



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

2014 ANNUAL REPORT





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(502606-H)

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Fifteenth (15th) Annual General Meeting of Harn Len Corporation Bhd (“Harn Len” or “the Company”) will be held at Meranti Hall, 4th Floor, Johor Tower, 15 Jalan Gereja, 80100 Johor Bahru on Friday, 26 June 2015 at 11.00 am for the following purposes:-

Ordinary Business:-

- | | | |
|----|--|---|
| 1. | To receive the Audited Financial Statements for the financial year ended 31 December 2014 together with the Reports of the Directors and Auditors thereon. | <i>Please refer to Explanatory Notes 1</i> |
| 2. | To approve the payment of Directors’ fees of RM187,500 for the financial year ended 31 December 2014. | <i>Resolution 1</i> |
| 3. | To re-elect the Directors who retire in accordance with Article 84 of the Articles of Association of the Company:- | |
| | i) Mr Low Quek Kiong | <i>Resolution 2</i> |
| | ii) Mr Low Kueck Shin | <i>Resolution 3</i> |
| | iii) Mr Loh Wann Yuan | <i>Resolution 4</i> |
| 4. | To re-elect Mr Low Kok Yaow who retires in accordance with Article 91 of the Articles of Association of the Company:- | <i>Resolution 5</i> |
| 5. | To consider and, if thought fit, to pass the following Ordinary Resolutions:- | |
| | i) “THAT Brig. Jen. (B) Dato’ Ali Bin Hj. Musa retiring in accordance with Section 129 of the Companies Act, 1965 be and is hereby re-appointed as a Director of the Company to hold office until the conclusion of the next Annual General Meeting of the Company.” | <i>Resolution 6</i> |
| | ii) “THAT Mr Law Piang Woon retiring in accordance with Section 129 of the Companies Act, 1965 be and is hereby re-appointed as a Director of the Company to hold office until the conclusion of the next Annual General Meeting of the Company.” | <i>Resolution 7</i> |
| | iii) “THAT Mr Lee Chon Sing retiring in accordance with Section 129 of the Companies Act, 1965 be and is hereby re-appointed as a Director of the Company to hold office until the conclusion of the next Annual General Meeting of the Company.” | <i>Resolution 8</i> |
| 6. | To re-appoint Messrs KPMG as Auditors of the Company for the financial year ending 31 December 2015 and to authorise the Directors to fix their remuneration. | <i>Resolution 9</i> |

Special Business:-

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

ORDINARY RESOLUTION 1

- | | | |
|----|---|-----------------------------|
| 7. | CONTINUING IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTORS | |
| | i) “THAT subject to the passing of Resolution 4, authority be and is hereby given to Mr Loh Wann Yuan who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years to continue to act as an Independent Non-Executive Director of the Company.” | <i>Resolution 10</i> |
| | ii) “THAT subject to the passing of Resolution 6, authority be and is hereby given to Brig. Jen. (B) Dato’ Ali Bin Hj. Musa who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years to continue to act as an Independent Non-Executive Director of the Company.” | <i>Resolution 11</i> |



NOTICE OF ANNUAL GENERAL MEETING

cont'd

- iii) "THAT subject to the passing of Resolution 7, authority be and is hereby given to Mr Law Piang Woon who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years to continue to act as an Independent Non-Executive Director of the Company."

Resolution 12

8. **ORDINARY RESOLUTION 2
AUTHORITY TO ALLOT AND ISSUE SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965 ("AUTHORITY TO ALLOT AND ISSUE SHARES")**

Resolution 13

"THAT pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby authorised to allot and issue shares in the Company from time to time at such price, upon such terms and conditions, for such purposes and to such person or persons whomsoever as the Directors may deem fit provided that the aggregate number of shares so issued pursuant to this resolution in any one financial year does not exceed 10% of the issued share capital of the Company for the time being and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

9. **ORDINARY RESOLUTION 3
PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE")**

"THAT subject always to the provision of the Bursa Malaysia Securities Berhad Main Market Listing Requirements, the Company and/or its subsidiaries ("Harn Len Group") shall be mandated to enter into and give effect to renew the specified recurrent related party transactions of a revenue or trading nature of Harn Len Group with the specified classes of related parties as detailed below, set out in Section 2.4 to 2.6 of the Circular to Shareholders dated 29 May 2015:-

- (1) Seri Cemerlang Plantation (Pahang) Sdn. Bhd.
- (2) Low Nam Hui & Sons Sdn. Bhd.
- (3) Kang Hui Travel Sdn. Bhd.
- (4) Advance Pinnacle Sdn. Bhd.
- (5) LNH Enterprise Sdn. Bhd.
- (6) One63 Ideas Sdn. Bhd.

Resolution 14
Resolution 15
Resolution 16
Resolution 17
Resolution 18
Resolution 19

Provided that such transactions are necessary for the Harn Len Group's day-to-day operations subject to the following:-

- (i) the recurrent related party transactions are in the ordinary course of business and are on terms not more favourable to the related parties than those generally available to the public and are made on an arm's length basis and on normal commercial terms and are not detrimental to the interest of the minority shareholders;
- (ii) the Shareholders' Mandate is subject to annual renewal and disclosure is made in the annual report of the recurrent related party transactions conducted pursuant to the Shareholders' Mandate during the financial year where the aggregate value is equal to or more than the threshold prescribed under Paragraph 10.09(1) and in the manner required under the Bursa Malaysia Securities Berhad Main Market Listing Requirements and as set out in Section 2.6(a) of the Circular to Shareholders dated 29 May 2015;
- (iii) the Shareholders' Mandate shall continue in force until:-
 - (a) the conclusion of the next Annual General Meeting of the Company following the forthcoming 15th Annual General Meeting at which such Shareholders' Mandate was passed, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;



NOTICE OF ANNUAL GENERAL MEETING

cont'd

- (b) the expiration of the period within which the next Annual General Meeting after that date is required to be held pursuant to section 143(1) of the Companies Act, 1965 (but shall not extend to such extension as may be allowed pursuant to section 143(2) of the Companies Act, 1965); or
 - (c) revoked or varied by resolution passed by the shareholders in general meeting,
- whichever is the earlier.

And that the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed Renewal of Shareholders' Mandate."

ORDINARY RESOLUTION 4

10. PROPOSED NEW SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED NEW SHAREHOLDERS' MANDATE")

"THAT subject always to the provision of the Bursa Malaysia Securities Berhad Main Market Listing Requirements, the Company and/or its subsidiaries ("Harn Len Group") shall be mandated to enter into and give effect to the specified recurrent related party transactions of a revenue or trading nature of Harn Len Group with the specified classes of related parties as detailed below, set out in Section 2.4 to 2.6 of the Circular to Shareholders dated 29 May 2015:-

- (1) Horn Lern (Merakai) Sdn Bhd
- (2) Horn Lern (Semada) Sdn Bhd
- (3) Horn Lern (Krangan) Sdn Bhd

Resolution 20
Resolution 21
Resolution 22

Provided that such transactions are necessary for the Harn Len Group's day-to-day operations subject to the following:-

- (i) the recurrent related party transactions are in the ordinary course of business and are on terms not more favourable to the related parties than those generally available to the public and are made on an arm's length basis and on normal commercial terms and are not detrimental to the interest of the minority shareholders;
- (ii) the Shareholders' Mandate is subject to annual renewal and disclosure is made in the annual report of the recurrent related party transactions conducted pursuant to the Shareholders' Mandate during the financial year where the aggregate value is equal to or more than the threshold prescribed under Paragraph 10.09(1) and in the manner required under the Bursa Malaysia Securities Berhad Main Market Listing Requirements and as set out in Section 2.6(b) of the Circular to Shareholders dated 29 May 2015;
- (iii) the Shareholders' Mandate shall continue in force until:-
 - (a) the conclusion of the next Annual General Meeting of the Company following the forthcoming 15th Annual General Meeting at which such Shareholders' Mandate was passed, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
 - (b) the expiration of the period within which the next Annual General Meeting after that date is required to be held pursuant to section 143(1) of the Companies Act, 1965 (but shall not extend to such extension as may be allowed pursuant to section 143(2) of the Companies Act, 1965); or
 - (c) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is the earlier.



NOTICE OF ANNUAL GENERAL MEETING

cont'd

And that the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed New Shareholders' Mandate."

ORDINARY RESOLUTION 5

11. PROPOSED AUTHORITY FOR THE COMPANY TO BUY-BACK ITS OWN SHARES ("PROPOSED SHARE BUY-BACK")

Resolution 23

"THAT subject to the Companies Act, 1965 ("Act"), the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), the Company's Articles of Association and other applicable laws, rules, regulations and guidelines of the relevant authorities, the Directors of the Company be and are hereby authorised to purchase such number of ordinary shares of RM1.00 each in the Company's issued and paid-up capital through the Bursa Securities at any time and upon such terms and conditions and for such purposes as the Directors may in their discretion deem fit subject to the following:

- (a) the maximum number of ordinary shares which may be purchased and/or held by the Company shall be ten per centum (10%) of the issued and paid-up ordinary share capital of the Company for the time being ("Harn Len Shares");
- (b) the maximum funds to be allocated by the Company for the purpose of purchasing the Harn Len Shares shall not exceed the total retained profits or share premium reserve of the Company or both;
- (c) the authority conferred by this Resolution will be effective immediately upon the passing of this Resolution and will continue in force until:
 - (i) the conclusion of the next Annual General Meeting ("AGM") of the Company following the 15th AGM in which the resolution for the Proposed Share Buy-Back is passed, at which time the authority will lapse unless renewed by ordinary resolution, either unconditionally or subject to conditions; or
 - (ii) the expiration of the period within which the next AGM is required by law to be held; or
 - (iii) revoked or varied by ordinary resolution of the shareholders of the Company in general meeting, whichever is the earlier, but so as not to prejudice the completion of purchase(s) by the Company made before the aforesaid expiry date and in any event, in accordance with the Main Market Listing Requirements of the Bursa Securities or any other relevant authorities;
- (d) upon completion of the purchase(s) of the Harn Len Shares by the Company, the Directors of the Company be and are hereby authorised to deal with the Harn Len Shares in the following manner:
 - (i) to cancel the Harn Len Shares so purchased; or
 - (ii) to retain the Harn Len Shares so purchased as treasury shares for distribution as dividend to the shareholders and/or resell on the market of Bursa Securities and/or for cancellation subsequently; or
 - (iii) to retain part of the Harn Len Shares so purchased as treasury shares and cancel the remainder; or
 - (iv) in such other manner as the Bursa Securities and such other relevant authorities may allow from time to time.



NOTICE OF ANNUAL GENERAL MEETING

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AND THAT authority be and is hereby given to the Directors of the Company to take all such steps as are necessary (including the appointment of a stockbroking firm and the opening and maintaining of a Central Depository Account designated as a Share Buy Back Account and to enter into any agreements, arrangements and guarantees with any party or parties to implement, finalise and give full effect to the aforesaid with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities and to do all such acts and things as the Directors may deem fit and expedient in the interests of the Company."

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

NOTICE OF GENERAL MEETING RECORD OF DEPOSITORS

NOTICE IS ALSO HEREBY GIVEN THAT for the purpose of determining a member who shall be entitled to attend the 15th Annual General Meeting, Harn Len shall request from Bursa Malaysia Depository Sdn Bhd in accordance with the provisions under Article 62 of Harn Len's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositors ("General Meeting ROD") as at 17 June 2015. Only a depositor whose name appears on the General Meeting ROD as at 17 June 2015 shall be entitled to attend the said meeting or appoint proxies to attend and vote on his/her behalf.

By Order of the Board

HARN LEN CORPORATION BHD

Woo Min Fong (MAICSA No. 0532413)

Fong Siew Kim (MAICSA No. 7022188)

Company Secretaries

Johor Bahru

29 May 2015

Notes:-

1. Only members registered in the Record of Depositors as at 17 June 2015 are eligible to attend, speak and vote at the Company's 15th Annual General Meeting or to appoint proxy to attend, speak and vote on his/her behalf.
2. A member who is entitled to attend and vote at the meeting of the Company is entitled to appoint not more than two (2) proxies to attend and vote instead of the member at the meeting. A proxy need not be a member and there shall be no restriction as to the qualification of the proxy and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
3. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 ("SICDA"), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
4. Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under SICDA which is exempted from compliance with the provision of subsection 25A(1) of SICDA.
5. Where a member or the authorised nominee appoints two (2) proxies, or where an exempt authorised nominee appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies. The appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.



NOTICE OF ANNUAL GENERAL MEETING

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6. 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.
7. 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.

Explanatory Notes:-

1. **Ordinary Business - Item 1 of the Agenda**

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

2. **Special Business:- -Ordinary Resolutions**

Resolutions 10, 11 and 12 – Item 7 of the Agenda Continuing in office as Independent Non-Executive Directors

The Nominating Committee had assessed the independence of Mr Loh Wann Yuan, Brig. Jen. (B) Dato' Ali Bin Hj. Musa and Mr Law Piang Woon who each has served on the Board as Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years and the Board has recommended that the approval of the shareholders be sought to re-appoint Mr Loh Wann Yuan, Brig. Jen. (B) Dato' Ali Bin Hj. Musa and Mr Law Piang Woon as Independent Non-Executive Directors of the Company.

The proposed Resolutions 10, 11 and 12 proposed under Agenda 7(i), 7(ii) and 7(iii), if passed, will allow Mr Loh Wann Yuan, Brig. Jen. (B) Dato' Ali Bin Hj. Musa and Mr Law Piang Woon to be retained and continue to act as Independent Non-Executive Directors of the Company to fulfill the requirements of Paragraph 3.04 of Bursa Malaysia's Main Market Listing Requirements and in line with the recommendation No. 3.3 of the Malaysian Code of Corporate Governance 2012.

The full details of the Board's justification and recommendations for the retention of the above Directors as Independent Non-Executive Directors is set out in the Statement on Corporate Governance in the Annual Report 2014 on page 30.

3. **Resolution 13 – Item 8 of the Agenda Authority to allot and issue shares**

The Company had during its 14th Annual General Meeting held on 18 June 2014, obtained its shareholders' approval for the general mandate for issuance of shares pursuant to Section 132D of the Companies Act, 1965 ("the Act"). The Company did not issue any shares pursuant to this mandate obtained.

This Resolution 13 proposed in Agenda 8 is a renewal of the general mandate for issuance of shares by the Company under Section 132D of the Act. The Resolution 13, if passed, will empower the Directors to allot and issue shares in the Company up to an amount not exceeding in total ten per centum (10%) of the issued share capital of the Company for such purposes as the Directors consider would be in the interest of the Company. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next Annual General Meeting. The renewal of the general mandate is to provide flexibility to the Company to issue new securities without the need to convene separate general meeting to obtain its shareholders' approval so as to avoid incurring additional cost and time. The purpose of this general mandate is for possible fund raising exercise including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital, repayment of bank borrowings, acquisitions and/or for issuance of shares as settlement of purchase consideration.



NOTICE OF ANNUAL GENERAL MEETING

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4. **Resolutions 14, 15, 16, 17, 18 and 19 – Item 9 of the Agenda Proposed Renewal of Shareholders' Mandate**

The Board had on 28 April 2015 announced that the Company would seek the approval from its shareholders for the Proposed Renewal of Shareholders' Mandate. The existing Shareholders' Mandate obtained on 18 June 2014 will expire at the conclusion of the forthcoming 15th Annual General Meeting to be held on 26 June 2015.

The Resolutions 14, 15, 16, 17, 18 and 19 proposed under Agenda 9(1), 9(2), 9(3), 9(4), 9(5) and 9(6) if passed, will renew the mandates for the Company and/or its subsidiaries to enter into the recurrent related party transactions of a revenue or trading nature with Seri Cemerlang Plantation (Pahang) Sdn. Bhd., Low Nam Hui & Sons Sdn. Bhd., Kang Hui Travel Sdn. Bhd., Advance Pinnacle Sdn. Bhd., LNH Enterprise Sdn. Bhd. and One63 Ideas Sdn. Bhd. as set out in Section 2.6(a) of the Circular to shareholders dated 29 May 2015, which is sent out together with the Company's Annual Report 2014. The mandates shall continue in force until the date of the next Annual General Meeting of the Company unless earlier revoked or varied by ordinary resolution of the Company in a general meeting and is subject to renewal.

5. **Resolutions 20, 21 and 22 – Item 10 of the Agenda Proposed New Shareholders' Mandate**

The Board had on 28 April 2015 announced that the Company would seek the approval from its shareholders for the Proposed New Shareholders' Mandate.

The Resolutions 20, 21 and 22 proposed under Agenda 10(1), 10(2) and 10(3) if passed, will obtain new mandates for the Company and/or its subsidiaries to enter into the recurrent related party transactions of a revenue or trading nature with Horn Lern (Merakai) Sdn Bhd, Horn Lern (Semada) Sdn Bhd and Horn Lern (Krangan) Sdn Bhd as set out in Section 2.6(b) of the Circular to shareholders dated 29 May 2015, which is sent out together with the Company's Annual Report 2014. The mandates shall continue in force until the date of the next Annual General Meeting of the Company unless earlier revoked or varied by ordinary resolution of the Company in a general meeting and is subject to renewal.

6. **Resolutions 23 – Item 11 of the Agenda Proposed Share Buy-Back**

This Ordinary Resolution, if passed, will enable the Company to purchase its own shares. The total number of shares purchased shall not exceed 10% of the issued and paid-up share capital of the Company. This authority will, unless revoked or varied by the Company in general meeting, expire at the conclusion of the next AGM of the Company.

The details of this proposed Ordinary Resolution are set out in Part B of the Circular to the Shareholders of the Company dated 29 May 2015 which is dispatched together with the Company's Annual Report 2014.





STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

1. Directors who are standing for re-election by rotation at the 15th Annual General Meeting of the Company pursuant to Article 84 of the Company's Articles of Association:-
 - Mr Low Quek Kiong
 - Mr Low Kueck Shin
 - Mr Loh Wann Yuan
2. Director who are standing for re-election at the 15th Annual General Meeting of the Company pursuant to Article 91 of the Company's Articles of Association:-
 - Mr Low Kok Yaow
3. Directors who are standing for re-appointment at the 15th Annual General Meeting of Harn Len Corporation Bhd ("the Company"):-
 - Brig. Jen. (B) Dato' Ali Bin Hj. Musa
 - Mr Law Piang Woon
 - Mr Lee Chon Sing

3. Detail of attendance of Directors at Board Meetings

*Please refer to Statement of Corporate Governance on page 31 of this Annual Report

4. Fifteenth (15th) Annual General Meeting of Harn Len Corporation Bhd

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

Date and Time : Friday, 26 June 2015 at 11.00 am

5. Securities holdings in the Company by the Directors standing for re-election and re-appointment as at 30 April 2015:-

No.	Name of Directors	Direct		Deemed Interest in Shares	
		No. of Shares	%	No. of Shares	%
1.	Mr Low Quek Kiong	75,000	0.04	125,151,608 ^{*1}	67.48
2.	Mr Low Kueck Shin	-	-	125,226,608 ^{*2}	67.52
3.	Mr Loh Wann Yuan	1	0.00	-	-
4.	Mr Low Kok Yaow	-	-	125,226,608 ^{*2}	67.52
5.	Brig. Jen. (B) Dato' Ali Bin Hj. Musa	-	-	-	-
6.	Mr Law Piang Woon	-	-	-	-
7.	Mr Lee Chon Sing	1	0.00	-	-

Notes:-

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

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

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

*Please refer to the section on profile of Directors on page 13 of this Annual Report.

