758* ¹	6,927,251	(67,931,413)	54,196,596* ²
Mr. Low Quek Kiong	Direct	20,000	-	-	20,000
	Deemed	109,180,758* ³	6,927,251	-	116,108,009* ³
Mr. Low Kueck Shin	Deemed	109,200,758* ⁴	6,927,251	-	116,128,009* ⁴
Mr. Low Kwek Lee	Deemed	108,973,058* ⁵	6,927,251	-	115,900,309* ⁵
Mr. Low Kuek Kong	Deemed	108,973,058* ⁵	6,927,251	-	115,900,309* ⁵
Mr. Lee Chon Sing	Direct	50,001	-	-	50,001
Mr. Loh Wann Yuan	Direct	1	-	-	1

Name of Directors	Interest	At 1.1.2005	Number of warrants		At 31.12.2005
			Bought	Sold	
Company					
Tan Sri Dato' Low Nam Hui	Deemed	47,304,687* ⁶	-	(47,304,687)	-
Mr. Low Quek Kiong	Deemed	47,304,687* ⁶	-	-	47,304,687* ⁶
Mr. Low Kueck Shin	Deemed	47,304,687* ⁶	-	-	47,304,687* ⁶
Mr. Low Kwek Lee	Deemed	47,304,687* ⁶	-	-	47,304,687* ⁶
Mr. Low Kuek Kong	Deemed	47,304,687* ⁶	-	-	47,304,687* ⁶

*1 By virtue of his interest 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 direct interest held by his son, Mr. Low Quek Kiong pursuant to Section 6A of the Companies Act, 1965.

*2 By virtue of his interest in LNH Enterprise Sdn. Bhd., Low Nam Hui (C & E) Sdn. Berhad and Yong Yaow Properties Sdn. Bhd. and the direct interests of his children, Mr. Low Quek Kiong and Dato' Liew Kuek Hin pursuant to Section 6A of the Companies Act, 1965.

*3 By virtue of his interest 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 direct interests of his sibling, Dato' Liew Kuek Hin pursuant to Section 6A of the Companies Act, 1965.

*4 By virtue of his interest 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 direct interests of his siblings, Mr. Low Quek Kiong and Dato' Liew Kuek Hin pursuant to Section 6A of the Companies Act, 1965.

*5 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 direct interests of their siblings, Mr. Low Quek Kiong and Dato' Liew Kuek Hin pursuant to Section 6A of the Companies Act, 1965.

*6 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 substantial interests in the shares of the Company, Tan Sri Dato' Low Nam Hui, Mr. Low Quek Kiong, Mr. Low Kueck Shin, Mr. Low Kwek Lee and Mr. Low Kuek Kong are also deemed interested in the shares of 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 the Company and certain subsidiaries in the ordinary course of business as disclosed in Note 25 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 except for warrants granted by the Company as disclosed above.

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) years RCSSLs.

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 ordinary 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.

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, except for the gain on early redemption of Redeemable Convertible Secured Loan Stocks, the results of the operations of the Group and of the Company for the year ended 31 December 2005 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: 17 April 2006



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 62, 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 2005 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: 17 April 2006



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

Subscribed and solemnly declared by the abovenamed at Johor Bahru in the State of Johor on 17 April 2006

Low Quek Kiong

Before me:

R. RAMASAMY
P.I.S.
Commissioner for Oaths
J058

Report of the Auditors

We have audited the financial statements set out on pages 33 to 62. 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 2005 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 has 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: 1991/09/07 (J)

Johor Bahru,

Date: 17 April 2006

Balance Sheets

at 31 December 2005

	Note	Group		Company	
		2005 RM	2004 RM	2005 RM	2004 RM
Property, plant and equipment	2	320,011,134	292,545,249	164,579,750	163,222,640
Investments in subsidiaries	3	-	-	105,259,940	105,259,936
Intangible assets	4	12,342,081	13,033,705	-	-
		<u>332,353,215</u>	<u>305,578,954</u>	<u>269,839,690</u>	<u>268,482,576</u>
Current assets					
Inventories	5	2,661,120	3,787,238	617,512	1,094,457
Trade and other receivables	6	3,389,262	2,958,115	4,893,461	25,149,743
Tax recoverable		891,113	-	891,113	-
Cash and cash equivalents	7	1,088,013	5,887,455	654,350	5,411,758
		<u>8,029,508</u>	<u>12,632,808</u>	<u>7,056,436</u>	<u>31,655,958</u>
Current liabilities					
Trade and other payables	8	25,849,720	18,214,255	34,510,283	26,640,057
Borrowings (secured)	9	6,700,815	2,988,394	5,425,951	2,890,811
Taxation		1,266,596	2,971,483	-	1,736,321
Redeemable Convertible Secured Loan Stocks	10	-	8,862,019	-	8,862,019
		<u>33,817,131</u>	<u>33,036,151</u>	<u>39,936,234</u>	<u>40,129,208</u>
Net current liabilities		<u>(25,787,623)</u>	<u>(20,403,343)</u>	<u>(32,879,798)</u>	<u>(8,473,250)</u>
		<u>306,565,592</u>	<u>285,175,611</u>	<u>236,959,892</u>	<u>260,009,326</u>
Financed by:-					
Capital and reserves					
Share capital	11	185,477,159	185,477,159	185,477,159	185,477,159
Reserves	12	6,076,928	1,011,060	(4,077,357)	(5,748,512)
		<u>191,554,087</u>	<u>186,488,219</u>	<u>181,399,802</u>	<u>179,728,647</u>
Minority shareholders' interest	13	(37,447)	-	-	-
Long term and deferred liabilities					
Deferred tax liabilities	14	18,548,602	19,754,039	457,158	1,526,511
Retirement benefits	15	171,150	134,543	171,150	134,543
Borrowings (secured)	9	96,329,200	48,502,740	54,931,782	48,323,515
Redeemable Convertible Secured Loan Stocks	10	-	30,296,070	-	30,296,070
		<u>115,048,952</u>	<u>98,687,392</u>	<u>55,560,090</u>	<u>80,280,679</u>
		<u>306,565,592</u>	<u>285,175,611</u>	<u>236,959,892</u>	<u>260,009,326</u>

The financial statements were approved and authorised for issue by the Board of Directors on 17 April 2006

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



Income Statements

for the financial year ended 31 December 2005

	Note	Group		Company	
		2005 RM	2004 RM	2005 RM	2004 RM
Revenue	16	<u>64,045,687</u>	<u>72,487,302</u>	<u>45,475,352</u>	<u>53,949,159</u>
Operating profit	16	13,323,249	16,745,047	7,593,584	8,833,931
Interest expense	17	(5,381,769)	(6,288,003)	(5,125,550)	(6,141,031)
Interest income		<u>48,002</u>	<u>145,992</u>	<u>43,156</u>	<u>145,992</u>
Profit before tax		7,989,482	10,603,036	2,511,190	2,838,892
Tax expense	18	<u>(2,961,063)</u>	<u>(5,817,195)</u>	<u>(840,035)</u>	<u>(3,103,434)</u>
Profit/(Loss) after tax		5,028,419	4,785,841	1,671,155	(264,542)
Minority interests		<u>37,449</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net profit/(loss) for the year		<u>5,065,868</u>	<u>4,785,841</u>	<u>1,671,155</u>	<u>(264,542)</u>
Basic earning per ordinary share (sen)	19	<u>2.7</u>	<u>2.6</u>		

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

Statement of Changes in Equity

for the financial year ended 31 December 2005

	← Non-distributable →					Total RM
	Share capital RM	Share premium RM	RCSLS- Equity component RM	Capital reserve RM	Accumulated losses RM	
Group						
At 1 January 2004	185,477,159	6,634,854	6,268,000	-	(16,677,635)	181,702,378
Net profit for the year	-	-	-	-	4,785,841	4,785,841
At 31 December 2004	185,477,159	6,634,854	6,268,000	-	(11,891,794)	186,488,219
Redemption of RCSLS	-	-	(6,268,000)	6,268,000	-	-
Net profit for the year	-	-	-	-	5,065,868	5,065,868
At 31 December 2005	<u>185,477,159</u>	<u>6,634,854</u>	<u>-</u>	<u>6,268,000</u>	<u>(6,825,926)</u>	<u>191,554,087</u>
Company						
At 1 January 2004	185,477,159	6,634,854	6,268,000	-	(18,386,824)	179,993,189
Net loss for the year	-	-	-	-	(264,542)	(264,542)
At 31 December 2004	185,477,159	6,634,854	6,268,000	-	(18,651,366)	179,728,647
Redemption of RCSLS	-	-	(6,268,000)	6,268,000	-	-
Net profit for the year	-	-	-	-	1,671,155	1,671,155
At 31 December 2005	<u>185,477,159</u>	<u>6,634,854</u>	<u>-</u>	<u>6,268,000</u>	<u>(16,980,211)</u>	<u>181,399,802</u>

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



Cash Flow Statements

for the financial year ended 31 December 2005

	Note	Group		Company	
		2005 RM	2004 RM	2005 RM	2004 RM
Cash flows from operating activities					
Profit before tax		7,989,482	10,603,036	2,511,190	2,838,892
Adjustments for:					
Interest income		(48,002)	(145,992)	(43,156)	(145,992)
Depreciation		5,685,225	4,912,755	3,251,670	2,785,514
Amortisation of goodwill		691,624	691,625	-	-
Interest expense		5,381,769	6,288,003	5,125,550	6,141,031
Gain on disposal of property, plant and equipment		(24,999)	-	-	-
Retirement benefits		41,783	73,858	41,783	73,858
Gain on early redemption of RCSLS		(3,606,441)	-	(3,606,441)	-
Operating profit before working capital changes		16,110,441	22,423,285	7,280,596	11,693,303
Changes in working capital:					
Inventories		1,126,118	(2,140,978)	476,945	(786,771)
Trade and other receivables		(431,147)	6,342,232	20,256,282	(18,307,141)
Trade and other payables		7,630,289	83,923	7,865,050	20,237,941
Cash generated from operations		24,435,701	26,708,462	35,878,873	12,837,332
Income taxes paid		(5,278,329)	(2,263,967)	(3,160,131)	(2,258,678)
Net cash generated from operating activities		<u>19,157,372</u>	<u>24,444,495</u>	<u>32,718,742</u>	<u>10,578,654</u>
Cash flows from investing activities					
Proceeds from disposal of property, plant and equipment		25,000	-	-	-
Increase in pledged deposits placed with licensed banks		(8,051)	(7,777)	(8,051)	(7,777)
Acquisition of subsidiaries, net of cash acquired	20	-	(49,127,309)	(4)	(55,259,930)
Funds from minority interest		2	-	-	-
Purchase of property, plant and equipment	21	(32,432,151)	(25,331,462)	(3,918,780)	(5,155,389)
Interest received		48,002	145,992	43,156	145,992
Net cash used in investing activities		<u>(32,367,198)</u>	<u>(74,320,556)</u>	<u>(3,883,679)</u>	<u>(60,277,104)</u>
Cash flows from financing activities					
Interest paid		(4,646,567)	(4,020,894)	(4,390,348)	(3,873,922)
Payment to hire purchase creditors		(493,441)	(278,079)	(402,515)	(234,673)
Proceeds from term loan		77,350,000	49,800,000	35,000,000	49,800,000
Redemption of RCSLS		(37,663,581)	-	(37,663,581)	-
Repayment of term loan		(29,130,000)	-	(29,130,000)	-
Net cash generated from/ (used in) financing activities		<u>5,416,411</u>	<u>45,501,027</u>	<u>(36,586,444)</u>	<u>45,691,405</u>
Net decrease in cash and cash equivalents		(7,793,415)	(4,375,034)	(7,751,381)	(4,007,045)
Cash and cash equivalents at beginning 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 at end of year		<u>(2,123,737)</u>	<u>5,669,678</u>	<u>(2,557,400)</u>	<u>5,193,981</u>
Cash and cash equivalents comprise:					
Cash and bank balances		862,185	1,633,557	428,522	1,157,860
Bank overdraft		(2,985,922)	-	(2,985,922)	-
Deposits placed with licensed banks		-	4,036,121	-	4,036,121
		<u>(2,123,737)</u>	<u>5,669,678</u>	<u>(2,557,400)</u>	<u>5,193,981</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 and interest incurred during the immature period 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	4%
Plant and machinery	10%
Motor vehicles	20%
Roads and bridges, furniture, fittings and equipment	10%

The Group changed its depreciation rate for estate buildings from 2% to 4% per annum during the year. The effect of the change is immaterial to the financial statements.

(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) 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.