5 YEARS KEY STATISTICS

		2014	2013	Year 2012	2011	2010	
FINANCIAL PERFORMANCE							
Revenue	(RM'000)	271,582	256,803	256,648	166,767	131,487	
Profit From Operations	(RM'000)	9,508	144,279	11,092	26,838	24,001	
Ebita	(RM'000)	27,709	162,559	27,057	40,133	36,749	
Profit Before Tax	(RM'000)	7,465	133,979	2,662	19,996	17,051	
Taxation Expense/(Income)	(RM'000)	5,627	(2,076)	6,570	8,164	6,253	
Profit/(Loss) After Tax	(RM'000)	1,838	136,056	(3,908)	11,832	10,798	
Net (Profit)/(Loss) to equity holders	(RM'000)	2,435	136,075	(509)	13,298	12,832	
Shareholders' Equity	(RM'000)	340,430	352,832	253,853	254,362	244,774	
Total Assets	(RM'000)	440,428	486,462	444,470	421,789	393,590	
Total Borrowings	(RM'000)	44,459	56,481	145,259	125,434	114,341	
Return on Equity	%	0.72	38.57	(0.20)	5.23	5.24	
PE Ratio (times)		82	2	n/a	11	12	
Return on Total Assets	%	0.55	27.97	(0.11)	3.15	3.26	
Gearing Ratios		1:7.66	1:6.25	1:1.75	1:2.03	1:2.14	
Interest Cover (times)		13.56	15.8	3.2	4.8	5.2	
Nett Debts to shareholders equity	%	8	16	57	49	47	
Earnings Per Share-Basic	Sen	1.31	73.4	(0.3)	7.2	6.9	
Net Assets Per Share	RM	1.79	1.86	1.33	1.33	1.28	
Gross Dividend per share	Sen	8	20	-	1	1	
Gross Dividend yield	%	7.5	13	-	1.25	1.22	
Share Price at financial year end	Sen	107	150	89.5	80	82	
ESTATES							
<u>Planted area</u>							
Mature	(ha)	11,783	11,156	12,068	11,301	12,341	
Immature	(ha)	1,239	1,327	2,660	3,335	1,941	
Total Planted Area	(ha)	13,022	12,483	14,728	14,636	14,282	
FFB Production	(mt)	174,151	189,242	166,165	153,670	146,925	
Yield Per Mature Hectare	(mt/ha)	14.780	14.092	13.769	13.598	11.905	
MILLS							
<u>FFB Processed</u>							
Own FFB	(mt)	130,141	112,194	86,202	31,081	46,275	
Outside FFB	(mt)	313,108	262,043	197,505	76,428	65,066	
Total	(mt)	443,249	374,237	283,707	107,509	111,341	
Production							
Crude Palm Oil	(mt)	88,939	74,485	58,081	21,233	21,800	
Palm Kernel	(mt)	20,471	17,497	13,493	5,504	6,037	
<u>Extraction Rate</u>							
Crude Palm Oil Extraction Rate	(%)	20.07	19.89	20.47	19.69	19.57	
Palm Kernel Extraction Rate	(%)	4.62	4.68	4.76	5.14	5.36	
<u>Average Selling Prices (Nett)</u>							
Crude Palm Oil	(RM/mt)	2,294	2,296	2,650	3,242	2,713	
Palm Kernel	(RM/mt)	1,534	1,246	1,390	2,199	1,770	
<u>Profile of Trees</u>							
Immature	(0-3 years)	Ha	1,239	1,327	2,660	3,335	1,941
Young	(4-7 years)	Ha	4,142	2,274	3,704	4,801	7,282
Prime	(8-19 years)	Ha	6,104	7,182	6,664	4,800	180
Past Prime	(> 20 years)	Ha	1,537	1,700	1,700	1,700	4,879

Ebita - Earnings before Interest, Tax, Depreciation and Amortisation

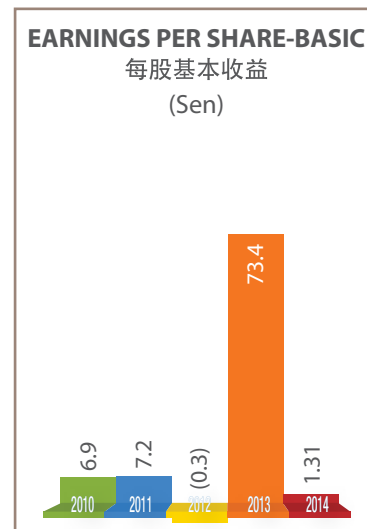
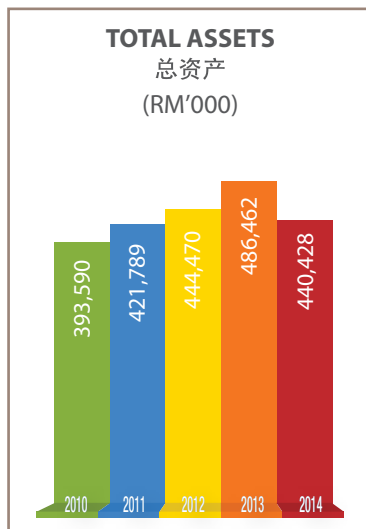
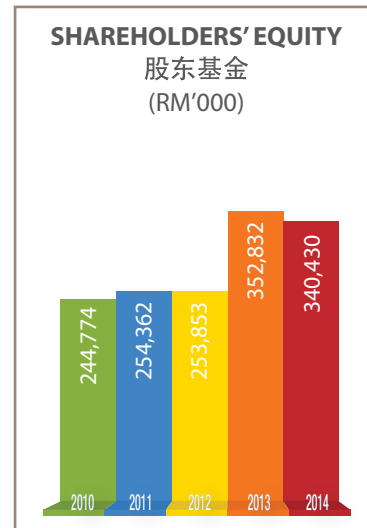
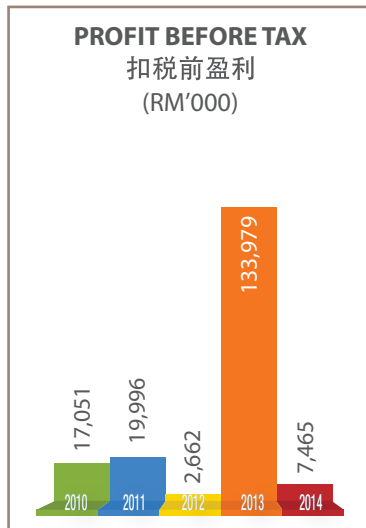
n/a - Not Applicable

Ha - Hectare



5 YEARS KEY STATISTICS

cont'd



CORPORATE INFORMATION

BOARD OF DIRECTORS

Puan Sri Datin Chan Pui Leorn
(Deputy Executive Chairman)

Mr Low Quek Kiong
(Managing Director)

Mr Low Kueck Shin
(Deputy Managing Director)

Mr Low Kwek Lee
(Executive Director)

Mr Low Kuek Kong
(Executive Director)

Mr Lee Chon Sing
(Executive Director)

Mr Low Kok Yong
(Executive Director)

Mr Low Kok Yaow
(Executive Director)
(Appointed on 1.1.2015)

Mr Loh Wann Yuan
(Senior Independent Non- Executive Director)

Brig. Jen. (B) Dato' Ali Bin Hj. Musa
(Independent Non-Executive Director)

Mr Law Piang Woon
(Independent Non- Executive Director)

En Mohamed Akwal Bin Sultan Mohamad
(Independent Non- Executive Director)

AUDIT COMMITTEE

Mr Loh Wann Yuan *(Chairman)*
 Brig. Jen. (B) Dato' Ali Bin Hj. Musa
 Mr Law Piang Woon
 En Mohamed Akwal Bin Sultan Mohamad

AUDITORS

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

NOMINATING COMMITTEE

Mr Loh Wann Yuan *(Chairman)*
 Brig. Jen. (B) Dato' Ali Bin Hj. Musa
 Mr Law Piang Woon
 En Mohamed Akwal Bin Sultan Mohamad

PRINCIPAL BANKERS

Public Bank Berhad
 Bank of China (Malaysia) Berhad
 Bangkok Bank (Malaysia) Berhad
 Alliance Bank (Malaysia) Berhad
 OCBC Bank (Malaysia) Berhad

REGISTERED OFFICE / BUSINESS ADDRESS

6th Floor, Johor Tower
 15 Jalan Gereja
 80100 Johor Bahru
 Telephone No. : 07-2221777
 Facsimile No. : 07-2249213

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia
 Securities Berhad ("Bursa")
 Stock Code : Harn Len 7501
 Sector : Plantation

SECRETARIES

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

WEBSITE

harnlen.com.my

SHARE REGISTRAR

Messrs Tricor Investor Services Sdn Bhd
 Level 17, The Gardens North Tower
 Mid-Valley City, Lingkaran Syed Putra
 59200 Kuala Lumpur, Malaysia
 Telephone No. : 603-22643883
 Facsimile No. : 603-22821886



PROFILE OF DIRECTORS



PUAN SRI DATIN CHAN PUI LEORN, NON-INDEPENDENT, EXECUTIVE

Puan Sri Datin Chan Pui Leorn (Puan Sri Datin Chan), aged 56, a Malaysian, was appointed to the Board of Harn Len as an Executive Director on 1 March 2011. On 1 January 2015, Puan Sri Datin Chan was appointed the Deputy Executive Chairman of the Harn Len.

Puan Sri Datin Chan was a Manager of Ulu Tiram Transport Company and Lama Trading Company from 1978 and 1983. She has vast experience in the transportation and logistics business, property management, administrative work and corporate planning.

Besides her executive position in Harn Len, Puan Sri Datin Chan is the Honorary Adviser of the Confederation of Lau Clan Associations Malaysia (Woman Section) and the Life Honorary President of both the Hong Kong Lau Clansmen Association Ltd and Lung Kong Association of Hong Kong Ltd.

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

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

LOW QUEK KIONG NON-INDEPENDENT, EXECUTIVE

Low Quek Kiong ("Low QK"), aged 63, a Malaysian, was appointed to the Board of Harn Len on 25 February 2003 and was subsequently appointed the Executive Director on 1 August 2003. Mr Low QK was appointed Managing Director of Harn Len on 1 January 2015.

He joined his family-owned business which have major interest in logging, transportation, sawmilling, plywood manufacturing, oil palm plantations and palm oil mill operations, property development and hotel operations after completing his education in the early 1970s and has gained invaluable business experience.

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

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



PROFILE OF DIRECTORS

cont'd



LOW KUECK SHIN
NON-INDEPENDENT, EXECUTIVE

Low Kueck Shin ("Low KS"), aged 58, a Malaysian, was appointed to the Board of Harn Len on 25 February 2003 and was subsequently appointed the Executive Director on 1 August 2003. Mr Low KS was appointed the Deputy Managing Director of Harn Len on 1 January 2015.

Mr Low KS obtained his Higher National Diploma in Business Studies from Croydon Technical College, London, England. He has more than 30 years experience in the oil palm plantation business.

Besides his involvement in Harn Len, Mr Low KS is the Deputy President of Johor Bahru Chinese Chamber of Commerce and Chairman of Commerce of Johor Associated Chinese Chambers of Commerce and Industry.

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

Mr Low KS is an immediate family member of Puan Sri Datin Chan, Mr Low Quek Kiong, Mr Low Kwek Lee, Mr Low Kuek Kong, Mr Low Kok Yong and Mr Low Kok Yaow who are all directors of the Company. Mr Low KS is a substantial shareholder of the Company by virtue of his indirect interest in shareholdings held by his family-owned companies. He is deemed interested in related party transactions carried out in the ordinary course of business between the Company and his family-owned companies which details are found in Note 31 of the Financial Statements.

LOW KWEK LEE
NON-INDEPENDENT, EXECUTIVE

Low Kwek Lee ("KL Low"), aged 56, a Malaysian, was appointed to the Board of Harn Len on 25 February 2003 and was subsequently appointed the Executive Director on 1 August 2003.

Mr KL Low obtained his Higher National Diploma in Business Studies from Brighton Technical College, Brighton, England in 1980. He was an associate member of Institut Pengurusan Malaysia (MIM) since 1991 and admitted as an ordinary member on 14 August 2014. He joined his family-owned diversified business with major interests in logging, transportation, sawmilling, plywood manufacturing, oil palm plantations and palm oil mill operations and hotel operations after completing his education.

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

Mr KL Low is an immediate family member of Puan Sri Datin Chan, Mr Low Quek Kiong, Mr Low Kueck Shin, Mr Low Kuek Kong, Mr Low Kok Yong and Mr Low Kok Yaow who are all directors of the Company. Mr KL Low is a substantial shareholder of the Company by virtue of his indirect interest in shareholdings held by his family-owned companies. He is deemed interested in related party transactions carried out in the ordinary course of business between the Company and his family-owned companies which details are found in Note 31 of the Financial Statements.



PROFILE OF DIRECTORS

cont'd

LOW KUEK KONG NON-INDEPENDENT, EXECUTIVE



Low Kuek Kong ("Low KK"), aged 48, a Malaysian, was appointed to the Board of Harn Len on 25 February 2003 and was subsequently appointed the Executive Director on 1 August 2003. Mr Low KK graduated with a Bachelor of Economics in 1993. Prior to joining his family-owned transportation business in 1996, he was a Production Manager in an electronics firm.

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

Mr Low KK is an immediate family member of Puan Sri Datin Chan, Mr Low Quek Kiong, Mr Low Kueck Shin and Mr Low Kwek Lee, Mr Low Kok Yong and Mr Low Kok Yaow who are all directors of the Company. Mr Low KK is a substantial shareholder of the Company by virtue of his indirect interest in shareholdings held by his family-owned companies. He is deemed interested in related party transactions carried out in the ordinary course of business between the Company and his family-owned companies which details are found in Note 31 of the Financial Statements.



LEE CHON SING NON-INDEPENDENT, EXECUTIVE

Lee Chon Sing, aged 73, a Malaysian, was appointed to the Board of Harn Len on 15 April 2002 and was subsequently appointed the Group General Manager of Harn Len on 1 August 2003. He is a member of the Remuneration Committee. He graduated from Nanyang University, Singapore with a Degree in Economics in 1965. He joined the LNH Group in 1966 and was the General Manager of LNH Group until July 2003.

Apart from his directorship in the Company, he does not hold any directorship in other listed companies in Malaysia.

Mr Lee is not related to any director or substantial shareholder of Harn Len and does not have any conflict of interest in any business arrangement involving the Company.

LOW KOK YONG NON-INDEPENDENT, EXECUTIVE



Mr Low Kok Yong ("Low KY"), aged 29, a Malaysian, was appointed to the Board of Harn Len as an Executive Director on 1 January 2014. He attended Cambridge Tutors College, South Croydon, England for his A-levels. He joined Harn Len on 1 September 2005 as a Management Trainee and was subsequently promoted to Head of Business Development in 2010.

Besides his involvement in Harn Len, Mr Low KY is a Member of the Youth Committee of All China Federation of Returned Overseas Chinese and a Committee Member of the Youth Divisions for both Malaysia-China Chamber of Commerce and Johor Associated Chinese Chamber of Commerce and Industry. In addition, he is a Council Member of the Johor Bahru Chinese Chamber of Commerce and Industry and the Vice-Leader of its Youth Division.

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

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



PROFILE OF DIRECTORS

cont'd



LOH WANN YUAN
SENIOR INDEPENDENT, NON- EXECUTIVE

Loh Wann Yuan, aged 46, a Malaysian, was appointed to the Board of Harn Len on 15 April 2002. Mr Loh is the Chairman of Audit Committee and Nomination Committee and also sits on the Remuneration Committee. He was appointed the Senior Independent Director on 27 August 2009.

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

Apart from his directorship in the Company, he does not hold any directorship in other listed companies in Malaysia.

Mr Loh is not related to any director or substantial shareholder of Harn Len and does not have any conflict of interest in any business arrangement involving the Company.

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

Brig. Jen. (B) Dato' Ali Bin Hj Musa ("Dato' Ali"), aged 72, a Malaysian, was appointed to the Board of Harn Len on 25 February 2003. Dato' Ali is the Chairman of the Remuneration Committee and also sits on the Audit and Nomination Committee .

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

Apart from his directorship in the Company, he does not hold any directorship in other listed companies in Malaysia. He is a director of a private limited company.

Dato' Ali is not related to any director or substantial shareholder of Harn Len and does not have any conflict of interest in any business arrangement involving the Company.



LAW PIANG WOON
INDEPENDENT, NON-EXECUTIVE

Law Piang Woon, aged 73, a Malaysian, was appointed to the Board of Harn Len on 5 August 2003. He is currently a member of the Audit Committee and Nomination Committee.

He holds a Bachelor of Commerce (Accountancy) Degree and is currently practicing as a Public Accountant. Apart from his qualification as a Chartered Accountant of Malaysia, he holds various qualifications including Certified Public Accountant (Australia), Certified Public Accountant (Singapore), Fellow of Chartered Tax Institute of Malaysia (FCTIM) and Fellow of the Association of Chartered Certified Accountants (FCCA).

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

He is not related to any director or substantial shareholder of Harn Len and does not have any conflict of interest in any business arrangement involving the Company.



PROFILE OF DIRECTORS

cont'd

MOHAMED AKWAL SULTAN MOHAMAD INDEPENDENT, NON-EXECUTIVE

Mohamed Akwal Sultan Mohamad (En Akwal), aged 61, a Malaysian, was appointed to the Board of Harn Len as an Independent Non-Executive Director on 28 March 2014. He is currently a member of the Audit Committee, Remuneration Committee and Nominating Committee.

En Akwal holds a Bachelor of Business Administration and a Diploma in Food Technology. He has more than 30 years' experience in the financial sector with significant experience in debt resolution. His extensive experience includes corporate banking, debt recovery, SME Lending, debt management and providing advisory services to companies. He was previously the Chief Executive Officer of the Credit Counselling and Debt Management Agency (AKPK). Currently he is the Managing Director of My Tech Division Sdn Bhd, a company involved in one stop HR Solutions, Software Development and IT Solutions.

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

He is not related to any director or substantial shareholder of Harn Len and does not have any conflict of interest in any business arrangement involving the Company.



LOW KOK YAOW NON-INDEPENDENT, EXECUTIVE

Mr Low Kok Yaow ("Low KYw"), aged 26, a Malaysian, was appointed to the Board of Harn Len as an Executive Director on 1 January 2015. Mr Low KYw holds a Bachelor of Business & Commerce from Monash University, Melbourne, Australia. He joined Harn Len on 1 August 2011 as a Business Development Manager and was subsequently promoted to Head of Business Development of 1 January 2014.

Besides his involvement in Harn Len, Mr Low KYw is a Member of the Youth Committee of All China Federation of Returned Overseas Chinese and a Council Member of the Henan Province Overseas Friendship Association.

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

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

CONVICTION OF OFFENCE

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



DEPUTY EXECUTIVE CHAIRMAN'S STATEMENT



“On behalf of the Board of Directors of Harn Len Corporation Bhd (“HLC”), I am pleased to present the Annual Report and Financial Statement of the Group and the Company for the Financial Year ended 31 December 2014 (“FY2014”).”

FINANCIAL PERFORMANCE

For FY2014, HLC Group (or Group) recorded a slightly improved turnover of RM271,581,626 as compared to the revenue of RM256,803,005 recorded in Financial Year ended 2013 (“FY2013”). However profit before tax for the Group was lower at RM7,464,877 in FY2014 as compared to the profit before tax figure of RM133,979,246 recorded in FY2013. This is due to the extraordinary gain on disposal of the Group’s plantation land in Lahad Datu, Sabah amounting to RM139,090,216 recorded in FY2013. Excluding the gain on disposal, the Group recorded an operating loss before tax of RM5,110,970 in FY2013. The improved performance in FY2014 is largely attributable to marginally higher commodity prices during the financial year, improved production of fresh fruit bunches (“FFB”), crude palm oil (“CPO”) and palm kernel in the Group’s existing plantations and mills, reduction in financial expenses and depreciation charges and better management of distribution and administrative expenses.

Plantation operations continued to remain the core business sector for HLC Group accounting for approximately 97.0% of the Group’s turnover with the remainder being contribution from the property division. Average CPO price in 2014 was flattish at RM2,294 per metric tonne compared to RM2,296 in 2013.

In FY2014, the Group recorded lower production of FFB as a consequence of the disposal of the plantation lands in Lahad Datu, Sabah which was completed in December 2013. However, this was mitigated by the commencement of harvesting in replanted areas in Pahang and general improvement in production yields in the other remaining estates.

Although the disposal of the Lahad Datu, Sabah plantations has affected the Group in terms of turnover from its plantation operations, the proceeds of the disposal have significantly reduced the borrowings of the Group and correspondingly the annual interest expenses incurred. Term loans and overdrafts were reduced from RM32,119,602 and RM21,258,639 as at

31 December 2013 to RM6,326,414 and RM12,252,227 as at 31 December 2014 respectively and has resulted in interest savings amounting to approximately RM8,300,000 per annum.

During FY2014, the Group’s oil palm operations benefitted from higher production notwithstanding flattish CPO prices as compared to the previous year. While inflationary pressures on costs remain, they have been better managed in FY2014 as a result of implementation of better controls by the management. However, management remains proactive to continuously assess and improve its cost management.

In FY2014, Malaysian exports of palm oil declined by 4.8% most significantly due to the lower demand from China and USA. Bumper soya bean crop in the USA and high sunflower oil production has also served to dampen prices for edible oils in general. Significantly India has overtaken China as the top export market for Malaysian palm oil in 2014. In 2014, average CPO price trended slightly



DEPUTY EXECUTIVE CHAIRMAN'S STATEMENT

cont'd

higher by 0.5% to RM2,383.50 per metric tonne against RM2,371 per metric tonne in 2013. The highest traded price was in March at RM2,855 per metric tonne and the lowest price in September at RM2,055.50 per metric tonne.

The hotel operations of the Group faced a challenging time in FY2014 due to the completion of several new hotels in the vicinity of Tropical Inn. The tourism industry in the Iskandar region was also adversely affected by the imposition of increased toll charges at the causeway which reduced the number of visitors from Singapore and poor sentiment from the twin tragedies affecting the national carrier. At the same time the hotel operations also had to face the challenge of rising inflationary costs. Average occupancy rate fell to 55.0% during the year against 70.0% in the previous year. The Company proposes to set up a committee to review and re-strategise its hotels operations in order to compete in the challenging market.

CORPORATE DEVELOPMENTS

On 27 June 2014, the Company announced the disposal of seven parcels of land located in the Mukim of Kulai, Johor Darul Takzim measuring approximately 14.1564 hectares to Super Golden Properties Sdn Bhd for a net cash consideration of RM15,245,964. Harn Len realised a gain after tax and other expenses from the disposal amounting to RM3,168,227 based on the original cost of investment in the land of RM11,039,919. The transaction was completed in November 2014 and the proceeds received will be utilised for the working capital of the Group.

DIVIDEND

The Board had on 11 August 2014 declared a single-tier interim dividend of 5.0% which was paid on 15 September 2014. On 29 December 2014 the Board announced a further second interim single tier dividend of 3.0% which was paid on 5 February 2015. As such, a total dividend of 8.0% was announced in FY2014.

RELATED PARTY TRANSACTIONS

Related party transactions for the FY2014 are disclosed in Note 31 to the Financial Statements of this Annual Report. Shareholders may refer to the Circular seeking shareholders' approval to renew

the mandate for recurrent related party transactions of a revenue or trading nature dated 29 May 2015 sent out together with this Annual Report for more information.

PROSPECTS

The fortunes of the Group will be closely tied in to global CPO prices and the Board is hopeful that CPO prices will be maintained in the forthcoming financial year. However bumper soya bean crops and weak crude oil prices will likely exert downward pressure on CPO prices in the immediate future.

The Group will remain focused on better managing and planning its oil palm operations to ensure better yields and to impose measures to control the rise in operating costs. With the plantations in Pahang commencing production and better yields expected from the maturing trees in the other plantations, the Board is fairly optimistic of improved production in the forthcoming year. The stronger current financial position of the Group means management can be better focused in improving existing operations while allowing the Group to explore new profitable ventures in the future.

The Board is cautiously optimistic of improvements in HLC Group's financial performance for the forthcoming financial year.