(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) Interest income

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

(r) 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	226,684,512	57,843,902	4,629,687	3,489,115	7,130,224	299,777,440
Additions	-	24,145,222	3,684,390	1,192,901	5,366,326	34,388,839
Disposal	-	-	-	(76,000)	-	(76,000)
Closing balance	<u>226,684,512</u>	<u>81,989,124</u>	<u>8,314,077</u>	<u>4,606,016</u>	<u>12,496,550</u>	<u>334,090,279</u>
Depreciation						
Opening balance	4,223,270	1,524,466	257,862	615,565	611,028	7,232,191
Charge for the year	3,174,082	1,476,915	396,091	783,838	1,092,027	6,922,953
Disposal	-	-	-	(75,999)	-	(75,999)
Closing balance	<u>7,397,352</u>	<u>3,001,381</u>	<u>653,953</u>	<u>1,323,404</u>	<u>1,703,055</u>	<u>14,079,145</u>
Net book value						
At 31 December 2005	<u>219,287,160</u>	<u>78,987,743</u>	<u>7,660,124</u>	<u>3,282,612</u>	<u>10,793,495</u>	<u>320,011,134</u>
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>
Depreciation charge for the year ended 31 December 2004	<u>3,139,855</u>	<u>1,213,709</u>	<u>223,863</u>	<u>544,961</u>	<u>537,071</u>	<u>5,659,459</u>
Company						
Cost						
Opening balance	156,626,400	2,373,600	4,629,686	2,037,605	1,326,804	166,994,095
Additions	-	-	3,678,901	728,406	201,473	4,608,780
Closing balance	<u>156,626,400</u>	<u>2,373,600</u>	<u>8,308,587</u>	<u>2,766,011</u>	<u>1,528,277</u>	<u>171,602,875</u>
Depreciation						
Opening balance	3,074,841	67,269	257,862	302,854	68,629	3,771,455
Charge for the year	<u>2,170,476</u>	<u>112,920</u>	<u>395,909</u>	<u>431,800</u>	<u>140,565</u>	<u>3,251,670</u>
Closing balance	<u>5,245,317</u>	<u>180,189</u>	<u>653,771</u>	<u>734,654</u>	<u>209,194</u>	<u>7,023,125</u>
Net book value						
At 31 December 2005	<u>151,381,083</u>	<u>2,193,411</u>	<u>7,654,816</u>	<u>2,031,357</u>	<u>1,319,083</u>	<u>164,579,750</u>
At 31 December 2004	<u>153,551,559</u>	<u>2,306,331</u>	<u>4,371,824</u>	<u>1,734,751</u>	<u>1,258,175</u>	<u>163,222,640</u>
Depreciation charge for the year ended 31 December 2004	<u>2,189,064</u>	<u>28,896</u>	<u>223,863</u>	<u>281,186</u>	<u>62,505</u>	<u>2,785,514</u>



2. Property, plant and equipment (continued)

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Net book value of land and buildings				
Freehold land	20,770,000	20,770,000	20,770,000	20,770,000
Long term leasehold land	154,521,610	156,771,092	86,615,533	87,861,409
Buildings	<u>43,995,550</u>	<u>44,920,150</u>	<u>43,995,550</u>	<u>44,920,150</u>
	<u>219,287,160</u>	<u>222,461,242</u>	<u>151,381,083</u>	<u>153,551,559</u>

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

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Plantation development expenditure				
- oil palm	74,465,876	52,058,030	-	-
- teak trees	592,089	510,967	-	-
Estate buildings	<u>3,929,778</u>	<u>3,750,439</u>	<u>2,193,411</u>	<u>2,306,331</u>
	<u>78,987,743</u>	<u>56,319,436</u>	<u>2,193,411</u>	<u>2,306,331</u>

Depreciation charge is allocated as follows:

	Group	
	2005 RM	2004 RM
Income statements	5,685,225	4,912,755
Plantation development expenditure	<u>1,237,728</u>	<u>746,704</u>
	<u>6,922,953</u>	<u>5,659,459</u>

Security

Freehold land and building of the Company with a net book value of RM64,765,550 (2004: RM65,690,150) which was previously charged to AmTrustee Bhd. as security for the Redeemable Convertible Secured Loan Stocks ("RCCLS") was discharged during the year upon the early redemption of RCCLS. The same property is now charged to a bank as security for term loan granted to the Company.

Long term leasehold land and plantation of the Company with a net book value of RM88,808,944 (2004: RM2,306,331) is charged to a bank as security for term loan facilities granted to the Company and a subsidiary.

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 RM2,722,779 (2004: RM2,135,485) and RM2,031,357 (2004: RM1,734,752) respectively.

Long term leasehold land and plantation

Included in the long term leasehold land of the Group and of 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

Included in plantation development expenditure of the Group is interest capitalised amounting to RM809,872 (2004: RM2,421).

3. Investments in subsidiaries

	Company	
	2005	2004
	RM	RM
Unquoted shares, at cost	<u>105,259,940</u>	<u>105,259,936</u>

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

Name of company	Principal activities	Effective ownership interest	
		2005	2004
		%	%
Uniglobal Sdn. Bhd. *	Cultivation of oil palm	100	100
Pelita Permata Sdn. Bhd.	Cultivation of oil palm	100	100
Desamawar Runding Sdn. Bhd.	Cultivation of oil palm	100	100
Suen Tai (Sabah) Sdn. Bhd.	Cultivation of oil palm	100	100
Masranti Plantation Sdn. Bhd.	Cultivation of oil palm	99.99	99.99
Premium Dragon Sdn. Bhd.	Investment holding	100	100
Harn Len Pelita Bengunan Sdn. Bhd.	Cultivation of oil palm	60	-
Dyna Billion Sdn. Bhd.	Dormant	100	100
Sunshine Zodiac Sdn. Bhd.	Dormant	100	100
Zhangxern Corporation Sdn. Bhd.#	Dormant	100	-
Keyrange Corporation Sdn. Bhd.#	Dormant	100	-

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

These subsidiaries are incorporated on 18 October 2005 and 27 September 2005 respectively and remain dormant during the period. As such, these subsidiaries are consolidated using the management accounts at 31 December 2005.



**4. Intangible assets**

	Group	
	2005 RM	2004 RM
Goodwill		
Opening balance	13,033,705	2,036,044
Add: Acquisition of subsidiaries during the year (Note 20)	-	11,689,286
	<u>13,033,705</u>	<u>13,725,330</u>
Less: Amortisation of goodwill	<u>(691,624)</u>	<u>(691,625)</u>
Closing balance	<u>12,342,081</u>	<u>13,033,705</u>

5. Inventories

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
At cost				
Agricultural produce	356,278	922,073	356,278	922,073
Consumable and spares	893,218	647,835	261,234	172,384
Nursery	<u>1,411,624</u>	<u>2,217,330</u>	<u>-</u>	<u>-</u>
	<u>2,661,120</u>	<u>3,787,238</u>	<u>617,512</u>	<u>1,094,457</u>

6. Trade and other receivables

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Trade receivables	2,268,814	2,706,916	967,042	1,251,545
Other receivables, deposits and prepayments	1,120,448	187,030	194,234	103,861
Due from subsidiaries				
- Non-trade	-	-	3,732,185	23,730,168
Due from affiliated companies				
- Trade	<u>-</u>	<u>64,169</u>	<u>-</u>	<u>64,169</u>
	<u>3,389,262</u>	<u>2,958,115</u>	<u>4,893,461</u>	<u>25,149,743</u>

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

**7. Cash and cash equivalents**

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Cash and bank balances	862,185	1,633,557	428,522	1,157,860
Deposits placed with licensed banks	225,828	4,253,898	225,828	4,253,898
	<u>1,088,013</u>	<u>5,887,455</u>	<u>654,350</u>	<u>5,411,758</u>

The deposits of the Group and of the Company of RM225,828 (2004: RM217,777) 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	
	2005 RM	2004 RM	2005 RM	2004 RM
Trade payables	6,471,322	5,457,940	4,817,313	4,383,318
Other payables and accrued expenses	17,321,074	10,660,862	2,760,993	2,905,617
Due to subsidiaries				
- Non-trade	-	-	24,878,661	17,933,152
Due to affiliated companies				
- Trade	1,961,272	1,006,075	1,961,272	1,006,067
- Non-trade	29,743	1,089,378	25,735	411,903
	1,991,015	2,095,453	1,987,007	1,417,970
Due to a Director	66,309	-	66,309	-
	<u>25,849,720</u>	<u>18,214,255</u>	<u>34,510,283</u>	<u>26,640,057</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 RM11,544,984 (2004: RM6,467,000) owing to a contractor for plantation development in certain subsidiaries.