OTHER DEVELOPMENTS

The Board would like to welcome the appointments of Mr Low Kok Yong and Encik Mohamed Akwal bin Sultan Mohamad as Executive Director and Independent and Non-Executive Director of HLC respectively. The appointments of Mr Low and Encik Mohamed Akwal were announced on 1 January 2014 and 28 March 2014 respectively. Encik Mohamed Akwal has also been appointed as a member of the Company's Audit, Nominating and Remuneration Committees and he has over thirty years' experience in the areas of banking and debt restructuring. The Board is confident that their expertise and advice will serve to improve and enhance the operations of the Group.

It was also announced on 2 January 2015 the redesignations and appointments of Puan Sri Datin Chan Pui Leorn as Deputy Executive Chairman from

Executive Director, Mr Low Quek Kiong as Managing Director from Executive Director, Mr Low Kueck Shin as Deputy Managing Director from Executive Director and Mr Low Kok Yaow as Executive Director. The Board is confident that the new redesignations and appointments will serve to improve the operational efficiency of Harn Len Group and as part of the succession planning of the Group.

IN MEMORIAM

It is with deep regret for me to note that Tan Sri Dato Low Nam Hui, the founder and Executive Chairman of the Company and my beloved husband, had passed away on 10 February 2015 at the age of 97. Tan Sri Low's business acumen and entrepreneurial spirit had been an invaluable driving force for the Group since its inception and he will be sadly missed. In memory of his achievements and invaluable contributions to the Group, a short biographical tribute is enclosed with this Annual Report as our acknowledgement of his extraordinary life.

APPRECIATION

On behalf of the Board of Directors of HLC, I wish to express our sincere appreciation to the management and staff for their continued dedication and commitment to the Group and our valued customers, business associates, suppliers and government authorities for their continued support and co-operation.

Finally, I also wish to thank our shareholders for their continued support and confidence, as well as my fellow Board members for their invaluable contribution and efforts extended to the Group during the year.

PUAN SRI DATIN CHAN PUI LEORN
Deputy Executive Chairman
28 April 2015



副执行主席 献词

前言

本人谨此代表汉联机构公众有限公司（汉联）董事局向诸位股东提呈公司常年报告书，共截至2014年12月31日之财政年度表现及财务报告。

财务表现

在截至2014年的财政年度里，汉联集团的总营业额达至271,581,626.00令吉，这比2013年度的256,803,005.00令吉略有增长。然而，2014年课税前盈利却比2013年较低；从133,979,246.00令吉下降至7,464,876.00令吉。主要因素是因为本集团在2013年的财政年度里有脱售位于沙巴州拉辖那笃 (Lahad Datu) 园丘而取得139,090,216.00令吉之卓越收益。除此之外，2013年本集团之课税前营运亏损为5,110,970.00令吉。2014年本集团的良好业绩主要的因素为油棕产品价格稍微提高，鲜果串、原棕油及棕榈仁产量也显著地增加，加上本集团有效率的管理行政开支，例如节约财务费、减少折旧费和更好地管理行政费的分配等。

种植业仍然是汉联集团的核心业务，集团营业额分布在油棕业与地产业两个领域；其中油棕业约占97.0巴仙。2013与2014年原棕油平均价格相比下显得稍低，每公吨2,296.00令吉下降至2,294.00令吉。

在本财政年度里，随着本集团于2013年12月脱售沙巴州拉辖那笃 (Lahad Datu) 园丘后，鲜果串的年度生产量也相继减少。然而，通过彭亨州翻种植区的园丘开始收割以及提高其他园丘的油棕生产量，情况已经缓和下来。

虽然本集团的种植业营业额表现受到脱售沙巴州拉辖那笃 (Lahad Datu) 园丘的影响，但其所获得收益却能大幅减轻集团之借款以及年度之利息开销。定期贷款和透支也分别减少；截至12月31日，2013年之定期贷款从32,119,602.00令吉减少至2014年之6,326,414.00令吉；透支也从21,258,639.00令吉降低至12,252,227.00令吉。每年节省之利息达约8.3百万令吉之多。

在本财政年度里，尽管原棕油价格比前一年疲弱，本集团却能通过更高生产量而得益。即使成本的通胀压力仍然存在，集团管理层却能在2014年财政年度里，实施更有效的措施控制其成本而使到该财政年度之成绩有所进步。因此管理层将积极持续不断评估以改善其成本管理

马来西亚出口的原棕油在2014财政年度里下跌4.8巴仙。主要因素因中国和美国的需求减少。美国境内大豆作物大丰收以及高葵花籽油生产也抑制一般食用油的价格。在2014年，印度明显地超越中国成为马来西亚最高棕油出口市场。2014与2013年相比，原棕油平均价格略显走高的趋势，由每公吨2,371.00令吉提高至2,383.50。提高幅度为0.5巴仙。最高交易价是在三月份，每公吨2,855.00令吉；而最低价格落在九月份，每公吨2,055.50令吉。

由于统一大酒店 (Tropical Inn) 附近有数间新酒店的落成，造成本集团的酒店业务在2014财政年度里面临挑战。伊斯干达地区旅游业也受到负面事件影响，例如提高征收新柔长堤的通行费而导致新加坡入境的旅客减少，两宗国民航空发生双空难打击等。同时，酒店营运也不得不面对成本节节上升的通货膨胀之挑战。2014年客房平均入住率由前一年的70.0巴仙跌至55.0巴仙。因此本公司将设立一个委员会，检讨并重新制定其酒店业务的战略以便能继续在充满挑战的市场竞争。

企业发展

在2014年6月27日，本公司宣布以15,245,964令吉净价与Super Golden Properties Sdn Bhd签署买卖协议脱售在柔佛州古来县占地14.1564公顷的七幅地段。其原来投资成本为11,039,919.00令吉，本集团从这宗已在2014年11月完成的交易中取得3,168,227.00令吉的税后收益。该收益将运用在应付集团的营运需求。

股息

董事局在2014年8月11日宣布并于9月15日派发了单层面5.0巴仙中期股息。于同年12月29日，董事局再宣布单层面3.0巴仙第二次中期股息并于2015年2月5日派发。因此，集团在2014年财政年度总共宣布了8.0巴仙股息。



副执行主席 献词 (续)

相关方的交易

本集团于回顾财政年度内所有与关联方的交易详情已在本年度年报之财务报告第31项披露。有关通函（日期：2015年5月29日）寻求股东们批准更新一贯性的关联方交易事项，已经随同本年年报一起发送出去。

展望

本集团未来的命运将紧密地连接着全球原棕油价格。在即将到来的财政年度里，董事局希望原棕油价格将维持稳定。然而，大豆作物大丰收和疲弱的原油价格在不久的将来，有可能对原棕油价格施加压力并被推低。

本集团将继续集中精力更好地管理和规划其棕油业务，以提高更好的产率，并采取措施来控制营运成本的上升。在彭亨州的园丘即将开始生产，以及其他园丘的成熟棕榈树预期将有更好收益，所以，董事局保持相当乐观的态度来看待来年的棕油生产将会提高。本集团当前强健的财务状况意味着管理层有能力更专注地改善现有的运作并进行探讨和开拓未来有利可图之新企业。

董事局持谨慎乐观态度，对集团未来一年的财务业绩预计有望取得改善。

其他发展

董事局谨此欢迎刘国荣先生与 Encik Mohamed Akwal bin Sultan Mohamad，两位新成员加入董事局分

别担任执行董事和独立非执行董事。他们的委任已在2014年1月1日和2014年3月28日分别公布了。Encik Mohamed Akwal 在银行业和债务重组等领域拥有30多年的经验，他也担任公司的审计、提名和薪酬委员会成员。董事局有信心，这两位新董事的专长和咨询意见将有助于改善和提高本集团的营运。

在2015年1月2日，董事局也公布了委任执行董事藩斯里拿汀陈慧玉女士为本集团的副执行主席，执行董事刘国强先生为董事经理，执行董事刘国胜先生为副董事经理以及刘国耀先生为执行董事。董事局有信心所有任命的董事将会助于提高汉联集团的运作效率以及业务延续计划的一部分。

悼念

让本人谨此深为遗憾地悼念我心爱的丈夫丹斯里拿督刘南辉先生，本集团创始人和前执行主席，他已在2015年2月10日逝世，享年97岁。丹斯里拿督刘南辉先生自成立公司以来，凭着其商业敏感和企业家精神，一直是本

集团宝贵的驱动力。我们将会怀念着他，纪念丹斯里拿督刘南辉先生对集团所作出的宝贵贡献。我们随这个年度报告附上一份他的简短传记，以示我们对他的成就和非凡的一生以表承认与致敬。

致意

本人谨代表全体董事局成员，对管理层及员工们持续为公司之努力不懈付出致以万分谢意；同时也向我们的客户、商业伙伴、供应商及有关当局的持续支持与合作，表衷心感激。

最后，对于本机构股东们的持续支持和信心，以及全体董事在这一年间向公司提出之很多的宝贵贡献和努力，我谨此致万分之谢意。

藩斯里拿汀陈慧玉
副执行主席
2015年4月28日



BIOGRAPHY OF TAN SRI DATO' LOW NAM HUI

(8 January 1918 – 10 February 2015)



movement to fight against the Japanese occupational forces. Tan Sri Dato' Low left the resistance movement after the defeat of the Japanese in 1945. He returned home penniless.

THE TURNING POINT

Tan Sri Dato' Low was well known as a tireless efficient worker. The turning point for the better in his life came in the 1970's, when he was forced by circumstances to learn a new trade in timber transportation and he soon became a reliable agent in the transportation business. After years of hard work, he began to see the fruits of his labour. He expanded his business to include timber logging and saw milling.

VENTURE INTO OIL PALM INDUSTRY

In the 1970's, Tan Sri Dato' Low purchased a few pieces of land in Keratong, State of Pahang, for development into oil palm plantations. This was the beginning of his venture into the lucrative oil palm industry. By 1975, he had established his own oil palm mills and continued his business expansion and diversification from oil palm to timber and timber processing, transportation, sawmilling, hotel, and travel agencies.

EXPANSION TO EAST MALAYSIA

In 1997, Tan Sri Dato' Low expanded his business to East Malaysia. Through his company, LNH Enterprise Sdn. Bhd., a sum of RM36,000,000-00 was invested to acquire a total of 8,720 acres of oil palm plantations in the State of Sabah. Later in 2003, another 5,000 hectares of plantation land were acquired in the State of Sarawak for development into an oil palm plantation.

LISTING OF HARN LEN

On 25 July 2003, Harn Len Corporation Bhd (Harn Len) was listed on the Second Board of the Kuala Lumpur Stock Exchange (now Main Market of Bursa Malaysia Securities Berhad) via a reverse takeover of a PN4 Company, Sportma Corporation Bhd. Assets from his companies, Low Nam Hui & Sons Sdn. Bhd. and LNH Enterprise Sdn. Bhd., were injected into Harn Len for a total consideration of RM266.5 million. The principal activities of Harn Len are in the business of oil palm plantations, property investment, and hotel operations.

THE EARLY YEARS

Tan Sri Dato' Low Nam Hui (Tan Sri Dato' Low) was born into a poor family at the end of World War One on 8 January 1918 in the Hakka (Hopo) village of Bi Wei of Jiexi Longtan Township in the Guangdong Province of Southern China. Poverty never deterred him from working hard for success. When he was only 6 years old, he collected wood in the forest and sold it for a living. He was interested in learning and at age 7, he entered a school where he learnt the basic skills in reading and writing Chinese. When he was 12 years old, he left his village in China with his mother and came to the then British Malaya to join his father in 1930. Life was not easy then for the young boy who was

a complete stranger in Malaya. He had to work hard by carrying 50 kilograms of vegetables and walking 18 miles to sell them to earn a daily wage of 50 cents. During his late teens, he successfully developed some virgin jungle land for cultivation of pineapples. He set up a groceries business to make a living in the State of Johor in southern Malaya.

DURING WORLD WAR TWO

However, his humble and peaceful life was destroyed when the Japanese invaded Malaya in 1941. He witnessed the atrocities committed by the Japanese Army in Malaya during World War Two. He was patriotic and joined the Malayan people's anti-Japanese resistance



BIOGRAPHY OF TAN SRI DATO' LOW NAM HUI

(8 January 1918 – 10 February 2015)
 cont'd

JOINT VENTURE IN SARAWAK

In 2003, Tan Sri Dato' Low expanded his business in Sarawak, where he continued to develop oil palm plantations. Harn Len, with Tan Sri Dato' Low as the Executive Chairman, continued to expand its business operations in Sarawak by entering into a Joint Venture Agreement in 2004 with Pelita Holdings Sdn Bhd, whose ultimate holding company is the Land and Custody Development Authority (LCDA), a State Authority of Sarawak, to develop 26,000 acres of land into oil palm plantations in the vicinity of Sri Aman, Sarawak. Harn Len owns a 60% stake in the joint venture. During the last decade, Tan Sri Dato' Low had always maintained a good rapport with the natives who had contributed to Harn Len's successful development. The development in Sarawak has brought social and economic benefits to landowners and villagers from the indigenous community.

LEGACY TO HARN LEN

Tan Sri Dato' Low's lasting legacy to Harn Len was due to his vision for succession and the sound financial foundation he had laid for its Management and the Board to ensure its bright future.

THE PHILOSOPHY OF TAN SRI DATO' LOW

Tan Sri Dato' Low's philosophy in life for different ages of an entrepreneur may be described briefly as follows:- "When you are 50 years old, you are still youthful. You begin life at 60, and you are at your prime at 70. There are plentiful in their 80's. You are in power at 90. Living to a 100 years is not a surprise." And he lived a full life of 97 years.

A PHILANTHROPIST

Tan Sri Dato' Low was a philanthropist who donated generously to charities. Although he had migrated to Malaya at the age of 12, he had never forgotten his roots in China, where he made donations generously to build roads and schools for the benefit of the villagers.

AS PRESIDENT OF JBCCCI & OTHERS

As an active participant and leader in chambers of commerce, Tan Sri Dato' Low was the President of the Johor Bahru Chinese Chamber of Commerce and Industry (Dewan Perniagaan Dan



Perindustrian Tionghua Johor Bahru) for an unprecedented period of 36 years from 1967 to 2003. In addition, he was the Honorary Adviser of the Associated Chinese Chamber of Commerce & Industry of Malaysia and the Overseas Adviser of All-China Federation of Returned Overseas Chinese.

PASSING AWAY IN 2015

Tan Sri Dato' Low passed away peacefully on 10 February 2015 at the age of 97 and was laid to rest on 18 February 2015 after a week long of wake attended by numerous relatives and friends, dignitaries from the

government and representatives from institutions and associations from Malaysia, China and abroad. Tan Sri Dato' Low was a tycoon with humility, vision and wisdom. His life was a colourful story of struggle and success. He will be missed but always remembered by Puan Sri Datin Chan Pui Leorn, his family members, business associates and friends and all those who had known him in Malaysia and abroad.



PHOTOS IN MEMORY AND TRIBUTE TO TAN SRI DATO' LOW NAM HUI



The late Tan Sri Dato' Low visiting the nursery with Keratong Division General Manager, Mr Chan, Contractor, Mr Liew and Lian Hup Estate Manager, Mr Pillay on 1 March 2008.



The late Tan Sri Dato' Low meeting and briefing Assistant Managers and Field Conductors during a field visit at Harn Len Pelita Bangunan Sdn Bhd's estate in Sarawak on 15/9/2012.



The late Tan Sri Dato' Low's site visit to Masranti Plantation in Sarawak on 7/6/2012 and evaluating the plantation development with Project Coordinator cum Development Manager, Mr Lau Koh Ching.



The late Tan Sri Dato' Low officiating the construction of bridge linking Masranti Plantation to newly cultivated area of 525 Ha on 18/10/2013. (From left: Mr Low Kuek Kong, Mr Low Quek Kiong, Mr Ting, Puan Sri Datin Chan Pui Leorn, the late Tan Sri Dato' Low, Madam Lai Nyuk Fah, Mr Lau Koh Ching, Mr Low Kok Yaow & Ms Daphne)



PHOTOS IN MEMORY AND TRIBUTE TO TAN SRI DATO' LOW NAM HUI

cont'd



Special guest at the ground breaking ceremony of the Gateway Towers of SEDC & LCDA New Headquarter Building at Isthmus, Kuching on 9/4/2013. (From Left: Chairman of SEDC, YB Datuk Haji Talib Zulpilip, the late Tan Sri Dato' Low & CEO of Pelita Holdings Sdn Bhd, Datu Dr Haji Sulaiman Haji Husaini)



The late Tan Sri Dato' Low with YB Dato' Sri Mustapa Bin Mohamed, Minister of International Trade and Industry at Hilton Hotel, Kuching on 22/6/2013.



Meeting of two old friends in Dewan Undangan Negeri (DUN) Sarawak. Their friendship was long standing from 1980's to 2015. The late Tan Sri Dato' Low seen here with Tun Pehin Sri Haji Abdul Taib Bin Mahmud, Chief Minister of Sarawak on 19/11/2013.



The late Tan Sri Dato' Low's courtesy call on the new Chief Minister of Sarawak, Tan Sri Datuk Patinggi Haji Adenan Satem at Dewan Undangan Negeri (DUN) Sarawak on 6/8/2014.



PHOTOS IN MEMORY AND TRIBUTE TO TAN SRI DATO' LOW NAM HUI

cont'd



The late Tan Sri Dato' Low had the opportunity to be acquainted and worked with several Menteri Besar (Chief Minister) of Johor while serving as the President of Johor Bahru Chinese Chamber of Commerce and Industry for an unprecedented period of over 36 years from year 1967 to 2003. The late Tan Sri Dato' Low with the 15th and current Menteri Besar of Johor, YB Datuk Seri Mohamed Khaled Nordin, on 17/2/2014.



The late Tan Sri Dato' Low accompanied by Puan Sri Datin Chan Pui Leorn with one of Malaysia's respected leaders, Deputy Prime Minister, Tan Sri Haji Muhyiddin Yassin (2nd from right) and the Guest of honour, His Excellency Dr. Huang Huikiang, Ambassador of People's Republic of China to Malaysia (far right) at the 40th Anniversary of Diplomatic Relations between China & Malaysia on 22/5/2014.



The late Tan Sri Dato' Low with his first owned high rise building in Johor Bahru known to many as "Johor Tower", "Tropical Inn" or "Low Nam Hui Building". The late Tan Sri Dato' Low spent most of his time at his beloved office until his final days.



Achievement. The late Tan Sri Dato' Low and his newly completed Wisma Harn Len, 7-storey office, located at Lot 1634, section 64 KTLD, Jalan Mendu 5, Kuching, Sarawak. Wisma Harn Len was constructed from year 2012 and was completed in early January 2015.



PHOTOS IN MEMORY AND TRIBUTE TO TAN SRI DATO' LOW NAM HUI

cont'd



丹斯里李登對南輝大平屆紳賢伉儷 (前排右三及第一站排右一) 暨馬來西亞華社領導與中國國家主席習近平閣下及夫人合照留影 (2013年4月10日攝于吉隆坡香格里拉大酒店)

The late Tan Sri Dato' Low (seated 3rd from right) with President Xi Jinping (seated 7th from right) and Madame Peng Liyuan (seated 8th from right) of the People's Republic of China on 10/4/2013. The late Tan Sri Dato' Low was a well-known philanthropist in his life time. He contributed generously in Malaysia and in China. He was also known for boosting the trade ties between Malaysia and China since early 1970's.