9. Borrowings (secured)

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Current				
Hire purchase creditors	633,893	488,394	509,029	390,811
Term loans	3,081,000	2,500,000	1,931,000	2,500,000
Bank overdraft	2,985,922	-	2,985,922	-
	6,700,815	2,988,394	5,425,951	2,890,811
Non current				
Hire purchase creditors	1,390,200	1,202,740	1,192,782	1,023,515
Term loans	94,939,000	47,300,000	53,739,000	47,300,000
	<u>96,329,200</u>	<u>48,502,740</u>	<u>54,931,782</u>	<u>48,323,515</u>
	<u>103,030,015</u>	<u>51,491,134</u>	<u>60,357,733</u>	<u>51,214,326</u>

9. Borrowings (secured) (continued)

Hire purchase liabilities are payable as follows:

	2005			2004		
	Payments RM	Interest RM	Principal RM	Payments RM	Interest RM	Principal RM
Group						
Less than one year	720,789	86,896	633,893	556,392	67,998	488,394
Between one and five years	1,584,180	193,980	1,390,200	1,384,169	181,429	1,202,740
	<u>2,304,969</u>	<u>280,876</u>	<u>2,024,093</u>	<u>1,940,561</u>	<u>249,427</u>	<u>1,691,134</u>
Company						
Less than one year	578,367	69,338	509,029	446,388	55,577	390,811
Between one and five years	1,359,023	166,241	1,192,782	1,181,419	157,904	1,023,515
	<u>1,937,390</u>	<u>235,579</u>	<u>1,701,811</u>	<u>1,627,807</u>	<u>213,481</u>	<u>1,414,326</u>

The hire purchase is subject to fixed interest rate of 2.6% to 4.25% (2004: 3.30% to 3.40%) per annum.

The term loans are secured by fixed charges over the freehold land and building of the Company, long term leasehold land and buildings of the Company and certain subsidiaries, the entire issued and paid-up capital of a subsidiary and negative pledge over all the present and future assets of certain subsidiaries.

The term loans of the Group and of the Company are repayable by monthly or half yearly instalments commencing from June 2005 to May 2015.

Interests on term loans and bank overdraft are charged at 6.45% to 7.50% (2004: 6.40% to 7.25%) per annum.

All the term loans are subject to various gearing ratios during the tenure of the term loan facility.

The covenant of certain term loans amounting to RM30,950,000 require the Company to maintain group gearing ratio of not exceeding 0.50 times and a subsidiary to maintain gearing ratio of not exceeding 2.00 times during the tenure of the loans facility. However, as at 31 December 2005, the Company and the subsidiary have breached the gearing ratio covenant. The management is currently negotiating with the banks to ratify the breach. The Directors are of the opinion that the non-compliance with the loan covenants will not lead to the calling back of the loans by the lenders.

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

In 2003, 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 a Corporate and Debt Restructuring Scheme. 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

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

	Group/Company	
	2005	2004
	RM	RM
Nominal value of RCSLS	-	44,310,095
Equity component, net of deferred tax	-	(6,268,000)
Deferred tax liability	-	(2,438,000)
		<hr/>
Liability component at the date of issue	-	35,604,095
RCSLS interest	-	335,057
RCSLS discount	-	3,218,937
		<hr/>
Liability component as at 31 December	-	<u>39,158,089</u>
Current	-	8,862,019
Non-current	-	<u>30,296,070</u>
		<hr/> <hr/>
	-	<u>39,158,089</u>

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

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

On 30 May 2005, the Company completed the early redemption of the RCSLS based on the sum equivalent to RM0.85 per RM1.00 nominal value of RCSLS issued or a total of RM37,663,581. The early redemption has resulted in a gain of RM3,606,441 in the income statements.





11. Share capital

	Group/Company	
	2005 RM	2004 RM
Ordinary shares of RM1.00 each:		
Authorised	<u>500,000,000</u>	<u>500,000,000</u>
Issued and fully paid	<u>185,477,159</u>	<u>185,477,159</u>

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	
	2005 RM	2004 RM	2005 RM	2004 RM
Accumulated losses	(6,825,926)	(11,891,794)	(16,980,211)	(18,651,366)
Non-distributable				
Share premium	6,634,854	6,634,854	6,634,854	6,634,854
RCLS - Equity component	-	6,268,000	-	6,268,000
Capital reserves	<u>6,268,000</u>	<u>-</u>	<u>6,268,000</u>	<u>-</u>
	<u>6,076,928</u>	<u>1,011,060</u>	<u>(4,077,357)</u>	<u>(5,748,512)</u>

13. Minority shareholders' interest

Group

The losses applicable to the minority in a subsidiary exceeded the minority interest in the equity of that subsidiary. The management of the subsidiary is of the opinion that this deficit is temporary as it is the intention of the subsidiary to progressively increase the paid-up capital to RM24,000,000 and the minority shareholders will subscribe for the 40% of the increased paid-up capital i.e. RM9,600,000 in accordance with the joint venture agreement dated 3 September 2004.



14. Deferred tax liabilities

The recognised deferred tax assets and liabilities (before offsetting) are as follows:

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Property, plant and equipment				
- capital allowances	4,228,039	3,782,679	995,641	353,659
- fair value adjustment	14,875,784	15,087,879	-	-
Unabsorbed capital allowances	(478,740)	(385,704)	(462,002)	(299,704)
Unabsorbed tax losses	-	(203,411)	-	-
Redeemable Convertible Secured Loan Stocks ("RCSLS")				
- discount on interest	-	1,536,699	-	1,536,699
Others	(76,481)	(64,103)	(76,481)	(64,103)
	<u>18,548,602</u>	<u>19,754,039</u>	<u>457,158</u>	<u>1,526,551</u>