*Tan Sri Dato' Low Nam Hui will be deeply missed...
Your remarkable legacy will live on...*





丹斯里拿督 劉南輝

太平局紳 生平

劉南輝是大時代中一個有擔當與遠見的不平凡人。

一九一八年誕生在中國廣東省揭西龍潭鎮陂尾樓村中一間簡陋的茅舍中，當時正是第一次世界大戰終止時，當時經濟不穩，父親遠赴南洋謀生，困苦於家庭生活，使他六歲就開始幫家人到山裡砍柴賣，在七歲時入學受私塾傳統教育，日夜勤工苦讀，直至十二歲時隨母來到馬來亞與父團聚，之後半工半讀，每天凌晨肩挑一百斤菜走十八里路遠，以換取工資五角錢，他不以微薄的工資為苦，使他日後功成名就成為馬來西亞數一數二的商賈鉅子，並且影響南馬新山發展，他白手成家的經歷，正如他一生傳奇般的曲折，成為具充滿堅毅與決心的奮鬥華人典範。

十八歲在南馬深山開芭墾荒種黃梨，節儉養家賣雜貨，值經營有成時，日軍侵佔馬來亞，一九四一年日軍姦淫燒殺、無惡不作，劉南輝親見日軍殘暴，眾人受苦，憤怒交加，毅然忍痛離家，投身人民抗日軍，為地方爭取公平正義，歷經三年八個月艱苦抗爭，解甲回家身無分文，重新入世學習木材運輸，了了學習「忍」字功，堅持刻苦忍辱學習，遇機會專營木材代運業務，久而久之享有信譽，市場聞名托其所業，擴大見聞轉戰國際木材運輸，事業增廣全馬，每日駕車奔波數十里，家庭山芭兩頭顧，從不怨天也不怨人，認識皇族，1963年創設[Mado's & Low]公司，事業如日中

天，眼見皇族夥伴已有成長歷練，毅然於於1967年抽身離去，再次獨闖商場。

以運輸起家的劉南輝想東山再起，希望再次從運輸業出發，但手上沒有資金，單靠那殘舊的Bedford牌羅里車，很難讓他重新站起來，然一九六九年「五一三事件」卻成為其個人事業的成長點。當時因暴動影響，各行各業皆處於停頓狀態，許多商家與企業都心存觀望，眾人皆不敢冒然行動，以免血本無歸，但充滿冒險精神、挑戰困難與毅力的劉南輝，看準時機，認為是一個難得的機會，「別人不做、我就來做」，因此，決定大展拳腳，積極投入火鋸廠的生意。

劉南輝認為，買賣樹桐固然能賺取厚利，但却是屬木材上游的生意，擁有數十年經驗的劉南輝覺得應該朝木材下游工業擴展，他抱持刻苦毅力及冷靜頭腦，以其過人膽識，投入木材加工業，並先後在新山地區擁有四間火鋸廠及一間三夾板廠，而為其個人事業創造堅實基礎。

投入木業加工行業也是困難重重，先申請地皮之後，無錢建廠及購置設備之際，憑藉其個人過去聲譽，在社會不景氣之時，幾個朋友提供建廠所需，於是在很短的時間內就把火鋸廠建了起來，他勇於冒險、挑戰及運用

天時、地利、人和的思維，讓他能在後來個人企業上擴大經營。

敦拉薩從東姑阿都拉曼手中接任首相職務不久，宣佈實行為期20年的新經濟政策，政府決意大肆發展棕油業，提供商家企業以每段五千畝的方式開拓彭亨州東南部的森林芭成油棕園，即彭亨東南發展計劃，劉南輝對新政策深感興趣，但苦無資金，卻適時透過友人關係成功貸款，而購得在彭亨東南部加拉東地區的新蘭園，過後，也順利地買下聯合園，開始他之後一連串開發的棕油事業。一九七五年，當聯合園與新蘭園的油棕果收成激增之時，劉南輝又展現其獨特遠見，在聯合園丘內自建榨棕油廠，自榨自賣，收益更豐，此時劉南輝的事業範圍，含蓋木材、木業加工、運輸與棕油業。

曾先後在巴布亞新幾內亞和香港投資，後因成績不理想而回撤馬來西亞的劉南輝，當時也面對馬來西亞總公司業務低迷與資金周轉不靈的困境，也同時面對稅務的嚴重問題，惟經過劉南輝與公司的主要負責人商討應對之策，決定將淡杯火鋸廠、興樓火鋸廠與東柔火鋸廠收盤，以暫時化解稅收局壓力，同時加快腳步，脫售屬下公司周邊資產，包括儘快完成脫售位於新山地區兩個地段的工作，以解決銀行欠債。他從友人得知有位海外華

丹斯里拿督劉南輝太平局紳 生平 (續)

商有意購買該地段，在雙方欣然同意下達成協議，簽約付款，此次意外售地收穫讓他得以暫減壓力。

就在他準備清還銀行欠款近四千萬令吉時，銀行方面竟然表示願意讓劉南輝暫緩付還欠款，並鼓勵他繼續投資、發展業務，而且繼續承諾願意以低利息貸款給劉南輝，支持他發展公司業務。

絕處逢生的劉南輝對於銀行的通融興奮不已，認為是自己重新抬頭的機會，隨即決定利用售地所得的七千萬令吉資金，重新把棕油業列為重點發展目標，並且把目標鎖定在東馬。

經過深入的研察，在一九九七年，劉南輝企業集團，即劉南輝父子有限公司與劉南輝企業有限公司透過子公司全球有限公司，以三千萬令吉在沙巴購買總面積達六千畝的油棕園；當時，有關地段七成的油棕樹樹齡經達兩年，其餘的三成也經已完成開芭的工作。

鑒於棕油業前景看好，又在同年較後時間買進另外三千畝，樹齡達五年，經已有收成的油棕園，使公司的收益進一步獲得提升。

二零零二年時，全球有限公司的九千畝油棕園收成每年增加，油棕果的產量達到十萬八千兩百廿四噸，而在二零零六年，油棕果的產量更高達十二萬噸，為公司帶來極大的收益。

劉南輝重掌公司的業務後，除了將業務版圖擴展至東馬之外，在彭亨州的聯合園與新蘭園共一萬一千畝的油棕園果產，在重新給予關注、耕肥之後也趨向平穩，集團的其他子公司如統一實業、統一大酒店與劉南輝運輸也重新取得亮麗的業績。

二零零二年，劉南輝通過劉南輝父子有限公司旗下漢聯機構有限公

司 (Harn Len Corporation Bhd) 收購次板PN 4公司史博馬機構有限公司 (Sportma Corporation Berhad) 後，加以重新整頓，改以一家以種植棕油業為主的公司，並重新在馬來西亞交易所第二板上市。

劉南輝父子有限公司及劉南輝企業有限公司注入高達兩億零九百萬令吉的資產到漢聯機構有限公司，其中包括聯合園與新蘭園各四千六百萬令吉資產及新山劉南輝大廈的六千七百萬令吉資產等，總額達到兩億零九百萬令吉。二零零三年，股票上市時，漢聯機構已經擁有近一萬七千畝的油棕園，都已進入生產期的頂峰，另外的三千畝也開始收成。與此同時，劉南輝非常懂得善用資源，在沙巴的油棕園中的其中兩千五百畝土地，主要集中在全球有限公司的油棕園樹行間種下價值超高的柚木，預料在未來將為公司帶來不少於三億令吉的收入。同年六月，漢聯機構又在砂拉越西連區，靠近高速大道旁，以兩千萬令吉購置面積一萬兩千畝的森林芭地以種植油棕樹，目前也經已開始收成。

二零零四年九月，漢聯機構又與砂拉越州土地發展與復興局簽署土地發展合作計劃，在斯里阿曼發展一段六萬畝的土地為棕油園。這項聯營計劃下，漢聯機構為主導機構，占總計劃的六成，三成則屬於原住民土地擁有者，剩餘的一成則由土地發展與復興局擁有。

二零零七年，劉南輝經過十三年的長時間努力，成功解決公司稅務與債務。二零零七年，由於國際市場需求的大幅度增加，加上大豆油收成欠收，導致棕油價格暴漲，劉南輝的企業集團收益也大幅度提升。根據紀錄，二零零六年平均每公噸大約為一千六百令吉左右，惟到二零零七年四月開始，棕油價格一度飆至兩千九百令吉之高，到八月為止，每公噸仍維持在兩千五百令吉至三千令吉之間。

二零一零年，劉南輝決定在東馬古晉油棕園內自建煉油廠，公司收益不斷增加，不但掌握自己棕油的提煉品質，同時可以服務其他油棕園。

專家估計棕油價的高價位將維繫一段時間，因此，漢聯機構的盈利也受看好在未來幾年將繼續取得亮麗的成績。

劉南輝百折不撓的精神和從失敗中汲取經驗教訓的睿智，以及獨特沉著應變能力和卓越遠見，確實值得後人學習榜樣，他獨特管理哲學，講民主集中制，採納意見不分尊長，不分內外，他也主張：做官與發財不可兼得，掙錢就不做官，想發財是做不好官的。

廣東遷移而來的劉南輝，自幼勞其筋骨、壯其鬥志，以赤手空拳堅強毅力、過人遠見與智慧來到新山，轉輾於農耕、運輸、伐木、木材加工、棕油種植、提煉棕油、產業酒店、食品加工、電子電纜等行業。最後成為上市公司九十多高齡的執行主席，如此熱愛工作者，世間實在少有。

他的生命哲學「人生五十小弟弟、六十才開始、七十正當時、八十滿天是、九十掌權時、百歲不稀奇」。劉南輝的奮鬥經營管理的人生與漢聯機構，在其勇於冒險與挑戰的眼光下，配合其智慧與獨到心算能力，將漢聯機構帶入到穩定發展的局面，歷經國家經濟轉型與政策轉換，把握機會，創造機會，運用機會，促進地方繁榮同時，也帶動家族合作的契機。

丹斯里劉南輝於二零一五年二月十日與世長辭，享年九十七歲。漢聯的歷史中，丹斯里劉南輝的為人處事之風，將為後人永世效法與追隨。



STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors (“the Board”) of Harn Len Corporation Bhd (“Harn Len” or “the Company”) is committed to ensure that a high standard of corporate governance is practised throughout the Company and its subsidiaries (“Harn Len Group” or “the Group”), as it is a fundamental part of discharging its responsibility to protect and enhance shareholders’ value and the performance of the Group.

Set out below is a statement, made pursuant to paragraph 15.25 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) (“MMLR”), on how the Group has applied the principles and recommendations set out in the Malaysian Code on Corporate Governance 2012 (“Code”).

BOARD OF DIRECTORS

Board Roles and Responsibilities

The Board has the ultimate and overall responsibility for setting the objectives and steering the strategic direction of the Company. Other responsibilities of the Board include formulating and reviewing the policies and procedures in succession planning, risk management, internal control and to oversee the management’s performance over the Group’s business operations. In addition, the Board also advocates a policy of maintaining effective communication with shareholders and investors through timely dissemination of announcement to enhance corporate governance best practices within the Group.

Presently, the Managing Director and Deputy Managing Director are primarily responsible for managing the day-to-day operations of the various business segments of the Company comprising plantation, oil milling, hotel management and property investment.

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

Board Charter

The Board is guided by the Board Charter which provides reference for directors in relation to the Board’s role, powers, duties and functions. The primary objective of the Company’s Board Charter (“Charter”) is to set out the roles, composition, principal responsibilities and operation of the Board of Directors to ensure all Board members acting on behalf of the Harn Len Group are aware of their duties and responsibilities as Board members. The Board Charter also addresses the Code of Ethics of the Directors. The approval and adoption of the Board Charter and Directors’ Code of Ethics formalizes the ethical standards to ensure that the Directors, in discharging their duties and responsibilities, practice ethical and lawful business conduct and embrace high standards of personal integrity and professionalism. The Board Charter will be periodically reviewed and updated in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Board’s responsibilities.

Board Composition and Independence

The Board currently has twelve (12) members, comprising eight (8) Executive Directors (“EDs”) and four (4) are Independent Non-Executive Directors (“INEDs”). The Board composition complies with the MMLR that requires at least two (2) or one-third (1/3) of the Board to be Independent Directors, whichever is the higher.

On 1 January 2015, as part of the Group’s succession planning, the Company had re-designated position of Puan Sri Datin Chan Pui Leorn as Deputy Executive Chairman (“DEC”), while Mr Low Quek Kiong and Mr Low Kueck Shin were re-designated as Managing Director (“MD”) and Deputy Managing Director (“DMD”) respectively.

Regrettably, Tan Sri Dato’ Low Nam Hui, the Executive Chairman (“EC”), had on 10 February 2015 passed away and Puan Sri Datin Chan Pui Leorn, the DEC, has therefore taken over the role to lead the Board.

The Board is comprised of individuals from diverse academic background that provides a collective range of skills, expertise and experience in various fields such as palm oil industry, property investment, legal, accounting and consultancy business. A brief profile of each Director is presented on pages 13 to 17 of this Annual Report.

The INEDs are assessed annually by the Nominating Committee (“NC”) and Board with the completion of Performance Evaluation and the relevant questionnaires to assess the independence of the INEDs, taking into account each of the Director’s ability to exercise judgment at all times and contribute effectively to the functioning of the Board.



STATEMENT ON CORPORATE GOVERNANCE

cont'd

Board Composition and Independence *cont'd*

Moreover, the INEDs do not engage in day-to-day management of the Group and do not participate in any business dealings and are not involved in any other commercial relationship with the Group that could interfere with their exercise of independent judgments.

The NC and Board have assessed and reviewed the independence of the INEDs namely, Mr Loh Wann Yuan, Brig. Jen. (B) Dato' Ali Bin Hj. Musa and Mr Law Piang Woon who have all served for over nine years. Upon the recent assessment and review, it was determined that their long tenure do not in any way interfere with their exercise of objective and impartial judgment. In addition, they have also:-

1. fulfilled the criteria under the definition of Independent Director pursuant to the MMLR ;
2. ensured effective check and balance in the proceedings of the Board and Committee Meetings;
3. actively participated in Board deliberations and provided objectivity in decision making and an independent voice to the Board;
4. devoted sufficient time and attention to their professional obligations;
5. exercised due care in the interest of the Company and shareholders;
6. developed deep insight into the Group's businesses and operations and therefore will be able to provide invaluable contributions to the Group;

Accordingly, the Board strongly recommends that Mr Loh Wann Yuan, Brig. Jen. (B) Dato' Ali Bin Hj. Musa and Mr Law Piang Woon be retained as INEDs.

Clear Roles and Responsibilities

The Management of the Company comprises of EC, DEC, MD, DMD and EDs. There is a clear division of roles and responsibilities among the Management to ensure there is balance of power and authority and that no one individual has unfettered powers of decision. The executive powers of the Management are balanced by the presence of INEDs who provides unbiased and independent views, advice and exercise their independent judgment on issues of strategy, standards of conduct, resources, process and safeguarding of interests of minority shareholders.

During the tenure of the EC's office, he was responsible for providing effective leadership in determining the Group's strategy, conduct and governance of the Board. The EC was also responsible for ensuring the efficient organization and conduct of the Board's function and meetings, and effective communications with shareholders and stakeholders.

The EC, given his years of experience and track record capabilities to show leadership, entrepreneurial skills and business acumen, played an instrumental role in developing the business of Harn Len Group and provided the Group with strong leadership and vision during his term of office.

The Management is collectively responsible for implementing the corporate strategies, policies and decision of the Board as well as initiating the business development efforts of the Group and also ensures the efficiency and effectiveness of the operation for the Group and are responsible for overseeing the administration and management of the day-to-day operations of the Group's business.

All major proposals and decisions of the Group are discussed and reviewed by the AC which comprised solely of INEDs. The INEDs play a pivotal role in ensuring there are enough check and balance and corporate accountability.

The Board as a whole is ultimately responsible for the decision made on all matters affecting the businesses of the Group. The Board believes the existing arrangement is in the best interest of the Group.



STATEMENT ON CORPORATE GOVERNANCE

cont'd

Clear Roles and Responsibilities *cont'd*

The existing size and composition of the Board is appropriate for the complexity and scale of operations of the Group. With the presence of Audit Committee ("AC"), Nominating Committee ("NC") and Remuneration Committee ("RC"), comprising mainly independent directors, the Board believes that there are sufficient strong and independent elements and adequate safeguards in place against an uneven concentration of power and authority in one individual.

Sustainability

The Board of Directors regularly reviews the strategic direction of the Company and the progress of the Company's operation to include sustainable commitment in business practices and development focusing on the environment, socially responsibility, and well-being of its employees, the benefits of which are believed to translate into better corporate performance and image. The Corporate Responsibility Statement which provides a better overview on the practices and activities of Harn Len Group is set out on pages 37 to 38 of this Corporate Governance Statement.

Board Meetings and Attendance

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

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

Director	Designation	Attendance
Tan Sri Dato' Low Nam Hui (Demised on 10 February 2015)	Executive Chairman	4 out of 4
Puan Sri Datin Chan Pui Leorn	Deputy Executive Chairman	4 out of 4
Mr Low Quek Kiong	Managing Director	4 out of 4
Mr Low Kueck Shin	Deputy Managing Director	4 out of 4
Mr Low Kwek Lee	Executive Director	4 out of 4
Mr Low Kuek Kong	Executive Director	3 out of 4
Mr Lee Chon Sing	Executive Director	4 out of 4
Mr Low Kok Yong	Executive Director	4 out of 4
Mr Low Kok Yaow (Appointed w.e.f 1 January 2015)	Executive Director	N/A
Mr Loh Wann Yuan	Senior Independent Director	4 out of 4
Brig. Jen. (B) Dato' Ali Bin Hj. Musa	Independent Director	4 out of 4
Mr Law Piang Woon	Independent Director	3 out of 4
En Mohamed Akwal Bin Sultan Mohamad	Independent Director	3 out of 4

Supply of Information

The agenda of each meeting is determined by the Chairman of the Board with assistance from the Company Secretary. All the Board members are provided with an agenda and a set of Board papers (containing information relevant to the matters for deliberation) usually one week before each Board meeting. This is to ensure that the Board has sufficient opportunity to have queries answered, obtain further explanations if necessary and to be properly briefed before Board meetings.

Matters discussed include periodical financial information, annual budgets, significant operational, financial and corporate issues, performance of the business units, acquisition and disposal of undertakings and properties of a substantial value. Minutes of Board meeting are circulated to all Directors for their perusal prior to the confirmation of the Minutes at the following Board meeting. The Directors may request for further clarification or raise comments on the minutes prior to confirmation of the minutes as a record of proceedings of the Board.



STATEMENT ON CORPORATE GOVERNANCE

cont'd

Supply of Information *cont'd*

The Board has full and unrestricted direct access to members of the Senior Management and any officers of the Company for any information relating to the Group's operations in the discharge of their duties.

In exercising their duties, the Directors may seek independent professional advice where deemed necessary, at the Company's expense.

Company Secretary

The Board has the unrestricted access to the advice and services of two (2) Company Secretaries to enable them to discharge their duties effectively. The Directors are regularly updated by the Company Secretary on new statutory as well as regulatory requirements relating to the duties and responsibilities of Directors. The Company Secretary attends all board meetings and ensures that accurate and adequate records of the proceedings of board meetings and resolutions passed are recorded and kept in the statutory register at the registered office of the Company.

Directors' Training

All Directors have attended and completed the Mandatory Accreditation Programme ("MAP") as required under the MMLR.

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

Courses and training attended by the Directors during the financial year were identified and recommended by the NC.

The NC shall facilitate an induction programme for the newly appointed directors by providing them with all the key information of the Group's structure and business operations, followed by training programmes including MAP. This is to enable the directors to have clear insight and better understanding of business of the Group and discharge their duties and responsibilities effectively.

During the financial year, the Directors have attended the following trainings:-

Director	Course Title	Trainer / Organiser	Points	Date
Tan Sri Dato' Low Nam Hui (Demised on 10 February 2015)	Risk Awareness Training	Ernst & Young	-	27-05-2014
Puan Sri Datin Chan Pui Leorn	Risk Awareness Training	Ernst & Young	-	27-05-2014
Mr Low Quek Kiong	Risk Awareness Training	Ernst & Young	-	27-05-2014
Mr Low Kueck Shin	Risk Awareness Training	Ernst & Young	-	27-05-2014
Mr Low Kwek Lee	Risk Awareness Training	Ernst & Young	-	27-05-2014
Mr Low Kuek Kong	Risk Awareness Training	Ernst & Young	-	27-05-2014
Mr Lee Chon Sing	Risk Awareness Training	Ernst & Young	-	27-05-2014
Mr Loh Wann Yuan	Risk Awareness Training	Ernst & Young	-	27-05-2014
Brig Jen (B) Dato' Ali Bin Hj Musa	Risk Awareness Training	Ernst & Young	-	27-05-2014
Mr Law Piang Woon	- Corporate Governance Guide (Towards Boardroom Excellence) 2nd Edition	MAICSA	-	29-04-2014
	- Risk Awareness Training	Ernst & Young	-	27-05-2014
Mr Low Kok Yong	Risk Awareness Training	Ernst & Young	-	27-05-2014



STATEMENT ON CORPORATE GOVERNANCE

cont'd

Directors' Training *cont'd*

During the financial year, the Directors have attended the following trainings:- *cont'd*

Director	Course Title	Trainer / Organiser	Points	Date
En Mohamed Akwal Bin Sultan Mohamad	- Mandatory Accreditation Programme for Directors of Public Listed Companies	Bursatra Sdn Bhd	-	07-05-2014 & 08-05-2014
	- Risk Awareness Training	Ernst & Young	-	27-05-2014
Mr Low Kok Yaow	Mandatory Accreditation Programme for Directors of Public Listed Companies	Bursatra Sdn Bhd	-	04-03-2015 & 05-03-2015

BOARD COMMITTEES

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

Audit Committee ("AC")

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

Mr Loh Wann Yuan	- Chairman
Mr Law Piang Woon	- Member
Brig. Jen. (B) Dato' Ali Bin Hj. Musa	- Member
En Mohamed Akwal Bin Sultan Mohamad (Appointed as AC member on 1 June 2014)	- Member

The information of the functions and duties of the AC, and its activities carried out during the financial year are set out on pages 41 to 44 of this Annual Report.

Nominating Committee ("NC")

The NC comprises exclusively of Independent Non-Executive Directors and presently chaired by the Senior Independent Non-Executive Director. The following are members of the NC:-

Mr Loh Wann Yuan	- Chairman
Mr Law Piang Woon	- Member
Brig. Jen. (B) Dato' Ali Bin Hj. Musa	- Member
En Mohamed Akwal Bin Sultan Mohamad (Appointed as NC member on 1 June 2014)	- Member

The NC's responsibilities include assessing and recommending to the Board the candidature of directors, appointment of directors to Board committees, review of Board's succession plans and identify suitable training programmes for the Board. The NC is also responsible for reviewing the required mix of skills, expertise, experience and other qualities (including core competencies) which the Directors should bring to the Board.

The nomination process for appointment of directors involves identifying the candidate and then evaluating his/her suitability. The NC will then arrange to meet up with the potential candidate for an interview. After due deliberation, the NC will recommend to the Board the candidate to be appointed as director. The final decision on any appointment rest with the Board.



STATEMENT ON CORPORATE GOVERNANCE

cont'd

Nominating Committee ("NC") cont'd

The attendance of members at the NC meetings held during the year is reflected as follows:-

Director	Attendance
Mr Loh Wann Yuan	3 out of 3
Brig. Jen. (B) Dato' Ali Bin Hj. Musa	3 out of 3
Mr Law Piang Woon	3 out of 3
En Mohamed Akwal Bin Sultan Mohamad	1 out of 3

New Appointment, Re-appointment and Re-election of Directors

The criteria to be used in the procedures of selection, appointment, re-appointment and annual assessment of Directors are set out in the Terms of Reference of the NC.

The NC takes into account criteria such as gender, ethnicity, age, skills, knowledge, expertise, experience, professionalism, character and integrity, competence and time commitment to effectively discharge their roles when making recommendations on the selection of candidates for new appointment or on re-appointment of Directors.

Currently, the Board has one female Director. The Board intends to continue its current approach to achieve diversity in all aspects while at the same time seeking Board members of the highest calibre, and with the necessary strength, experience and skills to meet the needs of the Company.