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

Group	At 1.1.2005 RM	Charged/ (Credited) to income statements RM	Capitalised to plantation development expenditure RM	Equity RM	At 31.12.2005 RM
Deferred tax liabilities					
Property, plant and equipment	18,870,558	340,705	(107,440)	-	19,103,823
RCSLS –Equity component	1,536,699	-	-	(1,536,699)	-
Total	<u>20,407,257</u>	<u>340,705</u>	<u>(107,440)</u>	<u>(1,536,699)</u>	<u>19,103,823</u>
Deferred tax assets					
Unabsorbed capital allowances	(385,704)	(93,036)	-	-	(478,740)
Unutilised tax losses	(203,411)	203,411	-	-	-
Others	(64,103)	(12,378)	-	-	(76,481)
Total	<u>(653,218)</u>	<u>97,997</u>	<u>-</u>	<u>-</u>	<u>(555,221)</u>
Company					
Deferred tax liabilities					
Property, plant and equipment	353,659	641,982	-	-	995,641
RCSLS –Equity component	1,536,699	-	-	(1,536,699)	-
Total	<u>1,890,358</u>	<u>641,982</u>	<u>-</u>	<u>(1,536,699)</u>	<u>995,641</u>

14. Deferred tax liabilities (continued)

Deferred tax assets	At 1.1.2005 RM	Charged/ (Credited) to income statements RM	Capitalised to plantation development expenditure RM	Equity RM	At 31.12.2005 RM
Unabsorbed capital allowance	(299,704)	(162,298)	-	-	(462,002)
Others	(64,103)	(12,378)	-	-	(76,481)
Total	<u>(363,807)</u>	<u>(174,676)</u>	-	-	<u>(538,483)</u>

No deferred tax has been recognised for the following items:

	Group	
	2005 RM'000	2004 RM'000
Property, plant and equipment - capital allowances	29,234	42,650
Unutilised tax losses	(11,311)	(14,286)
Unabsorbed capital allowances	<u>(30,330)</u>	<u>(43,829)</u>
	<u>(12,407)</u>	<u>(15,465)</u>

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

15. Retirement benefits

As at 31 December 2005, the hotel retirement benefit accruing to the hotel employees is RM1,011,105 (2004: RM974,498). The Company has entered into an arrangement with Tropical Inn Sdn. Bhd. ("TISB"), the previous hotel owner that any retirement benefit accruing to the hotel employees from the date of employment until 31 July 2003 will be borne by TISB. Thus, the portion prior to 31 July 2003 amounting to RM839,955 (2004: RM839,955) was not recognised in the financial statements.

16. Operating profit (continued)**Employee information**

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Staff costs (including Executive Directors' remuneration)	<u>11,498,291</u>	<u>10,299,133</u>	<u>9,764,094</u>	<u>8,987,651</u>

Staff costs of the Group and of the Company include contributions to the Employees' Provident Fund of RM923,646 (2004: RM831,980) and RM819,904 (2004: RM768,906) respectively.

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

	Group	
	2005 RM	2004 RM
Staff costs		
- income statements	10,676,711	10,121,719
- plantation development expenditure	<u>821,580</u>	<u>177,414</u>
	<u>11,498,291</u>	<u>10,299,133</u>
Employees' Provident Fund		
- income statements	848,165	817,026
- plantation development expenditure	<u>75,481</u>	<u>14,954</u>
	<u>923,646</u>	<u>831,980</u>

The numbers of employees (including Executive Directors) of the Group and of the Company at the end of the year were 369 (2004: 346) and 230 (2004: 235) respectively.

17. Interest expense

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Term loan interest	4,324,045	3,145,675	4,233,393	3,145,675
Redeemable Convertible Secured Loan Stocks				
- interest	163,887	699,250	163,887	699,250
- discount	571,315	2,236,152	571,315	2,236,152
Others	<u>322,522</u>	<u>206,926</u>	<u>156,955</u>	<u>59,954</u>
	<u>5,381,769</u>	<u>6,288,003</u>	<u>5,125,550</u>	<u>6,141,031</u>

**18. Tax expense**

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Income tax expense				
- Current year	2,832,150	4,936,000	620,000	3,696,150
- (Over)/Underprovision in prior year	(149,821)	258,307	(87,303)	258,307
	2,682,329	5,194,307	532,697	3,954,457
Deferred tax expense/(income)				
- Origination and reversal of temporary differences	493,964	1,406,396	461,923	(67,515)
- (Over)/Underprovision in prior year	(55,262)	(157,387)	5,383	(157,387)
	438,702	1,249,009	467,306	(224,902)
Reversal of deferred tax on recognition of interest on Redeemable Convertible Secured Loan Stocks ("RCSLS") discount	(159,968)	(626,121)	(159,968)	(626,121)
	2,961,063	5,817,195	840,035	3,103,434
	RM'000	RM'000	RM'000	RM'000
Reconciliation of effective tax expense				
Profit before tax	7,989	10,603	2,511	2,839
Income tax using Malaysian tax rates	2,237	2,969	703	795
Non deductible expenses	2,080	3,373	1,370	2,833
Reversal of deferred tax on recognition of interest on RCSLS discount	(160)	(626)	(160)	(626)
Utilisation of reinvestment allowance	(991)	-	(991)	-
	3,166	5,716	922	3,002
(Over)/ Underpovision in prior year	(205)	101	(82)	101
Tax expense	2,961	5,817	840	3,103

19. Earning per ordinary share**Group****Basic earning per share**

The calculation of basic earning per share is based on the net profit attributable to ordinary shareholders of RM5,065,868 (2004: RM4,785,841) and the weighted average number of ordinary shares outstanding during the year of 185,477,159 (2004: 185,477,159).

Diluted earning per share

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



20. Acquisition of subsidiaries

2005

- a) On 16 June 2005, the Company via its wholly owned subsidiary, Premium Dragon Sdn. Bhd., subscribed three (3) ordinary shares of RM1.00 each, representing 60% issued and paid-up capital in Harn Len Pelita Bengunan Sdn. Bhd.;
- b) On 13 October 2005, the Company acquired two (2) ordinary shares of RM1.00 each, representing 100% issued and paid-up capital in Keyrange Corporation Sdn. Bhd. for a cash consideration of RM2.00; and
- c) On 15 December 2005, the Company acquired two (2) ordinary shares of RM1.00 each, representing 100% issued and paid-up capital in Zhangxern Corporation Sdn. Bhd. for a cash consideration of RM2.00.

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.