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

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

At the meeting held subsequent to the financial year under review, the Committee had recommended the re-appointment of Brig. Jen. (B) Dato' Ali Bin Hj. Musa, Mr Law Piang Woon and Mr Lee Chon Sing under Section 129 of the Companies Act, 1965 and the re-election of Mr Low Quek Kiong, Mr Low Kueck Shin and Mr Loh Wann Yuan pursuant to Article 84 of the Company's Articles of Association.

Mr Low Kok Yaow was appointed with effect from 1 January 2015 as Executive Director of the Company. The NC had recommended the re-election of Mr Low Kok Yaow pursuant to Article 91 of the Company's Article of Association.

The NC has assessed and evaluated their skills, knowledge, expertise and experience relevant to the Harn Len Group's activities, character of honesty and integrity, professionalism, competence and devotion of sufficient time to their duties and responsibilities, prior to their recommendations.



STATEMENT ON CORPORATE GOVERNANCE

cont'd

BOARD COMMITTEES *cont'd*

Remuneration Committee

The RC met twice during the year and comprises the following Directors:-

Brig. Jen. (B) Dato' Ali Bin Hj. Musa <i>(Independent Non-Executive Director)</i>	- Chairman
Mr Loh Wann Yuan <i>(Senior Independent Non-Executive Director)</i>	- Member
Mr Lee Chon Sing <i>(Executive Director)</i>	- Member
En Mohamed Akwal Bin Sultan Mohamad <i>(Independent Non-Executive Director)</i> <i>(Appointed as RC member on 1 June 2014)</i>	- Member

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

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

Policies and Procedures to Attract and Retain Directors

The RC reviews the remuneration package of the EDs on an annual basis and submits its recommendations to the Board on specific adjustments and/or rewards that reflect their respective contributions throughout the year. The scope of work of the EDs and financial performance of the Harn Len Group are criteria taken into consideration for reviewing the remuneration packages of EDs. To ensure that the remuneration packages remains competitive to attract and retain Directors, RC compares the remuneration package offered with that of companies in the same industry. Each individual Director abstains in the deliberation of his own remuneration package. The allowances and director's fees for INED are determined by the Board as a whole.

Directors' Remuneration

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

	Executive Directors (RM)	Independent Non-Executive Directors (RM)
Salaries, bonus and allowances	6,053,576	115,750
Fees	10,800	187,500
Attendance Fees	-	56,000



STATEMENT ON CORPORATE GOVERNANCE

cont'd

Directors' Remuneration *cont'd*

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

	Number of Directors	
	Executive Directors	Independent Non-Executive Directors
RM50,001 to RM100,000	-	4
RM100,001 to RM150,000	1	-
RM150,001 to RM200,000	2	-
RM200,001 to RM250,000	2	-
RM250,001 to RM300,000	1	-
RM300,001 to RM350,000	1	-
RM350,001 to RM400,000	1	-
Total	8	4

CORPORATE RESPONSIBILITY STATEMENT

The Group recognizes its obligations as a responsible corporate citizen and endeavors to incorporate sustainable practices and activities to its corporate culture by focusing on the environment, health and safety and the well-being of the community that it serves.

The Group has developed large land banks in Sarawak. During the last decade the development there has brought much social and economic benefit to landowners and villagers who are from the indigenous community. Many jobs have since been created and employments of the locals are given priority. The Group has earned the trust of the local community with this recruitment policy and this approach has allowed Harn Len to continue expanding its development in the surrounding areas of its estates to further benefit the indigenous community.

The Estate Management continues to engage and co-operate with the local community to promote a harmonious working relationship especially in aspects of land procurement and use which are managed in accordance with prevailing local laws and with due respect to its local cultural sensitivities. The Group also promotes local social customs through sponsorship and donations in cash and kind for various local cultural and religious activities. Contributions have also been made to the local community for festive celebrations during Gawai, Christmas and Hari Raya Aidil Fitri.

The Group places great emphasis on enhancing living conditions of the communities where it operates. Substantial sums have been invested for housing, provision of electricity and water supplies to its employees in the estates and oil mills with the objective of providing the residents with better living conditions. In addition, its continue to maintain the roads serving villages around our estates in Sarawak and provide free transport to children going to schools.

The Group embraces good agronomic practices like zero burning, contour stacking of the fronds for preventive soil erosion and good water management in peat areas. The oil palm by-products generated such as empty fruit bunches which are naturally rich in nutrients are applied to the fields as organic manure to complement the regular fertiliser programme. In addition, light shells and fibres are utilised as green fuel in oil mill boilers for power generation to reduce the reliance on fossil fuels which contributes to global warming.

The Group also encourages its employees to play a part in protecting the environment by promoting recycle paper usage and reduce the usage of paper by printing only when necessary at its workplace.



STATEMENT ON CORPORATE GOVERNANCE

cont'd

CORPORATE RESPONSIBILITY STATEMENT *cont'd*

The Company continues its annual practice of returning to the community by giving yearly educational awards in the form of cash to deserving children of the Group's employees. During the year, its hotel division, Tropical Inn hosted 'buka puasa' for the unfortunate students of SK Sungai Danga Johor Bahru and donated foodstuff and cash to them. It also donated RM10,000 to Sarawak Badan Amal Tenaga Isteri (SABATI). SABATI has informed that part of the donations will be channeled to the Sarawak Heart Foundation and Lembaga Kebajikan Anak-Anak Yatim Sarawak.

Safety and Health Committees (SHC) have been established at various units of the Group's operation. The SHC continues to enhance its current practices of maintaining a safe and healthy working environment by mandating wearing of helmets and safety boots at its oil mills. Sufficient warning signages and first-aid kits are positioned and displayed at strategic locations in the workplace.

In our effort to promote a healthy and work-life balance lifestyle, the Company organizes activities such as Waidangong, a form of peaceful Chinese Qi Gong, twice weekly for its employees as well as other employees working in the vicinity. In addition, various social activities such as staff parties and annual gatherings to celebrate major festivals of difference races and religion are organized for employees to foster closer ties among different ethnic groups, nurture team spirit among peers and instil a sense of belonging among employees.



ACCOUNTABILITY AND AUDIT

Financial Reporting

The Directors are required by the Companies Act, 1965 to prepare financial statements for each financial year which give a true and fair view of the Company's state of affairs, results and cash flows. It is therefore the responsibility of the Board, with the assistance of the AC, to ensure that the preparation and presentation of the Company's financial statements are in accordance with applicable approved Financial Reporting Standards in Malaysia.

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

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

Relationship with External Auditors

The Board maintains a transparent and professional relationship with the External Auditors ("EA"), through the Audit Committee and the Board. The AC will meet with the EA at least twice a year to discuss on audit findings, audit plan and the Company's financial statements. During these meetings, the AC will meet the EA without the presence of the Executive Directors and Management at least once a year. The AC meets additionally with the EA whenever it deems necessary. Regular dialogues are held between the Management and the AC with the EA to ensure compliance and accuracy in the preparation of the financial statements. Issues and technical matters raised by the EA are discussed initially with the AC before these are highlighted to the Board.



STATEMENT ON CORPORATE GOVERNANCE

cont'd

Relationship with External Auditors *cont'd*

During the year under review the AC met twice with the EA without the presence of the EDs and Management.

The terms of engagement for the services rendered by the external auditors are reviewed by the AC and approved by the Board.

Internal Audit Function

The Group has an Internal Audit Function that is independent of the activities and operations. The Internal Audit Function of the Group is outsourced to an external consultant, which report directly to the AC. The AC reviews and approves the internal audit plan and the scope of work of the internal audit function.

The total cost incurred for the Group Internal Audit Function during the financial year amounted to RM120,071-60.

Details of the activities of the Internal Audit Function are set out in the Statement on Risk Management and Internal Control on page 46 of this Annual Report.

Related Party Transactions

All related party transactions are reviewed by the Internal Auditors yearly and a report is submitted to the Audit Committee for their review.

Details of all the related party transactions of the Group for the financial year are disclosed in Note 31 to the Financial Statement of this Annual Report.

Internal Corporate Disclosure Policies and Procedures

The Company is committed to provide the investment community with accurate, comprehensive and high quality material information on a timely basis.

In line with this commitment and in order to enhance good corporate governance, transparency and accountability, the Board has established an Internal Corporate Disclosure Policies and Procedures ("Internal CDPP") to facilitate the handling and disclosure of material information in a timely and accurate manner and to avoid any selective disclosure. This is aim at ensuring that the Company complies with the disclosure requirements as set out in the MMLR and other applicable laws.

SHAREHOLDERS

Dialogue with Investors

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

Annual General Meeting

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

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

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



STATEMENT ON CORPORATE GOVERNANCE

cont'd

COMPLIANCE STATEMENT

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

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

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

The Directors consider that in preparing the financial statements:-

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

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

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

This Statement on Corporate Governance is made in accordance with the resolution of the Board of Directors dated 28 April 2015.



AUDIT COMMITTEE REPORT

The Board of Directors of Harn Len Corporation Bhd ("Board") is pleased to present the Audit Committee ("AC") Report for the financial year ended 31 December 2014 as follows:-

1. MEMBERS AND MEETINGS

During the financial year ended 31 December 2014 the number of AC Members was increased to four members with the appointment of Encik Mohamed Akwal bin Sultan Mohamad as the fourth AC member on 1 June 2014. As at the date of this report, the AC is comprised of four members who are all Independent Non-Executive Directors.

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

The members of the AC and their attendance of the AC meetings during the year are as follows:-

Name of Committee Members	Designation	Attendance of Meetings
Mr Loh Wann Yuan	Chairman	7 out of 7
Mr Law Piang Woon	Member	7 out of 7
Brig. Jen. (B) Dato' Ali Bin Hj. Musa	Member	7 out of 7
Mohamed Akwal bin Sultan Mohamad*	Member	3 out of 4**

* Appointed as AC member on 1 June 2014

** Number of AC meetings since appointment

2. TERMS OF REFERENCE OF AC

2.1 Composition

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

The AC shall be appointed from amongst the Directors and no Alternate Director shall be a member of the AC. The AC shall comprise of at least three members but not more than five members, all of whom shall be Non-Executive Directors with a majority being Independent Directors. At least one (1) member of the AC shall be:-

- (i) a member of the Malaysian Institute of Accountants (MIA); or
- (ii) if not a member of MIA, must have at least three (3) years' working experience, and
 - (a) he must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or
 - (b) he must be a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act 1967.

Or

- (iii) fulfils such other requirements as prescribed or approved by the Exchange.*

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

- (a) Either one of the following qualifications and at least three years' post-qualification experience in accounting or finance;
 - (i) a degree/masters/doctorate in accounting or finance; or
 - (ii) a member of any professional accountancy organisation which has been admitted as a full member of the International Federation of Accountants.

Or



AUDIT COMMITTEE REPORT

cont'd

2.1 Composition *cont'd*

- (b) At least seven years' experience being a chief finance officer of a corporation or having the function of being primarily responsible for the management of the financial affairs of a corporation.

The Chairman of the AC shall be an Independent Non-Executive Director.

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

2.2 Objectives

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

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

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

2.3 Duties and Responsibilities

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

- to review with the external auditors the scope of their audit plan, their evaluation of the system of internal control and the audit reports on the financial statements;
- to review the quarterly financial statements with management prior to the approval by the Board;
- to review the annual financial statements with management and the external auditors prior to the approval by the Board;
- to do the following, in relation to internal audit function:-
 - consider and recommend the appointment, termination and fee of the internal auditors;
 - review the performance appraisal of internal audit function's staff and to approve the appointment or termination of senior staff members of the internal audit function;
 - provide the resigning staff member an opportunity to submit his reason of resignation;
 - review the adequacy of the competency of the internal audit function and to ensure co-ordination of external audit with internal audit;
 - review the internal audit program and to consider the results of the internal audit investigations and management's response to ensure that appropriate action are taken on the recommendations of the internal audit function;
- to carry out in-depth review of major findings on internal investigations by both internal and external auditors and ensure that management respond to recommended corrective measures;



AUDIT COMMITTEE REPORT

cont'd

2.3 Duties and Responsibilities *cont'd*

The principal duties and responsibilities of the AC shall include:- *cont'd*

- to consider compliance of statutory legislation or guidelines as imposed by the relevant authorities which will include but not limited to that imposed by the Securities Commission, Bursa and the Companies Commission of Malaysia;
- to review and report any related party transactions that may arise within the Company;
- to review all significant transactions whether they are in the normal course of business or otherwise;
- to consider and recommend external auditors' appointment, remuneration and any questions of resignation or dismissal of the external auditors;
- to review the adequacy of the competency of the external auditors;
- to ensure that the Company immediately notify Bursa the resignation or removal of external auditors and forward a copy of the written explanation of the resignation made by the external auditors to Bursa and Registrar of Companies;
- to review and report on areas of conflict of interest;
- to meet the external auditors without the presence of the management at least once a year; and
- to consider any other topics as may be defined by the Board and directed by the Board from time to time.

2.4 Authority

In conducting its duties and responsibilities, the AC shall be granted the authority to investigate any matters of the Company and/or its subsidiaries within its Terms of Reference. The AC shall have access to Chief Financial Officer and to any information pertaining to the Company for the purpose of discharging its functions and responsibilities.

The AC shall have direct communication channels with the external auditors and have direct authority over the internal audit function of which is independent from management and operation. The AC may obtain independent professional advice and to invite outsiders who having the relevant experience and expertise to attend the meetings, if necessary, and be able to convene meetings with the external auditors, internal auditors or both, excluding the attendance of other Directors and employees of the Company.

2.5 Meetings

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 Chief Financial Officer, Group Accountant and representatives of the internal auditors and external auditors shall normally attend meetings. Other Board members may attend meetings upon invitation of the Committee. The presence of the external auditors will be by invitation as and when required.

Minutes of each meeting shall be kept by the Secretary as evidence that the AC has discharged its functions. The Chairman of the AC will report to the Board after each AC meeting. The AC minutes will be forwarded to Board members for information.



AUDIT COMMITTEE REPORT

cont'd

3. SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR

During the financial year, members of AC had attended the meetings held on 26 February, 24 April, 26 May, 12 June, 27 August, 24 November and 18 December. External auditors were invited and attended two (2) of the AC meetings without the presence of any management personnel. From the private discussion with them, AC gathered that management had given their full co-operation to the auditors and was satisfied that the auditors were able to carry out their duties with full cooperation from management as well as staff members.

In line with its Terms of Reference, AC carried out the following activities during the financial year ended 31 December 2014:-

- reviewed the unaudited quarterly financial results and report for Board's approval for public release;
- reviewed the unaudited financial statements for the financial year ended 31 December 2014 for Board's approval for public announcement;
- reviewed the Report on the AC and the Statement on Risk Management and Internal Control for Board's approval for inclusion in the Annual Report;
- reviewed the draft Circular to Shareholders in relation to the Proposed Shareholders' Mandate for Recurrent Related Party Transactions ("RRPT") of a revenue or trading nature for Board's approval prior to circulation;
- reviewed the internal audit plan and the internal audit reports;
- reviewed the external audit plan and the external auditors' reports;
- reviewed and appraised the external auditors' performance for recommendation for re-appointment;
- reviewed the Risk Management reports and examined issues of weak internal controls and risk management procedures;
- reviewed the related party transaction that arose within the Group;
- reviewed the reports on RRPT of a revenue and trading nature;
- reviewed the financial budgets;
- reviewed the capital commitments, liquidity position, net current liabilities position, debt service cover ratio, contingent liabilities, bank financing facilities and material litigation of the Group; and
- discussed and reviewed any other matters that were raised during the meetings.

4. INTERNAL AUDIT FUNCTIONS AND ACTIVITIES

A summary of the internal audit functions and activities conducted during the financial year is set out under the Statement on Risk Management and Internal Control on pages 45 & 46 of this Annual Report.



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors of Harn Len Corporation Bhd is committed towards ensuring that a sound system of risk management and internal control exists in order to safeguard shareholders' investment and the Group's assets.

As a follow through from the previous year's report, the Board of Directors is pleased to present a status review of the Group's state of risk management and internal control framework for financial year ended 31 December 2014 and up to the date of signing of this statement. This Statement of Risk Management and Internal Control is prepared pursuant to paragraph 15.26(b) of the Listing Requirements of Bursa Malaysia Securities Berhad and the Statement on Risk Management & Internal Control : Guidelines for Directors of Listed Issuers.

BOARD'S RESPONSIBILITY

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

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

RISK MANAGEMENT FRAMEWORK

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

The Board has in November 2013, via an external consultant, carried out an independent review and update of the Group's risk management and internal control framework as well as an evaluation of the current state of the risk management and internal control system. Arising from the review, areas for improvement and recommended measures have been highlighted to the Audit Committee and Board of Directors for consideration and implementation.

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

The respective Heads of Departments and Operational Units are also responsible for managing risks related to their functions on a day-to-day basis. Management meetings are held monthly to ensure that risks faced by the Group are discussed, monitored and appropriately addressed.

A Risk Awareness training session was held in May 2014 for the management team to enhance risk awareness and develop a common understanding of risk management framework.



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

cont'd

INTERNAL AUDIT FUNCTION

The internal audit function of the Group is outsourced to an external consultant who reports directly to the Audit Committee. During the financial year ended 31 December 2014 and up to the date of signing of this statement, there were four (4) meetings held.

The internal audit function assists the Board and the Audit Committee in providing independent assessment of the adequacy, efficiency and effectiveness of the Group's risk management and internal control system.

An internal audit plan which sets out the areas to be audited by the Internal Auditors was prepared based on the review of risk reports prepared by the RMC as well as discussions with the management and members of the Audit Committee. The internal audit plan was reviewed and approved by the Audit Committee to ensure adequate coverage before the commencement of the audit work for the year.

During the financial year and up to the date of this statement, the internal auditors have carried out three (3) reviews covering four (4) areas identified according to the approved risk-based internal audit plan. The results of the internal audit observations, recommendations, management comments and any necessary corrective actions were reported directly to the Audit Committee. The Management will follow through the implementation status of the management action plans in addressing the findings highlighted by the internal auditors.

OTHER CONTROL PROCESSES

Apart from the risk management framework and internal audit function, the Group has the following control processes in place for its control environment:

- Organisation structure with reporting line.
- All key operating subsidiary companies of the Group are required to prepare budgets for the coming year.
- Documented internal policies and standard operating procedures as set out in the Group's Policies and Procedures covering various processes to govern the Group's operations.
- Policies and Procedures are regularly updated where necessary to reflect changes in operations and business requirements. Changes in policies and procedures are communicated to all staff members via circulars and internal memorandums.
- Monthly Management Meetings held to discuss on the Group's operational and management issues.
- Monthly submission of appropriate reports covering all divisions and departments within the Group for monitoring of actual performance.
- Monthly visits to key operating units by Board members and Senior Management whenever appropriate.
- Financial information system in place to capture and present pertinent internal business information.
- Employees' competencies are enhanced through training and education programmes.

BOARD ASSESSMENT

While there are areas in the operating and financial controls that can be further improved, the Board is of the view that the Group's overall risk management and internal control system is operating adequately and effectively, in all material aspects, and has received reasonable assurance from the Managing Director and Chief Financial Officer. The Board confirms that the risk management and internal control system has been in place throughout the financial year and up to the date of this statement. The Board is not aware of any material losses incurred during the financial year and up to the date of this statement as a result of weaknesses in internal controls.



ADDITIONAL COMPLIANCE INFORMATION

1. Non-Audit Fees

The amount of non-audit fees incurred during year to the external auditors, Messrs KPMG and its affiliates by the Company and its subsidiaries for the financial year ended 31 December 2014 are as follows:

- i) KPMG Malaysia - RM18,500
- ii) Local affiliates of KPMG Malaysia - RM52,000

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

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

3. Material contracts

The following material contract was entered into during the financial year ended 31 December 2014 :

A Sale and Purchase Agreement was entered into with Super Golden Properties Sdn Bhd on 27 June 2014 for the sale of the following seven (7) pieces of land for a total purchase consideration of RM15,999,701-25 :

- (i) GM 64 Lot 2795 measuring approximately 2.0614 hectares,
- (ii) GM 71 Lot 2803 measuring approximately 1.9905 hectares,
- (iii) GM 72 Lot 2804 measuring approximately 1.9602 hectares,
- (iv) GM 74 Lot 2806 measuring approximately 1.9855 hectares,
- (v) GM 75 Lot 2807 measuring approximately 2.0917 hectares,
- (vi) GM 76 Lot 2808 measuring approximately 2.026 hectares,
- (vii) GM 77 Lot 2809 measuring approximately 2.0411 hectares,

all in the Mukim of Kulai, District of Kulajaya, Johor Darul Takzim.

4. Contracts Relating To Loan

There were no contracts relating to a loan by the Company and its subsidiaries in respect of the preceding item.

5. Utilisation of Proceeds

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

6. Share Buy-Back

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

7. Exercise of Options, Warrants or Convertible Securities

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

8. Sanctions and/or Penalties

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

9. Variation in results

There were no variances of more than 10% for the audited results of the Group from the unaudited results as announced on 27 February 2015.

10. Profit Guarantee

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



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FINANCIAL STATEMENTS



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

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DIRECTORS' REPORT

For the Year Ended 31 December 2014

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2014.

PRINCIPAL ACTIVITIES

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

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

RESULTS

	Group RM	Company RM
Profit for the year attributable to:		
Owners of the Company	2,435,476	24,220,380
Non-controlling interests	(597,604)	-
	1,837,872	24,220,380

RESERVES AND PROVISIONS

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

DIVIDENDS

Since the end of the previous financial year, the Company paid:

- i) a special interim single tier dividend of 20 sen per ordinary share totalling RM37,095,432 in respect of the year ended 31 December 2013 on 27 January 2014;
- ii) first interim single tier dividend of 5 sen per ordinary share totalling RM9,273,858 in respect of the year ended 31 December 2014 on 15 September 2014; and
- iii) second interim single tier dividend of 3 sen per ordinary share totalling RM5,564,315 in respect of the year ended 31 December 2014 on 5 February 2015.

The Directors do not recommend the payment of any final dividend in respect of the current financial year.