**20. 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 are as follows:

	From date of acquisition	
	2005 RM	2004 RM
Income statement:		
Revenue	-	4,522,888
Operating expenses	(60,847)	(3,571,299)
(Loss)/Profit before tax	(60,847)	951,589
Tax expense	-	(617,659)
	<u>(60,847)</u>	<u>333,930</u>
(Decrease)/ Increase in Group profit attributable to shareholders	<u>(60,847)</u>	<u>333,930</u>
	As at 31.12.2005 RM	As at 31.12.2004 RM
Balance sheet:		
Property, plant and equipment	7,580,019	78,497,488
Current assets	462,325	7,164,459
Current liabilities	(8,103,184)	(33,144,656)
Long term liabilities	-	(12,985,252)
	<u>(60,840)</u>	<u>39,532,039</u>
Net assets acquired/Group's share of net assets	-	11,689,286
Goodwill on acquisition	-	(584,464)
Less: Amortisation	<u>-</u>	<u>-</u>
(Decrease)/Increase in Group's net assets	<u>(60,840)</u>	<u>50,636,861</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:

	2005 RM	Acquisition of subsidiaries 2004 RM
Property, plant and equipment	-	59,717,892
Current assets	7	3,988,493
Current liabilities	-	(12,660,747)
Long term liabilities	-	(12,474,992)
Net assets acquired	<u>7</u>	<u>38,570,646</u>
Goodwill on acquisition	-	11,689,286
Total purchase consideration	<u>7</u>	<u>50,259,932</u>
Less: Consideration satisfied by issuance of shares	-	-
Consideration paid, satisfied by cash	<u>7</u>	<u>50,259,932</u>
Less: Cash acquired	(7)	(1,132,623)
Cash flow on acquisition, net of cash acquired	<u>-</u>	<u>49,127,309</u>

**21. Purchase of property, plant and equipment**

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Current year's purchase of plant and equipment	34,388,839	27,622,839	4,608,780	6,584,389
Less:				
- Amount financed by hire purchase	(826,400)	(1,679,000)	(690,000)	(1,429,000)
- Depreciation charge capitalised in plantation development expenditure	(1,237,728)	(746,704)	-	-
- Crystallisation of deferred tax on revaluation surplus capitalised in plantation development expenditure	107,440	134,327	-	-
	<u>32,432,151</u>	<u>25,331,462</u>	<u>3,918,780</u>	<u>5,155,389</u>

22. 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 and palm oil milling
Property and Hotel	Property investment and hotel business

Geographical segments

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

22. Segmental information (continued)

Group

	Plantations		Property and hotel		Consolidated	
	2005 RM	2004 RM	2005 RM	2004 RM	2005 RM	2004 RM
Business segments						
Revenue from external customers	57,662,235	66,007,496	6,383,452	6,479,806	64,045,687	72,487,302
Segment result/ Operating profit/(loss)	19,559,197	26,795,477	(1,735,328)	(1,254,848)	17,823,869	25,540,629
Unallocated expenses					(4,500,620)	(8,795,582)
Interest expense					(5,381,769)	(6,288,003)
Interest income					48,002	145,992
Profit before tax					7,989,482	10,603,036
Tax expense					(2,961,063)	(5,817,195)
Profit after tax					5,028,419	4,785,841
Minority interests					37,449	-
Net profit for the year					5,065,868	4,785,841
Segment assets/Total assets					337,735,124	311,338,156
Unallocated assets					2,647,599	6,873,606
	270,723,037	243,431,044	67,012,087	67,907,112	340,382,723	318,211,762
Segment liabilities/Total liabilities					115,867,298	74,979,151
Unallocated liabilities					32,998,785	56,744,392
	79,889,146	34,287,830	35,978,152	40,691,321	148,866,083	131,723,543
Capital expenditure	33,094,060	85,559,290	164,491	1,169,064	33,258,551	86,728,354
Depreciation and amortisation	5,329,512	4,633,043	1,047,337	971,337	6,376,849	5,604,380
Non-cash expenses other than depreciation and amortisation	-	-	44,205	168,257	44,205	168,257



**23. Commitments**

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Property, plant and equipment				
Contracted but not provided for	255,000	3,175,000	173,000	3,013,000
Investments				
Contracted but not provided for	14,400,000	14,400,000	-	-
	<u>14,655,000</u>	<u>17,575,000</u>	<u>173,000</u>	<u>3,013,000</u>

The estimated amount of plantation development expenditure not contracted and not provided for in the financial statement of the Group amounted to RM38,263,000 (2004: RM22,778,000).

24. Contingent liabilities (unsecured)

	Company	
	2005 RM'000	2004 RM'000
Corporate guarantees given to financial institution in respect of outstanding banking facilities of subsidiaries	<u>43,088</u>	<u>222</u>

25. 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	
	2005 RM	2004 RM	2005 RM	2004 RM
Affiliated companies				
Low Nam Hui & Sons Sdn. Bhd.				
- Rental of premises	12,000	-	12,000	-
- Management fees receivable	36,000	36,000	36,000	36,000
- Hiring of tractors	-	36,000	-	-
	<u>-</u>	<u>36,000</u>	<u>-</u>	<u>-</u>
Pengangkutan Low Nam Hui Sdn. Bhd.				
- Transport charges payable	1,052,972	1,088,480	1,052,972	1,088,480
- Purchases	241,307	204,064	241,307	204,064
- Sales	263,488	188,508	263,488	188,508
- Hiring of tractors	-	30,000	-	-
- Purchase of plant and equipment	-	159,000	-	-
	<u>1,557,767</u>	<u>1,480,052</u>	<u>1,557,767</u>	<u>1,480,052</u>
Seri Cemerlang Plantation (Pahang) Sdn. Bhd.				
- Purchases	10,208,640	15,787,908	10,208,640	15,787,908
- Transport income receivable	572,595	647,241	572,595	647,241
- Purchase of plant and equipment	-	158,000	-	-
	<u>10,781,235</u>	<u>16,593,149</u>	<u>10,781,235</u>	<u>16,435,149</u>
Sara-HL Plantation Sdn. Bhd.				
- Purchase of motor vehicle	62,000	-	-	-
	<u>62,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Lian Hup Manufacturing Sdn. Bhd.				
- Purchase of plant and equipment	-	755,000	-	755,000
	<u>-</u>	<u>755,000</u>	<u>-</u>	<u>755,000</u>

**25. Related parties (continued)**

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
<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>Comet Travels Sdn. Bhd.</i>				
- Rental receivable	15,488	26,739	15,488	26,739
- Air tickets	117,903	-	117,903	-
<i>Hon Lian Development Sdn. Bhd.</i>				
- Purchases	-	3,127,500	-	-
<i>Remuneration paid to staff who are close family member of certain Directors, Tan Sri Dato' Low Nam Hui, Mr. Low Quek Kiong, Mr. Low Kueck Shin, Mr. Low Kwek Lee and Mr. Low Kuek Kong</i>	357,000	279,000	357,000	279,000

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.

26. 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.

26. 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.

2005 Group	Effective interest rate per annum %	Total RM	Within 1 year RM	1-5 years RM
Financial assets				
Deposits with licensed banks	3.00	225,828	225,828	-
Financial liabilities				
Term loan				
- variable	6.65 to 7.50	70,660,000	70,660,000	-
- fixed	6.45	27,360,000	-	27,360,000
Bank overdraft	7.50	2,985,922	2,985,922	-
Company				
Financial assets				
Deposits with licensed banks	3.00	225,828	225,828	-
Financial liabilities				
Term loan				
- variable	6.65 to 7.50	38,310,000	38,310,000	-
- fixed	6.45	17,360,000	-	17,360,000
Bank overdraft	7.50	2,985,922	2,985,922	-
2004 Group and Company				
Financial assets				
Deposits with licensed banks	3.00	4,253,898	4,253,898	-
Financial liabilities				
Term loan				
- variable	7.25	49,800,000	49,800,000	-
Redeemable Convertible Secured Loan Stocks	7.50	39,158,089	8,862,019	30,296,070

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.