DIRECTORS' REPORT

For the Year Ended 31 December 2014
cont'd



DIRECTORS OF THE COMPANY

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

Puan Sri Datin Chan Pui Leorn
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
Mr. Low Kok Yong
En. Mohamed Akwal bin Sultan Mohamad
Mr. Low Kok Yaow (appointed on 1 January 2015)
Tan Sri Dato' Low Nam Hui (demised on 10 February 2015)

DIRECTORS' INTERESTS IN SHARES

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

Name of Directors	Interest	Number of ordinary shares of RM1.00 each			At 31 December 2014
		At 1 January 2014	Bought	Sold	
Company					
Tan Sri Dato' Low Nam Hui	Direct	5,384,333	-	-	5,384,333
	Deemed	120,472,875 ^{*1}	1,435,000	(2,065,600)	119,842,275 ^{*1}
Puan Sri Datin Chan Pui Leorn	Direct	550,000	-	-	550,000
	Deemed	125,307,208 ^{*2}	1,435,000	(2,065,600)	124,676,608 ^{*2}
Mr. Low Quek Kiong	Direct	65,000	10,000	-	75,000
	Deemed	125,792,208 ^{*3}	1,425,000	(2,065,600)	125,151,608 ^{*3}
Mr. Low Kueck Shin	Deemed	125,857,208 ^{*4}	1,435,000	(2,065,600)	125,226,608 ^{*4}
Mr. Low Kwek Lee	Deemed	125,857,208 ^{*4}	1,435,000	(2,065,600)	125,226,608 ^{*4}
Mr. Low Kuek Kong	Deemed	125,857,208 ^{*4}	1,435,000	(2,065,600)	125,226,608 ^{*4}
Mr. Low Kok Yong	Direct	720,000	-	-	720,000
	Deemed	125,137,208 ^{*5}	1,435,000	(2,065,600)	124,506,608 ^{*5}
Mr. Lee Chon Sing	Direct	1	-	-	1
Mr. Loh Wann Yuan	Direct	1	-	-	1
Subsidiary					
- Harn Len Pelita Bengunan Sdn. Bhd.					
Tan Sri Dato' Low Nam Hui	Deemed	2,854,083	-	-	2,854,083
Mr. Low Quek Kiong	Deemed	2,854,083	-	-	2,854,083
Mr. Low Kueck Shin	Deemed	2,854,083	-	-	2,854,083

DIRECTORS' REPORT

For the Year Ended 31 December 2014
cont'd

DIRECTORS' INTERESTS IN SHARES *cont'd*

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

DIRECTORS' BENEFITS

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

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 authorised, issued and paid-up capital of the Company during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

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



DIRECTORS' REPORT

For the Year Ended 31 December 2014
cont'd

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) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

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

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

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

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

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

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 December 2014 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

AUDITORS

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

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

Low Quek Kiong

Low Kueck Shin

Johor Bahru

Date: 28 April 2015



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 57 to 114 are drawn up in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2014 and of their financial performance and cash flows for the financial year then ended.

In the opinion of the Directors, the information set out in Note 33 on page 115 to the financial statements has been compiled in accordance with Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

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

Low Quek Kiong

Low Kueck Shin

Johor Bahru

Date: 28 April 2015

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 57 to 115 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the above named in Johor Bahru in the State of Johor on 28 April 2015.

Low Quek Kiong

Before me:
 NORANI BT. HJ KHALID
 Commissioner For Oaths
 J-140



INDEPENDENT AUDITORS' REPORT

to the Members of Harn Len Corporation Bhd
(Company No. 502606-H) (Incorporated in Malaysia)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Harn Len Corporation Bhd, which comprise the statements of financial position as at 31 December 2014 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 57 to 114.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 December 2014 and of their financial performance and cash flows for the year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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



INDEPENDENT AUDITORS' REPORT

to the Members of Harn Len Corporation Bhd
 (Company No. 502606-H) (Incorporated in Malaysia)
 cont'd

OTHER REPORTING RESPONSIBILITIES

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The information set out in Note 33 on page 115 to the financial statements has been compiled by the Company as required by the Bursa Malaysia Securities Berhad Listing Requirements and is not required by the Financial Reporting Standards. We have extended our audit procedures to report on the process of compilation of such information. In our opinion, the information has been properly compiled, in all material respects, in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

OTHER MATTERS

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

KPMG

Firm Number: AF 0758
 Chartered Accountants

Tan Teck Eng

Approval Number: 2986/05/16 (J)
 Chartered Accountant

Johor Bahru

Date: 28 April 2015



STATEMENTS OF FINANCIAL POSITION

As at 31 December 2014

	Note	Group		Company	
		2014 RM	2013 RM	2014 RM	2013 RM
Assets					
Property, plant and equipment	3	278,254,243	254,852,245	154,263,911	152,571,627
Biological assets	4	116,872,304	105,170,496	17,864,668	17,973,666
Investment properties	5	20,814,532	25,455,848	4,644,070	15,155,848
Investments in subsidiaries	6	-	-	80,284,034	87,984,033
Goodwill on consolidation	7	5,794,799	5,794,799	-	-
Total non-current assets		421,735,878	391,273,388	257,056,683	273,685,174
Inventories	8	5,331,079	5,123,052	1,315,566	1,291,857
Trade and other receivables	9	9,883,488	83,819,355	160,234,936	167,869,306
Tax recoverable		575,462	545,038	364,122	433,698
Cash and cash equivalents	10	2,902,113	5,700,770	1,817,008	1,797,145
Total current assets		18,692,142	95,188,215	163,731,632	171,392,006
Total assets		440,428,020	486,461,603	420,788,315	445,077,180
Equity					
Share capital		185,477,159	185,477,159	185,477,159	185,477,159
Reserves		154,952,455	167,355,152	154,745,472	145,363,265
Total equity attributable to owners of the Company	11	340,429,614	352,832,311	340,222,631	330,840,424
Non-controlling interests	12	(8,164,495)	(7,566,891)	-	-
Total equity		332,265,119	345,265,420	340,222,631	330,840,424
Liabilities					
Deferred tax liabilities	13	11,803,510	7,534,095	112,000	638,558
Retirement benefits	14	754,000	659,800	754,000	659,800
Loans and borrowings	15	28,997,638	7,204,851	7,714,824	6,007,620
Total non-current liabilities		41,555,148	15,398,746	8,580,824	7,305,978
Trade and other payables	16	45,314,023	39,127,617	59,305,887	21,784,085
Dividend payable		5,564,315	37,095,432	5,564,315	37,095,432
Taxation		267,911	297,935	-	-
Loans and borrowings	15	15,461,504	49,276,453	7,114,658	48,051,261
Total current liabilities		66,607,753	125,797,437	71,984,860	106,930,778
Total liabilities		108,162,901	141,196,183	80,565,684	114,236,756
Total equity and liabilities		440,428,020	486,461,603	420,788,315	445,077,180

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



STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Year Ended 31 December 2014

	Note	Group		Company	
		2014 RM	2013 RM	2014 RM	2013 RM
Revenue	17	271,581,626	256,803,005	147,648,208	242,137,883
Cost of goods sold		(222,323,025)	(207,269,794)	(101,166,293)	(95,975,484)
Gross profit	17	49,258,601	49,533,211	46,481,915	146,162,399
Other income		4,709,299	139,317,398	3,409,043	125,570
Administrative expenses		(26,686,831)	(28,693,828)	(18,160,157)	(16,982,451)
Distribution expenses		(17,459,441)	(14,959,321)	(2,197,873)	(1,787,778)
Other expenses		(313,674)	(918,478)	(7,699,999)	-
Results from operating activities		9,507,954	144,278,982	21,832,929	127,517,740
Finance income		9,296	8,568	5,222,252	2,888,466
Finance costs	18	(2,052,373)	(10,308,304)	(3,361,359)	(5,567,968)
Net finance (costs)/income		(2,043,077)	(10,299,736)	1,860,893	(2,679,502)
Profit before tax	19	7,464,877	133,979,246	23,693,822	124,838,238
Tax (expense)/income	20	(5,627,005)	2,076,333	526,558	2,630,809
Profit for the year/ Total comprehensive income for the year		1,837,872	136,055,579	24,220,380	127,469,047
Profit attributable to:					
Owners of the Company		2,435,476	136,074,571	24,220,380	127,469,047
Non-controlling interests		(597,604)	(18,992)	-	-
Profit for the year/ Total comprehensive income for the year		1,837,872	136,055,579	24,220,380	127,469,047
Basic earnings per ordinary share (sen)	21	1.3	73.4		

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



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Year Ended 31 December 2014

Group	Note	Attributable to owners of the Company				Non- controlling interests RM	Total equity RM
		Share capital RM	Share premium RM	Capital reserve RM	Retained earnings RM		
		Non-distributable				Distributable	
		Share capital RM	Share premium RM	Capital reserve RM	Retained earnings RM	Total RM	Total equity RM
At 1 January 2013		185,477,159	6,634,854	6,268,000	55,473,159	253,853,172	246,305,273
Profit and total comprehensive income for the year		-	-	-	136,074,571	136,074,571	136,055,579
<i>Contributions by and distributions to owners of the Company</i>							
Dividends to owners of the Company/							
Total transactions with owners of the Company	22	-	-	-	(37,095,432)	(37,095,432)	(37,095,432)
At 31 December 2013		185,477,159	6,634,854	6,268,000	154,452,298	352,832,311	345,265,420
Profit and total comprehensive income for the year		-	-	-	2,435,476	2,435,476	1,837,872
<i>Contributions by and distributions to owners of the Company</i>							
Dividends to owners of the Company/							
Total transactions with owners of the Company	22	-	-	-	(14,838,173)	(14,838,173)	(14,838,173)
At 31 December 2014		185,477,159	6,634,854	6,268,000	142,049,601	340,429,614	332,265,119

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



STATEMENT OF CHANGES IN EQUITY

For the Year Ended 31 December 2014

	Note	← Attributable to owners of the Company →				Total equity RM
		Share capital RM	Share premium RM	Capital reserve RM	Retained earnings RM	
Company						
At 1 January 2013		185,477,159	6,634,854	6,268,000	42,086,796	240,466,809
Profit and total comprehensive income for the year		-	-	-	127,469,047	127,469,047
<i>Contributions by and distributions to owners of the Company</i>						
Dividends to owners of the Company/						
Total transactions with owners of the Company	22	-	-	-	(37,095,432)	(37,095,432)
At 31 December 2013		185,477,159	6,634,854	6,268,000	132,460,411	330,840,424
Profit and total comprehensive income for the year		-	-	-	24,220,380	24,220,380
<i>Contributions by and distributions to owners of the Company</i>						
Dividends to owners of the Company/						
Total transactions with owners of the Company	22	-	-	-	(14,838,173)	(14,838,173)
At 31 December 2014		185,477,159	6,634,854	6,268,000	141,842,618	340,222,631



STATEMENTS OF CASH FLOWS

For the Year Ended 31 December 2014



	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Cash flows from operating activities				
Profit before tax	7,464,877	133,979,246	23,693,822	124,838,238
Adjustments for:				
Depreciation and amortisation	18,191,311	18,271,514	5,632,910	5,360,828
Finance costs	2,052,373	10,308,304	3,361,359	5,567,968
Investment properties:				
- Impairment loss	-	12,590	-	-
- Written off	-	68,677	-	68,677
Impairment loss of:				
- Investment in subsidiaries	-	-	7,699,999	-
- Goodwill	-	695,692	-	-
Dividend income	-	-	(39,378,760)	(141,763,536)
Gain on disposal of property, plant and equipment, investment properties and biological assets	(3,326,224)	(139,102,216)	(3,306,225)	(12,000)
Finance income	(9,296)	(8,568)	(5,222,252)	(2,888,466)
Retirement benefits	94,200	(2,600)	94,200	(2,600)
Operating profit/(loss) before changes in working capital	24,467,241	24,222,639	(7,424,947)	(8,830,891)
Changes in inventories	(208,027)	(1,357,132)	(23,709)	(264,314)
Changes in trade and other receivables	73,935,867	2,507,689	(1,296,680)	2,111,682
Changes in trade and other payables	5,148,588	(1,507,629)	2,039,086	(843,541)
Cash generated from/(used in) operations	103,343,669	23,865,567	(6,706,250)	(7,827,064)
Tax (paid)/refunded	(1,418,038)	506,563	69,576	2,076,006
Net cash from/(used in) operating activities	101,925,631	24,372,130	(6,636,674)	(5,751,058)

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



STATEMENTS OF CASH FLOWS

For the Year Ended 31 December 2014
cont'd

	Note	Group		Company	
		2014 RM	2013 RM	2014 RM	2013 RM
Cash flows from investing activities					
Acquisition of:					
- property, plant and equipment	23	(16,622,374)	(11,020,945)	(4,482,516)	(7,701,553)
- biological assets	24	(15,246,413)	(8,910,844)	(485,122)	(927,796)
- investment properties		(2,937,899)	(11,944,138)	(597,817)	(11,931,548)
- a subsidiary	25	-	(700,000)	-	(700,000)
Investment in subsidiaries		-	-	-	(4)
Interest received		9,296	8,568	5,222,252	2,888,466
Change in pledge deposits		(44,296)	(8,568)	(44,296)	(8,568)
Proceeds from disposal of property, plant and equipment, investment properties and biological assets		15,403,964	110,163,057	15,383,964	12,000
Advances from/(to) subsidiaries		-	-	43,375,948	(104,045,608)
Net cash (used in)/from investing activities		(19,437,722)	77,587,130	58,372,413	(122,414,611)
Cash flows from financing activities					
Interest paid		(2,688,341)	(10,594,601)	(3,713,243)	(5,903,845)
Dividend received		-	-	39,378,760	141,763,536
Dividend paid		(46,369,290)	-	(46,369,290)	-
Repayment of finance lease liabilities		(1,473,631)	(1,401,109)	(331,468)	(119,726)
Drawdown of term loans		820,000	35,945,000	820,000	5,945,900
Repayment of term loans		(26,613,188)	(128,429,600)	(26,613,188)	(17,379,298)
Net cash (used in)/from financing activities		(76,324,450)	(104,480,310)	(36,828,429)	124,306,567
Net increase/(decrease) in cash and cash equivalents		6,163,459	(2,521,050)	14,907,310	(3,859,102)
Cash and cash equivalents at 1 January		(15,848,180)	(13,327,130)	(19,751,805)	(15,892,703)
Cash and cash equivalents at 31 December		(9,684,721)	(15,848,180)	(4,844,495)	(19,751,805)

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

STATEMENTS OF CASH FLOWS

For the Year Ended 31 December 2014
cont'd

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

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Cash and bank balances	2,567,506	5,410,459	1,482,401	1,506,834
Bank overdrafts	(12,252,227)	(21,258,639)	(6,326,896)	(21,258,639)
	<u>(9,684,721)</u>	<u>(15,848,180)</u>	<u>(4,844,495)</u>	<u>(19,751,805)</u>





NOTES TO THE FINANCIAL STATEMENTS

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

Registered office/Principal place of business

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

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2014 comprise the Company and its subsidiaries (together referred to as the “Group” and individually referred to as “Group entities”). The financial statements of the Company as at and for the financial years ended 31 December 2014 do not include other entities.

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

These financial statements were authorised for issue by the Board of Directors on 28 April 2015.

1. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards (“FRS”) and the requirements of the Companies Act, 1965 in Malaysia.

The following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board (“MASB”) but have not been adopted by the Group and the Company:

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2014

- Amendments to FRS 1, *First-time Adoption of Financial Reporting Standards (Annual Improvements 2011-2013 Cycle)*
- Amendments to FRS 2, *Share-based Payment (Annual Improvements 2010-2012 Cycle)*
- Amendments to FRS 3, *Business Combinations (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)*
- Amendments to FRS 8, *Operating Segments (Annual Improvements 2010-2012 Cycle)*
- Amendments to FRS 13, *Fair Value Measurement (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)*
- Amendments to FRS 116, *Property, Plant and Equipment (Annual Improvements 2010-2012 Cycle)*
- Amendments to FRS 119, *Employee Benefits – Defined Benefit Plans: Employee Contributions*
- Amendments to FRS 124, *Related Party Disclosures (Annual Improvements 2010-2012 Cycle)*
- Amendments to FRS 138, *Intangible Assets (Annual Improvements 2010-2012 Cycle)*
- Amendments to FRS 140, *Investment Property (Annual Improvements 2011-2013 Cycle)*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2016

- Amendments to FRS 5, *Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements 2012-2014 Cycle)*
- Amendments to FRS 7, *Financial Instruments: Disclosures (Annual Improvements 2012-2014 Cycle)*
- Amendments to FRS 10, *Consolidated Financial Statements* and FRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
- Amendments to FRS 10, *Consolidated Financial Statements*, FRS 12, *Disclosure of Interests in Other Entities* and FRS 128, *Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception*
- Amendments to FRS 11, *Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations*
- FRS 14, *Regulatory Deferral Accounts*
- Amendments to FRS 101, *Presentation of Financial Statements – Disclosure Initiative*
- Amendments to FRS 116, *Property, Plant and Equipment* and FRS 138, *Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to FRS 119, *Employee Benefits (Annual Improvements 2012-2014 Cycle)*
- Amendments to FRS 127, *Separate Financial Statements – Equity Method in Separate Financial Statements*
- Amendments to FRS 134, *Interim Financial Reporting (Annual Improvements 2012-2014 Cycle)*

NOTES TO THE FINANCIAL STATEMENTS

cont'd

1. BASIS OF PREPARATION *cont'd*

(a) Statement of compliance *cont'd*

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

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

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

The Group and the Company falls within the scope of MFRS 141, *Agriculture*. Therefore, the Group and the Company are currently exempted from adopting the Malaysian Financial Reporting Standards ("MFRS") and is referred to as a "Transitioning Entity".

The Group's and the Company's financial statements for annual period beginning on 1 January 2017 will be prepared in accordance with the Malaysian Financial Reporting Standards (MFRSs) issued by the MASB and International Financial Reporting Standards (IFRSs).

The Group is currently assessing the financial impact that may arise from the adoption of MFRSs and IFRSs.

(b) Basis of measurement

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

As at 31 December 2014, the Group's current liabilities exceeded their current assets by RM47,915,611 (2013: RM30,609,222). The financial statements of the Group continued to be prepared on the going concern basis as it is the intention of the Group to continue their operations as going concerns.

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

The Directors are of the opinion that the current market outlook and prices of oil palm produces and the good track records and relationship with banks would enhance the Group's ability to secure adequate banking facilities to enable the Group to meet its financial obligations as and when they fall due for the foreseeable future. Accordingly, the financial statements have been prepared on the going concern basis.

(c) Functional and presentation currency

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

(d) Use of estimates and judgements

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

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



NOTES TO THE FINANCIAL STATEMENTS

cont'd

1. BASIS OF PREPARATION *cont'd*

(d) Use of estimates and judgements *cont'd*

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

- Note 1(b) - going concern
- Note 3 - property, plant and equipment
- Note 4 - biological assets
- Note 5 - investment properties
- Note 7 - valuation of goodwill on consolidation
- Note 13 - recognition of unutilised tax losses and unabsorbed capital allowances
- Note 28 - contingent liabilities

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and have been applied consistently by the Group entities, unless otherwise stated.

(a) Basis of consolidation

(i) *Subsidiaries*

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

(ii) *Business combinations*

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.



NOTES TO THE FINANCIAL STATEMENTS

cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(a) Basis of consolidation *cont'd*

(ii) Business combinations *cont'd*

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

(iii) Acquisitions of non-controlling interests

The Group accounts for changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

(iv) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(v) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(vi) Transactions eliminated on consolidation

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

(b) Financial instruments

(i) Initial recognition and measurement

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

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

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





NOTES TO THE FINANCIAL STATEMENTS

cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(b) Financial instruments *cont'd*

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

The Group and the Company categorise financial instruments as follows:

Financial assets

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

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

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

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

(b) *Held-to-maturity investments*

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

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

(c) *Loans and receivables*

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

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

(d) *Available-for-sale financial assets*

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(b) Financial instruments *cont'd*

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

Financial liabilities

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

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

Derivatives that are linked to and must be settled by delivery of equity instruments that do not have a quoted price in an active market for identical instruments whose fair values otherwise cannot be reliably measured are measured at cost.

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

(iii) **Financial guarantee contracts**

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

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

(iv) **Regular way purchase or sale of financial assets**

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

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

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

(v) **Derecognition**

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.





NOTES TO THE FINANCIAL STATEMENTS

cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(b) Financial instruments *cont'd*

(v) *Derecognition cont'd*

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

(c) Property, plant and equipment

(i) *Recognition and measurement*

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

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

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

(ii) *Subsequent costs*

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

(iii) *Depreciation*

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

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

Leasehold land is amortised in equal instalments over the period of the respective leases which range from sixty (60) to ninety-seven (97) years.

NOTES TO THE FINANCIAL STATEMENTS

cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

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

(iii) Depreciation *cont'd*

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

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

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

(d) Biological assets

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

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

Plantation Development Expenditure of oil palm estates and the capitalised pre-cropping cost 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.

All replanting expenditure is also capitalised in planting development expenditure and amortised on the above mentioned basis.

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

(e) Investment property

(i) Investment property carried at cost

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

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

Freehold land is not depreciated.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

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





NOTES TO THE FINANCIAL STATEMENTS

cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(e) Investment property

(ii) *Reclassification to/from investment property*

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

(f) Leased assets

(i) *Finance lease*

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

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for in the period in which they are incurred.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment, or as investment property if held to earn rental income or for capital appreciation or for both.

(ii) *Operating lease*

Leases, where the Group or the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and the leased assets are not recognised on the statement of financial position.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

Leasehold land which in substance is an operating lease is classified as prepaid lease payments.

(g) Intangible assets

(i) *Goodwill*

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

(ii) *Amortisation*

Amortisation is based on the cost of an asset less its residual value.