26. Financial instruments (continued)

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

Group	2005		2004	
	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
Financial liabilities				
Retirement benefits	171,150	171,150	134,543	134,543
Fixed rate term loan	27,360,000	26,388,000	-	-
	<u>27,531,150</u>	<u>26,559,150</u>	<u>134,543</u>	<u>134,543</u>
Company				
Financial liabilities				
Retirement benefits	171,150	171,150	134,543	134,543
Fixed rate term loan	17,360,000	16,769,000	-	-
	<u>17,531,150</u>	<u>16,940,150</u>	<u>134,543</u>	<u>134,543</u>

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.

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

The carrying amount of the redeemable convertible secured loan stocks approximates fair value as the instrument is calculated using a prevailing market interest rate at the date of issuance for a similar convertible loan stocks.

27. Significant events

- On 30 May 2005, the Company announced the completion of the early redemption of the Redeemable Convertible Secured Loan Stocks ("RCSLS") based on the sum equivalent to RM0.85 per RM1.00 nominal value of RCSLS issued or a total of RM37,663,581. The early redemption has resulted in a gain of RM3,606,441 in the income statements; and
- On 16 June 2005, the Company had via its wholly owned subsidiary, Premium Dragon Sdn. Bhd., subscribed to three (3) new ordinary shares of RM1.00 each, representing 60% issued and paid up capital in Harn Len Pelita Bungan Sdn. Bhd., a joint-venture company set up for the purpose of developing several parcels of land in Sarawak into oil palm plantation with a plantable area of approximately 10,000 hectares.

28. Event subsequent to balance sheet date

On 13 April 2006, the Company entered into three Sale and Purchase Agreements for the disposal of:

- the entire issued share capital comprising 781,205 ordinary shares of RM1.00 each in Desamawar Runding Sdn. Bhd. to a third party for a cash consideration of RM6,758,579;
- the entire issued share capital comprising 4,977,990 ordinary shares of RM1.00 each in Pelita Pertama Sdn. Bhd. to a third party for a cash consideration of RM23,228,029; and
- the entire issued share capital comprising 1,182,943 ordinary shares of RM1.00 each in Suen Tai (Sabah) Sdn. Bhd. to a third party for a cash consideration of RM6,738,564.

The cash proceeds from the disposal will be utilised to repay existing borrowing of the Group and for working capital purpose.

29. Comparative figures

The following comparatives have been restated to conform with current year's presentation.

	Group		Company	
	As restated RM	As previously stated RM	As restated RM	As previously stated RM
<i>Income statement</i>				
Cost of sales of agricultural produce	33,773,325	33,127,569	25,245,013	25,245,013
Cost of services	7,017,456	2,693,329	7,017,456	2,693,329
Administration expenses	12,080,494	17,050,377	11,327,270	15,651,397

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	64,766	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	42,573	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	44,042	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	31,263	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	1,795	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	1,983	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	8,395	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	24,470 <u>219,287</u>	N/A	15.01.2004

N/A Not Applicable



Analysis of Shareholdings

as at 20 April 2006

AUTHORISED SHARE CAPITAL	: RM500,000,000 ordinary shares of RM1-00 each
ISSUED AND FULLY PAID-UP CAPITAL	: RM185,477,159 divided into 185,477,159 shares
CLASS OF SHARES	: Ordinary shares of RM1-00 each
NO OF SHAREHOLDERS	: 3,929
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	-	-	54,196,596 ^{*1}	29.22
2.	Puan Sri Datin Chan Pui Leorn	-	-	121,900,309 ^{*2}	65.72
3.	Dato' Liew Kuek Hin	140,000	0.08	108,973,058 ^{*3}	58.75
4.	Low Quek Kiong	20,000	0.01	116,108,009 ^{*4}	62.60
5.	Low Kueck Shin	-	-	116,128,009 ^{*5}	62.61
6.	Low Kwek Lee	-	-	115,900,309 ^{*6}	62.49
7.	Low Kuek Kong	-	-	115,900,309 ^{*6}	62.49
8.	Low Kuit Son	-	-	115,900,309 ^{*6}	62.49
9.	Low Kok Yong	-	-	115,900,309 ^{*6}	62.49
10.	Low Kok Yaow	-	-	115,900,309 ^{*6}	62.49
11.	Low Nam Hui & Sons Sdn Bhd	4,628,992	2.50	63,302,421 ^{*7}	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	47,808,896	25.78	-	-

Note:-

- *1. By virtue of his interests in LNH Enterprise Sdn Bhd, Low Nam Hui (C&E) Sdn Berhad and Yong Yaow Properties Sdn Bhd and the shares held by of his children, Low Quek Kiong and Dato' Liew Kuek Hin pursuant to Section 6A of the Companies Act, 1965.
- *2. By virtue of her interests in LNH Enterprise Sdn Bhd, Lian Hup Manufacturing Company Sdn Berhad, Syarikat Senang Oil Palm Estate Sdn Bhd, Perdana Properties Berhad, Low Nam Hui & Sons Sdn Bhd and Yong Yaow Properties Sdn Bhd and the shares held by her children, Low Quek Kiong and 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 and LNH Enterprise Sdn Bhd and the shares held by his sibling, Low Quek Kiong pursuant to Section 6A of the Act. The status of some of Dato' Liew's indirect shareholdings in Harn Len are the subject of a legal action vide Johor Bahru High Court Suit No. MT4-22-843-2005.
- *4. 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 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.
- *6. 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 their siblings, Dato' Liew Kuek Hin and Low Quek Kiong.
- *7. By virtue of its interests in Lian Hup Manufacturing Company Sdn Berhad, 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	-	-	54,196,596 ^{*1}	29.22
2.	Low Quek Kiong	20,000	0.01	116,108,009 ^{*2}	62.60
3.	Low Kueck Shin	-	-	116,128,009 ^{*3}	62.61
4.	Low Kwek Lee	-	-	115,900,309 ^{*4}	62.49
5.	Low Kuek Kong	-	-	115,900,309 ^{*4}	62.49
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 LNH Enterprise Sdn Bhd, Low Nam Hui (C & E) Sdn Berhad and Yong Yaow Properties Sdn Bhd and the shares held by his children, Low Quek Kiong and Dato' Liew Kuek Hin 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 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 their siblings, Dato' Liew Kuek Hin and Low Quek Kiong pursuant to Section 6A of the Companies Act, 1965.

C) DISTRIBUTION OF SHARE HOLDINGS

No of Holders	Holdings	Total Holdings	Percentage%
28	Less than 100	526	0.0003
1,510	100 to 1,000	446,658	0.2408
1,739	1,001 to 10,000	8,249,994	4.4480
584	10,001 to 100,000	17,974,743	9.6910
62	100,001 to less than 5% of issued warrants	55,014,113	29.6609
6	5% and above of issued warrants	103,791,125	55.9590
Total:	<u>3,929</u>	<u>185,477,159</u>	<u>1000.0000</u>

D) TOP 30 LARGEST SHAREHOLDERS

No	Name	No. Of Shares Held	Percentage (%)
1.	LNH ENTERPRISE SDN BHD	20,472,796	11.0379
2.	AMANAH RAYA BERHAD	20,000,000	0.7830
3.	ABB NOMINEE (TEMPATAN) SDN BHD - Pledged securities account for Sportma Corporation Bhd	18,210,961	9.8184
4.	LIAN HUP MANUFACTURING COMPANY SDN. BERHAD	17,675,887	9.5300
5.	SYARIKAT SENANG OIL PALM ESTATE SDN BHD	17,675,887	9.5300
6.	A.A. ANTHONY NOMINEES (TEMPATAN) SDN BHD - Pledged securities account for LNH Enterprise Sdn Bhd	9,755,594	5.2597
7.	BUMIPUTRA-COMMERCE NOMINEES (TEMPATAN) SDN BHD - Pledged securities account for A. A. Anthony Securities Sdn Bhd	7,325,000	3.9493
8.	YONG YAOW PROPERTIES SDN BHD	6,000,000	3.2349
9.	LNH ENTERPRISE SDN BHD	5,618,448	3.0292
10.	LIAN HUP MANUFACTURING COMPANY SDN. BERHAD	5,618,972	2.7869
11.	SYARIKAT SENANG OIL PALM ESTATE SDN BHD	5,168,972	2.7869
12.	LOW NAM HUI & SONS SDN BHD	4,628,992	2.4957
13.	ALLIANCE BANK MALAYSIA BERHAD	2,414,137	1.3016
14.	BDO CAPITAL CONSULTANTS SDN BHD	1,568,830	0.8458
15.	PERDANA PROPERTIES BERHAD	1,532,835	0.8264
16.	AMSEC NOMINEES (TEMPATAN) SDN BHD - Ambank (M) Berhad	1,444,951	0.7790
17.	APEX ACHIEVEMENT SDN BHD	1,205,500	0.6499
18.	AMMERCHANT BANK BERHAD	971,087	0.5236
19.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD - Low Geat Hong	831,700	0.4484
20.	PERDANA PROPERTIES BERHAD	741,926	0.4000



No	Name	No. Of Shares Held	Percentage (%)
21.	YEO TIOW TIONG HOLDINGS SENDIRIAN BERHAD	620,000	0.3343
22.	STANDARD CHARTERED BANK MALAYSIA BERHAD	522,384	0.2816
23.	LOH LAI KIM	512,000	0.2760
24.	PUBLIC NOMINEES (TEMPATAN) SDN BHD - Pledged Securities Account for Tan Chun How	450,000	0.2426
25.	CHUA HEE THIEW	392,500	0.2116
26.	TAN CHUAN TONG	368,800	0.1988
27.	CHIONG AH HUI	365,900	0.1973
28.	WU SOR HWA	293,000	0.1580
29.	KOH LEE HUAT	288,900	0.1558
30.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD - Pledged Securities Account for Ng Ching Soong	288,100	0.1553



Analysis of Warrantholdings

as at 20 April 2006

VOTING RIGHTS : One (1) Vote Per Warrant (In the meeting of Warrantholders)
 NUMBER OF WARRANTS ISSUED : 74,310,095
 NUMBER OF HOLDERS : 982

A. Distribution of Warrantholdings

<u>No. of Holders</u>	<u>Holdings</u>	<u>Total Holdings</u>	<u>Percentage (%)</u>
14	Less than 100	535	0.0007
50	100 to 1,000	31,574	0.0425
592	1,001 to 10,000	2,807,345	3.7779
282	10,001 to 100,000	9,826,942	13.2242
41	100,001 to less than 5% of issued warrants	8,863,180	11.9273
3	5% and above of issued warrants	52,780,519	71.0274
Total:		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.	ABB 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.	OSK NOMINEES (TEMPATAN) SDN BERHAD - Pledged securities account for Hee Yuen Sang	832,000	1.1196
5.	BDO CAPITAL CONSULTANTS SDN BHD	515,498	0.6937
6.	AMSEC NOMINEES (TEMPATAN) SDN BHD - AMBank (M) Berhad	474,782	0.6389
7.	TANG SEE THONG	455,500	0.6130
8.	FONG AH SO @ FOONG SENG YUN	381,900	0.5139
9.	YEAP KOK ENG	300,000	0.4037
10.	KONG CHOON BEE	290,000	0.3903
11.	KOH LEE HUAT	283,200	0.3811
12.	LIM FOK CHOU	266,600	0.3588
13.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD - Pledged securities account for Lu Lip Lai	265,000	0.3566



No	Name	No. of Warrants Held	Percentage (%)
14.	LEONG KEK WONG	252,000	0.3391
15.	HEW CHAN WA	250,000	0.3364
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.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD - Wong Neng Hook	200,000	0.2691
19.	CHEAH SWEE KONG	199,000	0.2678
20.	TAN YUE TAY	195,900	0.2636
21.	THAM KUM THOUNG	193,500	0.2604
22.	KEW CHEE FAH	170,000	0.2280
23.	TENG CHEE PHONG	164,000	0.2207
24.	LIONG KONG YONG @ NEO KWONG KIONG	154,100	0.2074
25.	YEO GUAT CHENG	150,000	0.2019
26.	CHIN POH LING	150,000	0.2019
27.	INTER-PACIFIC EQUITY NOMINEES (ASING) SDN BHD Kim Eng Securities Pte Ltd for Michele Sharmini Rasanayagam	150,000	0.2019
28.	YEAP GEK SEE	149,100	0.2006
29.	LAI NYIK MENG	148,400	0.1997
30.	LAM SIEW YING	144,100	0.1939



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	-	-	-	-
Low Quek Kiong	-	-	47,304,687 ^{*1}	63.66
Low Kueck Shin	-	-	47,304,687 ^{*1}	63.66
Dato' Liew Kuek Hin	-	-	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.

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 Sixth Annual General Meeting of the Company to be held on Friday, the 16th day of June, 2006 at 11:00 a.m. at Chengal Room, 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.	Approval of Directors' Fees		
2.	Re-election of Director - Low Kuek Kong		
3.	Re-election of Director - Lee Chon Sing		
4.	Re-election of Director - Brig. Jen. (B) Dato' Ali Bin Hj Musa		
5.	Re-appointment of Director- Tan Sri Dato' Low Nam Hui		
6.	Re-appointment of Messrs KPMG as Auditors.		
Special Business:			
7.	Authority to allot and issue shares pursuant to Section 132D of the Companies Act, 1965.		
8.	Proposed Renewal of Shareholders' Mandate for recurrent related party transactions with Seri Cemerlang Plantation (Pahang) Sdn Bhd.		
9.	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 _____ 2006

Note :

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

STAMP

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