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

NOTES TO THE FINANCIAL STATEMENTS

cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(h) Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is measured based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of work-in-progress and finished goods, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(i) 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 fair value. For the purpose of the statement of the cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(j) Impairment

(i) Financial assets

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

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

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

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

Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available for sale is not reversed through profit or loss.

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



NOTES TO THE FINANCIAL STATEMENTS

cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(j) Impairment

(ii) Other assets

The carrying amounts of other assets except for inventories are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

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

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

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

(k) Affiliated company

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



NOTES TO THE FINANCIAL STATEMENTS

cont'd



2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(l) Revenue and other income

(i) Goods sold

Revenue from the sale of goods in the course of ordinary activities is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

(ii) Services rendered

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

(iii) Rental income

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

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

(iv) Dividend income

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

(v) Interest income

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

(m) Income tax

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

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

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences arising from the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(m) Income tax *cont'd*

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax assets and liabilities on a net basis or their tax assets and liabilities will be realised simultaneously.

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

(n) Borrowing costs

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

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

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

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

(o) Employee benefits

(i) Short-term employee benefits

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

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

(ii) State plans

The Group's contribution to statutory pension funds are charged to profit or loss in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(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. The liabilities are determined by the management and it is not expected to have a material impact to the financial statements.



NOTES TO THE FINANCIAL STATEMENTS

cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(p) Earnings per ordinary share

The Group presents basic and diluted earnings per share data for its ordinary shares ("EPS").

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

(q) Operating segments

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

(r) Contingent liabilities

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

(s) Fair value measurement

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.





NOTES TO THE FINANCIAL STATEMENTS

cont'd

3. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings RM	Roads and bridges RM	Plant and machinery RM	Motor vehicles, furniture, fittings and equipment RM	Construction -in progress RM	Total RM
Group						
At cost						
At 1 January 2013	267,720,460	20,526,264	40,390,250	26,224,716	4,610,571	359,472,261
Additions	1,992,795	191,364	579,362	2,880,157	7,382,660	13,026,338
Acquisition through business combination	-	-	-	2,018,584	-	2,018,584
Disposals	(34,606,324)	-	-	(591,978)	-	(35,198,302)
Written off	(3,661,795)	(1,427,863)	-	(1,129,998)	-	(6,219,656)
Transfer	3,782,771	-	-	7,800	(3,790,571)	-
At 31 December 2013/ 1 January 2014	235,227,907	19,289,765	40,969,612	29,409,281	8,202,660	333,099,225
Additions	21,719,884	210,545	2,138,772	13,650,090	3,426,692	41,145,983
Disposals	-	-	-	(1,161,334)	-	(1,161,334)
Transfer to investment properties	(3,691,856)	-	-	-	-	(3,691,856)
Transfer	-	-	1,106,200	-	(1,106,200)	-
At 31 December 2014	253,255,935	19,500,310	44,214,584	41,898,037	10,523,152	369,392,018
Accumulated depreciation						
At 1 January 2013	31,856,542	12,534,294	11,019,649	16,852,563	-	72,263,048
Depreciation charge	4,901,036	1,959,418	4,083,751	2,993,649	-	13,937,854
Acquisition through business combination	-	-	-	2,018,571	-	2,018,571
Disposals	(6,781,144)	-	-	(512,759)	-	(7,293,903)
Written off	(555,096)	(1,418,826)	-	(704,668)	-	(2,678,590)
At 31 December 2013/ 1 January 2014	29,421,338	13,074,886	15,103,400	20,647,356	-	78,246,980
Depreciation charge	4,688,167	1,703,888	4,059,260	3,729,787	-	14,181,102
Transfer to investment properties	(128,976)	-	-	-	-	(128,976)
Disposals	-	-	-	(1,161,331)	-	(1,161,331)
At 31 December 2014	33,980,529	14,778,774	19,162,660	23,215,812	-	91,137,775
Carrying amounts						
At 1 January 2013	235,863,918	7,991,970	29,370,601	9,372,153	4,610,571	287,209,213
At 31 December 2013/ 1 January 2014	205,806,569	6,214,879	25,866,212	8,761,925	8,202,660	254,852,245
At 31 December 2014	219,275,406	4,721,536	25,051,924	18,682,225	10,523,152	278,254,243

NOTES TO THE FINANCIAL STATEMENTS

cont'd

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

	Land and buildings RM	Road and bridges RM	Plant and machinery RM	Motor vehicles, furniture, and equipment RM	Construction -in -progress RM	Total RM
Company						
At cost						
At 1 January 2013	160,341,520	541,800	13,527,494	12,824,113	1,144,000	188,378,927
Additions	540,000	-	21,280	910,706	6,934,460	8,406,446
Disposal	-	-	-	(110,399)	-	(110,399)
Transfer	324,000	-	-	-	(324,000)	-
At 31 December 2013/ 1 January 2014	161,205,520	541,800	13,548,774	13,624,420	7,754,460	196,674,974
Additions	130,460	-	1,175,519	2,519,605	2,756,472	6,582,056
Disposal	-	-	-	(1,000,240)	-	(1,000,240)
At 31 December 2014	161,335,980	541,800	14,724,293	15,143,785	10,510,932	202,256,790
Accumulated depreciation						
At 1 January 2013	21,587,273	185,358	8,935,985	8,735,179	-	39,443,795
Depreciation charge	2,355,792	54,216	1,319,328	1,040,615	-	4,769,951
Disposal	-	-	-	(110,399)	-	(110,399)
At 31 December 2013/ 1 January 2014	23,943,065	239,574	10,255,313	9,665,395	-	44,103,347
Depreciation charge	2,373,969	54,216	1,207,394	1,254,191	-	4,889,770
Disposal	-	-	-	(1,000,238)	-	(1,000,238)
At 31 December 2014	26,317,034	293,790	11,462,707	9,919,348	-	47,992,879
Carrying amounts						
At 1 January 2013	138,754,247	356,442	4,591,509	4,088,934	1,144,000	148,935,132
At 31 December 2013/ 1 January 2014	137,262,455	302,226	3,293,461	3,959,025	7,754,460	152,571,627
At 31 December 2014	135,018,946	248,010	3,261,586	5,224,437	10,510,932	154,263,911





NOTES TO THE FINANCIAL STATEMENTS

cont'd

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

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Carrying amounts of land and buildings				
Freehold land	20,770,000	20,770,000	20,770,000	20,770,000
Long term leasehold land	131,995,216	117,866,196	75,402,649	76,648,525
Buildings	66,510,190	67,170,373	38,846,297	39,843,930
	<u>219,275,406</u>	<u>205,806,569</u>	<u>135,018,946</u>	<u>137,262,455</u>

As at the year end, the title to a leasehold land of a subsidiary involved in a joint venture plantation with a carrying amount of RM2,216,240 (2013: RM2,257,424) has yet to be issued by the relevant authority to the said subsidiary (Note 4 and 28).

Security

Land and buildings of the Group/Company with a carrying amount of NIL (2013: RM57,368,750) are charged to banks as security for banking facilities granted to the Company and a subsidiary.

Construction-in-progress of the Group and the Company with a carrying amount of RM10,081,332 (2013: RM7,754,460) is charged to a bank as security for term loan facilities granted to the Company.

Leased motor vehicles

Included in the property, plant and equipment of the Group and of the Company are motor vehicles and tractors acquired under lease financing with carrying amount of RM12,556,380 (2013: RM3,748,298) and RM2,433,581 (2013: RM763,665) respectively. The leased motor vehicles secured lease obligation as stated in Note 15.

Others

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

	Group	
	2014 RM	2013 RM
Income statements	13,796,440	13,493,640
Biological assets	384,662	444,214
	<u>14,181,102</u>	<u>13,937,854</u>

Included in additions for property, plant and equipment of the Group/Company during the year are finance cost capitalised of RM272,540 (2013: RM91,693).

NOTES TO THE FINANCIAL STATEMENTS

cont'd

4. BIOLOGICAL ASSETS

	Plantation development expenditure - oil palm RM	Plantation development expenditure - teak tree RM	Total RM
Group			
At cost			
At 1 January 2013	131,702,600	15,601	131,718,201
Additions	9,549,662	-	9,549,662
Disposal	(17,164,779)	-	(17,164,779)
At 31 December 2013/1 January 2014	124,087,483	15,601	124,103,084
Additions	15,994,503	-	15,994,503
At 31 December 2014	140,081,986	15,601	140,097,587
Accumulated amortisation			
At 1 January 2013	21,361,028	-	21,361,028
Amortisation charge	4,723,556	-	4,723,556
Disposal	(7,151,996)	-	(7,151,996)
At 31 December 2013/1 January 2014	18,932,588	-	18,932,588
Amortisation charge	4,292,695	-	4,292,695
At 31 December 2014	23,225,283	-	23,225,283
Carrying amounts			
At 1 January 2013	110,341,572	15,601	110,357,173
At 31 December 2013/1 January 2014	105,154,895	15,601	105,170,496
At 31 December 2014	116,856,703	15,601	116,872,304





NOTES TO THE FINANCIAL STATEMENTS

cont'd

4. BIOLOGICAL ASSETS *cont'd*

	Plantation development expenditure - oil palm RM
Company	
At cost	
At 1 January 2013	17,553,431
Additions	1,171,980
At 31 December 2013/1 January 2014	18,725,411
Additions	564,466
At 31 December 2014	19,289,877
Accumulated amortisation	
At 1 January 2013	215,186
Amortisation charge	536,559
At 31 December 2013/1 January 2014	751,745
Amortisation charge	673,464
At 31 December 2014	1,425,209
Carrying amounts	
At 1 January 2013	17,338,245
At 31 December 2013/1 January 2014	17,973,666
At 31 December 2014	17,864,668

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

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Finance costs	363,428	194,604	79,344	244,184
Depreciation and amortisation (see Note 3)	384,662	444,214	-	-
Personnel expenses (including key management personnel)				
- Wages, salaries and others	211,898	180,216	46,331	59,483

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

NOTES TO THE FINANCIAL STATEMENTS

cont'd

4. BIOLOGICAL ASSETS *cont'd*

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

5. INVESTMENT PROPERTIES

	Land and building RM	Property development expenditure RM	Total RM
Group			
At cost			
At 1 January 2013	13,686,002	1,679,809	15,365,811
Additions	11,931,548	12,590	11,944,138
Written off	(79,240)	-	(79,240)
At 31 December 2013/1 January 2014	25,538,310	1,692,399	27,230,709
Additions	2,937,899	-	2,937,899
Transfer from property, plant and equipment	3,631,776	60,080	3,691,856
Disposal	(11,039,919)	-	(11,039,919)
At 31 December 2014	21,068,066	1,752,479	22,820,545
Accumulated amortisation			
At 1 January 2013	38,707	-	38,707
Amortisation charge	54,318	-	54,318
Written off	(10,563)	-	(10,563)
At 31 December 2013/1 January 2014	82,462	-	82,462
Amortisation charge	102,176	-	102,176
Transfer from property, plant and equipment	128,976	-	128,976
At 31 December 2014	313,614	-	313,614
Accumulated impairment losses			
At 1 January 2013	-	1,679,809	1,679,809
Impairment losses	-	12,590	12,590
At 31 December 2013	-	1,692,399	1,692,399
At 1 January 2014/31 December 2014	-	1,692,399	1,692,399
Carrying amount			
At 1 January 2013	13,647,295	-	13,647,295
At 31 December 2013/1 January 2014	25,455,848	-	25,455,848
At 31 December 2014	20,754,452	60,080	20,814,532





NOTES TO THE FINANCIAL STATEMENTS

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5. INVESTMENT PROPERTIES *cont'd*

	Land and building RM
Company	
At cost	
At 1 January 2013	3,386,002
Addition	11,931,548
Write off	(79,240)
At 31 December 2013/1 January 2014	15,238,310
Addition	597,817
Disposal	(11,039,919)
At 31 December 2014	<u>4,796,208</u>
Accumulated amortisation	
At 1 January 2013	38,707
Amortisation charge	54,318
Write off	(10,563)
At 31 December 2013/1 January 2014	82,462
Amortisation charge	69,676
At 31 December 2014	<u>152,138</u>
Carrying amount	
At 1 January 2013	<u>3,347,295</u>
At 31 December 2013/1 January 2014	<u>15,155,848</u>
At 31 December 2014	<u>4,644,070</u>

Included in the above are:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
At cost				
Freehold land	12,526,128	23,566,047	2,226,128	13,266,047
Buildings	2,478,022	1,889,801	2,417,942	1,889,801
Long term leasehold land	5,810,382	-	-	-
	<u>20,814,532</u>	<u>25,455,848</u>	<u>4,644,070</u>	<u>15,155,848</u>

NOTES TO THE FINANCIAL STATEMENTS

cont'd



5. INVESTMENT PROPERTIES *cont'd*

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

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Rental income	79,435	54,090	60,000	35,000
Direct operating expenses:				
- income generating investment properties	73,020	72,272	26,749	29,427
- non-income generating investment properties	153,524	37,099	56,536	37,099

The investment properties comprise vacant land, agriculture land and shophouses that are leased to third parties.

Fair value information

Fair value of investment properties are categorised as follows:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Freehold land and building	18,740,000	28,670,000	6,740,000	17,140,000
Long term leasehold land	5,870,462	-	-	-
	24,610,462	28,670,000	6,740,000	17,140,000

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the investment property.

The following shows the valuation techniques used in the determination of fair values within Level 3.

Description of Valuation Technique

Sales comparison method: Sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot.

6. INVESTMENTS IN SUBSIDIARIES

	Company	
	2014 RM	2013 RM
Unquoted shares, at cost	87,984,033	87,984,033
Less: Impairment loss	(7,699,999)	-
	80,284,034	87,984,033

NOTES TO THE FINANCIAL STATEMENTS

cont'd

6. INVESTMENTS IN SUBSIDIARIES *cont'd*

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

Name of entity	Principal activities	Effective ownership interest and voting interest	
		2014 %	2013 %
Masranti Plantation Sdn. Bhd.	Cultivation of oil palm and operation of palm oil mill	100	100
Gemilang Bumimas Sdn. Bhd.	Cultivation of oil palm	100	100
Harn Len Trading Sdn. Bhd.	Trading palm kernel shell and palm fibre	100	100
Premium Dragon Sdn. Bhd.	Investment holding	100	100
Nusantara Daya Sdn. Bhd.	Investment holding	100	100
Harn Len Realty (Serian) Sdn. Bhd.	Property investment	100	100
Harn Len Realty (Tampoi) Sdn. Bhd.	Property investment	100	100
Tanaim Sdn. Bhd. [@]	Transportation services	100	100
Uniglobal Sdn. Bhd.	Dormant	100	100
Han Yin Development Sdn. Bhd.	Dormant	100	100
Zhangxern Corporation Sdn. Bhd.	Dormant	100	100
Sinar Majestic Sdn. Bhd.	Dormant	100	100
Golden Majestic Sdn. Bhd.	Dormant	100	100
Harn Len (Balai Ringin) Sdn. Bhd.	Dormant	100	100
<i>Subsidiary of Masranti Plantation Sdn. Bhd.</i>			
Masranti Sebangkoi Sdn. Bhd.	Cultivation of oil palm	100	100
Masranti Agro Development Sdn. Bhd.	Agriculture land and plantation development services	100	100
<i>Subsidiary of Premium Dragon Sdn. Bhd.</i>			
Harn Len Pelita Bungalow Sdn. Bhd. [@]	Cultivation of oil palm	60	60

[@] The auditor's report is subject to an emphasis of matter highlight on the going concern basis of preparing the financial statements.



NOTES TO THE FINANCIAL STATEMENTS

cont'd



6. INVESTMENTS IN SUBSIDIARIES *cont'd*

6.1 Non-controlling interest in a subsidiary

The Group's subsidiary that has material non-controlling interests ("NCI") is as follows:

	2014	2013
	RM	RM
Harn Len Pelita Bangunan Sdn. Bhd.		
NCI percentage of ownership interest and voting interest	40%	40%
Summarised financial information before intra-group elimination		
As at 31 December		
Non-current assets	50,970,630	50,009,476
Current assets	2,041,356	864,290
Non-current liabilities	(66,189,800)	(64,337,753)
Current liabilities	(7,143,423)	(5,363,240)
Net liabilities	(20,321,237)	(18,827,227)
Year ended 31 December		
Revenue	17,787,140	15,355,928
Loss for the year/Total comprehensive expense	(1,494,010)	(47,479)
Cash flows from operating activities	4,145,854	2,706,125
Cash flows used in investing activities	(3,968,976)	(2,379,662)
Cash flows used in financing activities	(178,281)	(195,599)
Net (decrease)/increase in cash and cash equivalents	(1,403)	130,864



NOTES TO THE FINANCIAL STATEMENTS

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7. GOODWILL ON CONSOLIDATION

	RM
Group	
At cost	
At 1 January 2013	7,616,523
Acquisition through business combination	695,692
Written off	(1,821,724)
At 31 December 2013	6,490,491
At 1 January 2014/31 December 2014	6,490,491
Accumulated impairment losses	
Impairment loss/At 31 December 2013	695,692
At 1 January 2014/31 December 2014	695,692
Carrying amount	
At 1 January 2013	7,616,523
At 31 December 2013/1 January 2014	5,794,799
At 31 December 2014	5,794,799

Impairment testing for cash-generating units containing goodwill

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

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

	Group	
	2014 RM	2013 RM
Masranti Plantation Sdn. Bhd.	5,794,799	5,794,799

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

- Cash flows were projected based on a 10 years forecast and projections.
- Production yield is projected based on industry growth rate.
- Commodity price is projected based on current market price and remains constant throughout the projected period.
- Expenses were projected at annual increase of approximately 3% per annum.
- A post-tax discount rate of 7.5% (2013: 9%) was applied in determining the recoverable amount of the unit. The discount rate was estimated based on the Group's existing rate of borrowing.

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

Based on the management assessment, the estimated cash flow generated by Masranti Plantation Sdn. Bhd. is significantly higher than the carrying amount of the goodwill. As such, no impairment is required.

NOTES TO THE FINANCIAL STATEMENTS

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8. INVENTORIES

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Agricultural produce	1,614,137	2,282,167	616,229	989,675
Consumables and spares	2,393,498	2,616,469	699,337	302,182
Nursery	1,323,444	224,416	-	-
	<u>5,331,079</u>	<u>5,123,052</u>	<u>1,315,566</u>	<u>1,291,857</u>
Recognised in profit or loss:				
- Inventories recognised as cost of goods sold	<u>207,299,987</u>	<u>198,263,170</u>	<u>92,332,819</u>	<u>86,968,860</u>

9. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Trade receivables	3,697,231	5,745,945	3,081,057	3,210,144
Other receivables, deposits and prepayments	4,842,112	77,967,957	2,942,898	4,171,717
Due from subsidiaries				
- non-trade	-	-	154,210,981	160,390,520
Due from an affiliated company				
- trade	1,344,145	105,453	-	96,925
	<u>9,883,488</u>	<u>83,819,355</u>	<u>160,234,936</u>	<u>167,869,306</u>

The non-trade amounts due from subsidiaries are in respect of advances made. Included is RM149,033,332 (2013: RM157,964,382) which is subject to interest at 3.50% - 3.75% (2013: 3.5%) per annum. The amounts due from subsidiaries are unsecured and repayable on demand.

Included in other receivables is an amount of NIL (2013: RM72,219,131) being the balance of the sales proceeds on the disposal of the plantation estates of a subsidiary.



NOTES TO THE FINANCIAL STATEMENTS

cont'd

10. CASH AND CASH EQUIVALENTS

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Cash and bank balances	2,567,506	5,410,459	1,482,401	1,506,834
Deposits placed with licensed banks	334,607	290,311	334,607	290,311
	<u>2,902,113</u>	<u>5,700,770</u>	<u>1,817,008</u>	<u>1,797,145</u>

The deposits of the Group and of the Company of RM334,607 (2013: RM290,311) are pledged to licensed banks as security for bank guarantee facilities granted to the Group and the Company.

11. CAPITAL AND RESERVES

Share capital

	Group/Company		Group/Company Number of ordinary shares	
	2014 RM	2013 RM	2014	2013
Ordinary shares of RM1.00 each:				
Authorised	500,000,000	500,000,000	500,000,000	500,000,000
Issued and fully paid	<u>185,477,159</u>	<u>185,477,159</u>	<u>185,477,159</u>	<u>185,477,159</u>

Reserves

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Distributable				
Retained earnings	142,049,601	154,452,298	141,842,618	132,460,411
Non-distributable				
Share premium	6,634,854	6,634,854	6,634,854	6,634,854
Capital reserve	6,268,000	6,268,000	6,268,000	6,268,000
	<u>154,952,455</u>	<u>167,355,152</u>	<u>154,745,472</u>	<u>145,363,265</u>

Capital reserve

The capital reserve arose from redemption of Redeemable Convertible Secured Loan Stocks in 2005.

NOTES TO THE FINANCIAL STATEMENTS

cont'd



12. NON-CONTROLLING INTERESTS

Group

The non-controlling interests relates to a subsidiary, Harn Len Pelita Bengunan Sdn. Bhd. as disclosed in Note 6.1. It is the intention of the said subsidiary to progressively increase its paid-up share capital to RM24,000,000 and the non-controlling shareholder of the said subsidiary, being the joint venture partner of the development, has undertake to subscribe for 40% of the increased paid-up share capital i.e. RM9,600,000 in accordance with the Joint Venture Agreement dated 3 September 2004 (see Note 4).

13. DEFERRED TAX LIABILITIES

Recognised deferred tax liabilities

Deferred tax assets and liabilities are attributable to the following:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Property, plant and equipment				
- capital allowances	15,387,510	14,027,095	4,765,000	4,671,558
- fair value adjustment	4,488,000	4,583,000	-	-
Provision	(246,000)	(174,000)	(204,000)	(174,000)
Unabsorbed capital allowances	(775,000)	(2,766,000)	(775,000)	(449,000)
Unutilised tax losses	(7,051,000)	(8,136,000)	(3,674,000)	(3,410,000)
	<u>11,803,510</u>	<u>7,534,095</u>	<u>112,000</u>	<u>638,558</u>

Movement in temporary difference during the year are as follows:

	At 1 January 2014 RM	Recognised in profit or loss (Note 20) RM	At 31 December 2014 RM
	Group		
Property, plant and equipment			
- capital allowances	14,027,095	1,360,415	15,387,510
- fair value adjustment	4,583,000	(95,000)	4,488,000
Provision	(174,000)	(72,000)	(246,000)
Unabsorbed capital allowances	(2,766,000)	1,991,000	(775,000)
Unutilised tax losses	(8,136,000)	1,085,000	(7,051,000)
	<u>7,534,095</u>	<u>4,269,415</u>	<u>11,803,510</u>



NOTES TO THE FINANCIAL STATEMENTS

cont'd

13. DEFERRED TAX LIABILITIES *cont'd*

Recognised deferred tax liabilities *cont'd*

Movement in temporary difference during the year are as follows: *cont'd*

	At 1 January 2014 RM	Recognised in profit or loss (Note 20) RM	At 31 December 2014 RM
Company			
Property, plant and equipment			
- capital allowances	4,671,558	93,442	4,765,000
Provision	(174,000)	(30,000)	(204,000)
Unabsorbed capital allowances	(449,000)	(326,000)	(775,000)
Unutilised tax losses	(3,410,000)	(264,000)	(3,674,000)
	638,558	(526,558)	112,000

	At 1 January 2013 RM	Recognised in profit or loss (Note 20) RM	At 31 December 2013 RM
Group			
Property, plant and equipment			
- capital allowances	14,108,777	(81,682)	14,027,095
- fair value adjustment	7,330,141	(2,747,141)	4,583,000
Provision	(176,225)	2,225	(174,000)
Unabsorbed capital allowances	(3,965,257)	1,199,257	(2,766,000)
Unutilised tax losses	(5,693,981)	(2,442,019)	(8,136,000)
	11,603,455	(4,069,360)	7,534,095

Company			
Property, plant and equipment			
- capital allowances	4,620,461	51,097	4,671,558
Provision	(176,225)	2,225	(174,000)
Unabsorbed capital allowances	(236,869)	(212,131)	(449,000)
Unutilised tax losses	(968,000)	(2,442,000)	(3,410,000)
	3,239,367	(2,600,809)	638,558

NOTES TO THE FINANCIAL STATEMENTS

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13. DEFERRED TAX LIABILITIES *cont'd*

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items (stated at gross):

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Property, plant and equipment				
- capital allowances	52,073	48,226	3,271	3,240
Unutilised tax losses	(37,532)	(36,497)	-	-
Unabsorbed capital allowances	(47,481)	(44,576)	(10,503)	(9,539)
	<u>(32,940)</u>	<u>(32,847)</u>	<u>(7,232)</u>	<u>(6,299)</u>

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

14. RETIREMENT BENEFITS

	Group/Company	
	2014 RM	2013 RM
At 1 January	659,800	662,400
Provision/(Reversal) made during the year	94,200	(2,600)
At 31 December	<u>754,000</u>	<u>659,800</u>



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15. LOANS AND BORROWINGS

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Non-current				
Secured				
Finance lease liabilities	22,907,142	1,721,822	1,624,328	524,591
Term loans	6,090,496	5,483,029	6,090,496	5,483,029
	28,997,638	7,204,851	7,714,824	6,007,620
Current				
Secured				
Finance lease liabilities	2,973,359	1,381,241	551,844	156,049
Term loans	235,918	26,636,573	235,918	26,636,573
Bank overdrafts	-	10,059,074	-	10,059,074
	3,209,277	38,076,888	787,762	36,851,696
Unsecured				
Bank overdrafts	12,252,227	11,199,565	6,326,896	11,199,565
	15,461,504	49,276,453	7,114,658	48,051,261
	44,459,142	56,481,304	14,829,482	54,058,881

Finance lease liabilities

Finance lease liabilities are payable as follows:

	2014			2013		
	Future minimum lease payments RM	Interest RM	Present value of minimum lease payments RM	Future minimum lease payments RM	Interest RM	Present value of minimum lease payments RM
Group						
Less than one year	3,566,868	593,509	2,973,359	1,546,797	165,556	1,381,241
Between one and five years	11,514,900	4,299,751	7,215,149	1,845,950	124,128	1,721,822
More than five years	55,904,399	40,212,406	15,691,993	-	-	-
	70,986,167	45,105,666	25,880,501	3,392,747	289,684	3,103,063
Company						
Less than one year	646,812	94,968	551,844	186,760	30,711	156,049
Between one and five years	1,742,164	117,836	1,624,328	568,085	43,494	524,591
	2,388,976	212,804	2,176,172	754,845	74,205	680,640

NOTES TO THE FINANCIAL STATEMENTS

cont'd

15. LOANS AND BORROWINGS *cont'd*

Security

The term loans is secured by fixed charges over certain assets under construction-in-progress of the Company.

16. TRADE AND OTHER PAYABLES

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Trade payables	19,525,105	18,672,295	8,772,678	7,323,688
Other payables and accrued expenses	25,504,601	20,380,359	6,811,486	5,349,208
Due to subsidiaries				
- non-trade	-	-	43,532,737	9,078,936
Due to affiliated companies				
- trade	212,712	35,842	188,986	32,253
- non-trade	71,605	39,121	-	-
	284,317	74,963	188,986	32,253
	45,314,023	39,127,617	59,305,887	21,784,085

The non-trade amounts due to subsidiaries are in respect of advances or payment on behalf, which are unsecured and repayable on demand.

Interest is charged at 3.50% - 3.75% (2013: 3.50%) per annum on non-trade amounts due to subsidiaries of RM42,924,941 (2013: RM8,480,043).

The non-trade amounts due to affiliated companies are in respect of advances or payment on behalf which are unsecured and repayable on demand.

Included in other payables and accrued expenses of the Group is an amount of RM9,184,350 (2013: RM2,904,403) owing to contractors for plantation development/maintenance work performed.

17. REVENUE/GROSS PROFIT

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Revenue				
- Plantation	264,211,165	248,738,888	100,898,987	92,310,230
- Property, hotel and others	7,370,461	8,064,117	7,370,461	8,064,117
- Dividend income from a subsidiary	-	-	39,378,760	141,763,536
	271,581,626	256,803,005	147,648,208	242,137,883
Cost of sales of agricultural produces	207,299,987	198,263,170	92,332,819	86,968,860
Cost of services	15,023,038	9,006,624	8,833,474	9,006,624
	222,323,025	207,269,794	101,166,293	95,975,484
Gross profit	49,258,601	49,533,211	46,481,915	146,162,399





NOTES TO THE FINANCIAL STATEMENTS

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18. FINANCE COSTS

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Interest expenses of finance liabilities that are not at fair value through profit and loss	2,688,341	10,594,601	3,713,243	5,903,845
Less: Finance cost capitalised	(635,968)	(286,297)	(351,884)	(335,877)
	<u>2,052,373</u>	<u>10,308,304</u>	<u>3,361,359</u>	<u>5,567,968</u>

19. PROFIT BEFORE TAX

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Profit before tax is arrived at after charging/ (crediting)				
Auditors remuneration				
- Audit fees				
- Company's auditors	195,000	193,000	82,000	80,000
- Non-audit fees				
- Local affiliates of KPMG Malaysia	52,000	40,500	18,000	18,000
- KPMG Malaysia	18,500	15,000	18,500	15,000
Bad debts written off	-	2,495	-	2,495
Depreciation and amortisation	18,191,311	18,271,514	5,632,910	5,360,828
Investment properties:				
- Impairment loss	-	12,590	-	-
- Written off	-	68,677	-	68,677
Impairment loss/(Reversal) of:				
- goodwill	-	695,692	-	-
- investment in subsidiaries	-	-	7,699,999	-
- trade receivables	28,583	(5,892)	28,583	(5,892)
Hiring of machinery	867,215	132,123	-	-
Personnel expenses (including key management personnel)				
- Contributions to state plans	1,981,092	2,013,126	1,443,340	1,390,440
- Wages, salaries and others	21,685,490	21,124,095	16,179,569	15,117,169
Palm oil seedlings written off	-	1,867,895	-	-
Prepayment written off	-	262,818	-	-
Gain on disposal of property, plant and equipment, investment properties and biological assets:				
- Company	(3,326,224)	(12,000)	(3,306,225)	(12,000)
- a subsidiary	-	(139,090,216)	-	-
Retirement benefits	94,200	(2,600)	94,200	(2,600)
Waiver of overdue interest	(424,718)	-	-	-
	<u></u>	<u></u>	<u></u>	<u></u>

NOTES TO THE FINANCIAL STATEMENTS

cont'd

19. PROFIT BEFORE TAX *cont'd*

Staff costs are allocated as follows:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Wages, salaries and others (including Directors' remuneration)				
- statement of comprehensive income	21,685,490	21,124,095	16,179,569	15,117,169
- plantation development expenditure	211,898	180,216	46,331	59,483
	<u>21,897,388</u>	<u>21,304,311</u>	<u>16,225,900</u>	<u>15,176,652</u>

Key management personnel compensation

The key management personnel compensation are as follows:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Directors				
- Fees	198,300	145,800	187,500	135,000
- Remuneration	6,225,326	5,766,682	5,021,906	4,647,262
Total short-term employee benefits	<u>6,423,626</u>	<u>5,912,482</u>	<u>5,209,406</u>	<u>4,782,262</u>
Other key management personnel:				
- Short term employee benefits	2,802,072	2,627,543	1,789,402	1,656,431
	<u>9,225,698</u>	<u>8,540,025</u>	<u>6,998,808</u>	<u>6,438,693</u>

Other key management personnel comprise persons other than the Directors of Group entities, having authority and responsibility for planning, directing and controlling the activities of the Group entities either directly or indirectly.

The estimated monetary value of Directors' benefit-in-kind for the Group and for the Company is RM368,523 (2013: RM269,754) and RM338,523 (2013: RM269,754) respectively.





NOTES TO THE FINANCIAL STATEMENTS

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20. TAX EXPENSE/(INCOME)

Recognised in profit or loss

Major components of income tax expense include:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Current tax expense				
- Current year	820,195	2,046,096	-	-
- Prior year	537,395	(53,069)	-	(30,000)
	1,357,590	1,993,027	-	(30,000)
Deferred tax expense/(income)				
Origination and reversal of temporary differences	3,997,973	(4,050,375)	(726,000)	(2,534,809)
- Prior year	271,442	(18,985)	199,442	(66,000)
	4,269,415	(4,069,360)	(526,558)	(2,600,809)
	5,627,005	(2,076,333)	(526,558)	(2,630,809)
Reconciliation of tax expense/(income)				
Profit before tax	7,465	133,979	23,694	124,838
Income tax calculated using Malaysian tax rate of 25%	1,866	33,495	5,924	31,210
Non-deductible expenses	3,310	3,533	3,785	1,463
Non-taxable income	(823)	(39,184)	(10,668)	(35,441)
Unrecognised deferred tax assets	465	152	233	233
	4,818	(2,004)	(726)	(2,535)
Under/(Over) provided in prior year	809	(72)	199	(96)
Tax expense/(income)	5,627	(2,076)	(527)	(2,631)

21. EARNINGS PER ORDINARY SHARE

Group

(a) Basic earnings per ordinary share

The calculation of basic earnings per ordinary share at 31 December 2014 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

	2014 RM	2013 RM
Profit for the year attributable to owners	2,435,476	136,074,571

NOTES TO THE FINANCIAL STATEMENTS

cont'd

21. EARNINGS PER ORDINARY SHARE *cont'd*

Group *cont'd*

(a) Basic earnings per ordinary share *cont'd*

Weighted average number of ordinary shares are determined as follows:

	Group	
	2014 RM	2013 RM
Weighted average number of ordinary shares at 31 December	185,477,159	185,477,159
Basis earnings per ordinary share (sen)	1.3	73.4

(b) Diluted earnings per ordinary share

There are no dilutive potential ordinary shares.

22. DIVIDENDS

Dividends recognised by the Company are:

	Sen per share	Total amount RM	Date of payment
2014			
2014 - First interim, single tier	5	9,273,858	15 September 2014
2014 - Second interim, single tier	3	5,564,315	5 February 2015
		<u>14,838,173</u>	
2013			
2013 - Special interim, single tier	20	<u>37,095,432</u>	27 January 2014

23. ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Current year's acquisition of plant and equipment	41,145,983	13,026,338	6,582,056	8,406,446
Less: Acquisition by lease financing	(24,251,069)	(1,913,700)	(1,827,000)	(613,200)
Finance cost capitalised	(272,540)	(91,693)	(272,540)	(91,693)
	<u>16,622,374</u>	<u>11,020,945</u>	<u>4,482,516</u>	<u>7,701,553</u>



NOTES TO THE FINANCIAL STATEMENTS

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24. ACQUISITION OF BIOLOGICAL ASSETS

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Current year's acquisition of biological assets	15,994,503	9,549,662	564,466	1,171,980
Less: Non fund items capitalised:				
- Depreciation and amortisation	(384,662)	(444,214)	-	-
- Finance costs	(363,428)	(194,604)	(79,344)	(244,184)
	<u>15,246,413</u>	<u>8,910,844</u>	<u>485,122</u>	<u>927,796</u>

25. ACQUISITION OF A SUBSIDIARY

On 17 August 2013, the Group acquired all the shares in Tanaim Sdn. Bhd.. The subsidiary is principally engaged in transport services. The cost of acquisition of the subsidiary was RM700,000. The acquisition of Tanaim Sdn. Bhd. will allow the Group to acquire and manage its own transport operations. In the four months to 31 December 2013, the subsidiary contributed revenue of RM82,725 and loss of RM98,290. If the acquisition had occurred on 1 January 2013, management estimates the consolidated revenue would have been RM257,228,119 and consolidated profit for the financial year would have been RM136,053,819. The Group has impaired the goodwill amounting to RM695,692 in the last financial year.

	2013 RM
Property, plant and equipments	13
Other receivables and prepayment	8,795
Other payables and accruals	(4,500)
Net identifiable assets and liabilities	<u>4,308</u>
Goodwill on acquisition	<u>695,692</u>
Consideration paid, satisfied in cash/Net cash flow	<u>700,000</u>

26. OPERATING SEGMENTS

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

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

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

Segment assets

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



NOTES TO THE FINANCIAL STATEMENTS

cont'd

26. OPERATING SEGMENTS *cont'd*

Segment liabilities

Segment liabilities information is also included in the internal management reports provided to the CODM.

Segment capital expenditure

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

Group

	Plantation		Property and hotel		Total	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Segment profit/(loss)	39,342	176,455	(1,505)	(1,303)	37,837	175,152
<i>Included in the measure of segment profit are:</i>						
Revenue from external customers	264,211	248,739	7,370	8,064	271,581	256,803
(Impairment loss)/Reversal of impairment loss on trade receivables	-	-	(29)	6	(29)	6
Bad debts written off	-	-	-	(2)	-	(2)
<i>Not included in the measure of segment profit but provided to CODM:</i>						
Depreciation	(15,862)	(16,164)	(1,909)	(1,889)	(17,771)	(18,053)
Finance costs	(921)	(6,438)	-	-	(921)	(6,438)
Tax (expense)/income	(5,624)	2,079	-	-	(5,624)	2,079
Segment assets	343,978	383,897	81,109	90,751	425,087	474,648
<i>Included in the measure of segment assets are:</i>						
Additions to non-current assets other than financial instruments and deferred tax assets	53,892	21,201	3,345	12,046	57,237	33,247
Segment liabilities	(80,343)	(43,669)	(2,272)	(2,308)	(82,615)	(45,977)





NOTES TO THE FINANCIAL STATEMENTS

cont'd

26. OPERATING SEGMENTS *cont'd*

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

	2014 RM'000	2013 RM'000
Profit or loss		
Total profit or loss for reportable segments	37,837	175,152
Depreciation and amortisation	(18,191)	(18,271)
Finance costs	(2,052)	(10,309)
Finance income	9	9
Unallocated expenses	(10,138)	(12,602)
Consolidated profit before tax	7,465	133,979

	External revenue RM'000	Depreciation and amortisation RM'000	Finance costs RM'000	Finance income RM'000	Segment assets RM'000	Additions to non- current assets RM'000	Segment liabilities RM'000
2014							
Total reportable segments	271,581	(17,771)	(921)	-	425,087	57,237	(82,615)
Other non-reportable segments	-	(420)	(1,131)	9	15,341	1,821	(25,548)
Consolidated total	271,581	(18,191)	(2,052)	9	440,428	59,058	(108,163)
2013							
Total reportable segments	256,803	(18,053)	(6,438)	-	474,648	33,247	(45,977)
Other non-reportable segments	-	(218)	(3,871)	9	11,814	543	(95,219)
Consolidated total	256,803	(18,271)	(10,309)	9	486,462	33,790	(141,196)

Major customers

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

	Revenue		Segment
	2014 RM'000	2013 RM'000	
Customer - A	160,967	138,879	Plantation
Customer - B	76,352	67,530	Plantation

NOTES TO THE FINANCIAL STATEMENTS

cont'd

27. CAPITAL AND OTHER COMMITMENTS

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Capital expenditure commitments				
Property, plant and equipment				
Contracted but not provided for	12,800,150	9,868,800	2,962,150	1,697,000
Authorised but not contracted for	1,252,272	1,046,068	498,272	646,568
Biological assets				
Authorised but not contracted for	2,340,392	5,465,964	2,340,392	2,753,021
	<u>16,392,814</u>	<u>16,380,832</u>	<u>5,800,814</u>	<u>5,096,589</u>

28. CONTINGENT LIABILITIES/LOSSES

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Unsecured				
i) Corporate guarantees given to:				
- financial institution in respect of outstanding banking facilities of subsidiaries	-	-	6,867	904
ii) Subsidiary involving in joint venture plantation				
- leasehold land, road and bridges	7,416	8,537	-	-
- biological assets	42,310	40,408	-	-
	<u>49,726</u>	<u>48,945</u>	<u>6,867</u>	<u>904</u>

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

As at year end, the subsidiary has been served with one Writ of Summon with Statement of Claim for alleged trespassing on parcels of the planted leasehold land.

On 13 March 2015, the plaintiff's claim had been dismissed by the High Court.

29. FINANCIAL INSTRUMENTS

29.1 Categories of financial statements

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



NOTES TO THE FINANCIAL STATEMENTS

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29. FINANCIAL INSTRUMENTS *cont'd*

29.2 Net gains and losses arising from financial instruments

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Net gains/(losses) on:				
Loans and receivables	9	9	5,222	2,888
Financial liabilities measured at amortised cost	(2,264)	(10,592)	(3,713)	(5,904)
	<u>(2,255)</u>	<u>(10,583)</u>	<u>1,509</u>	<u>(3,016)</u>

29.3 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

29.4 Credit risk

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

Receivables

Risk management objectives, policies and processes for managing the risk

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

Exposure to credit risk, credit quality and collateral

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

As at the date of the statement of financial position, the Group and the Company have significant concentrations of credit risk arising from amount due from two customers (2013: two customers) and one customer (2013: one customer), which represent 79% (2013: 42%) and 70% (2013: 53%) of the total receivables of the Group and the Company respectively.

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



NOTES TO THE FINANCIAL STATEMENTS

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29. FINANCIAL INSTRUMENTS *cont'd*

29.4 Credit risk *cont'd*

Receivables cont'd

Impairment losses

The Group maintains an ageing analysis in respect of trade receivables only. The ageing of receivables as at the end of the reporting period was:

	Gross RM'000	Individual impairment RM'000	Net RM'000
Group			
2014			
Not past due	3,544	(9)	3,535
Past due 0 - 30 days	122	(11)	111
Past due 31 - 60 days	19	(10)	9
Past due more than 60 days	73	(31)	42
	3,758	(61)	3,697
Company			
2014			
Not past due	2,928	(9)	2,919
Past due 0 - 30 days	122	(11)	111
Past due 31 - 60 days	19	(10)	9
Past due more than 60 days	73	(31)	42
	3,142	(61)	3,081
Group			
2013			
Not past due	5,648	(3)	5,645
Past due 0 - 30 days	84	(5)	79
Past due 31 - 60 days	23	(8)	15
Past due more than 60 days	28	(21)	7
	5,783	(37)	5,746
Company			
2013			
Not past due	3,112	(3)	3,109
Past due 0 - 30 days	84	(5)	79
Past due 31 - 60 days	23	(8)	15
Past due more than 60 days	28	(21)	7
	3,247	(37)	3,210





NOTES TO THE FINANCIAL STATEMENTS

cont'd

29. FINANCIAL INSTRUMENTS *cont'd*

29.4 Credit risk *cont'd*

Receivables *cont'd*

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

	Group/Company	
	2014	2013
	RM'000	RM'000
At 1 January	37	43
Impairment loss recognised	29	6
Impairment loss reversed	-	(12)
Impairment written off	(5)	-
At 31 December	61	37

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

Financial guarantees

Risk management objectives, policies and processes for managing the risk

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

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM6,867,181 (2013: RM904,376) representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period.

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

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

Inter company balances

Risk management objectives, policies and processes for managing the risk

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

Exposure to credit risk, credit quality and collateral

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

Impairment losses

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

NOTES TO THE FINANCIAL STATEMENTS

cont'd

29. FINANCIAL INSTRUMENTS *cont'd*

29.5 Liquidity risk

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

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

Maturity analysis

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

	Carrying amount RM'000	Contractual interest rate/coupon %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	Over 5 years RM'000
Group							
2014							
<i>Non-derivative financial liabilities</i>							
Bank overdrafts (unsecured)	12,252	7.37	12,252	12,252	-	-	-
Finance lease liabilities (secured)	25,881	6.02	70,986	3,567	3,770	7,745	55,904
Term loans (secured)	6,326	4.65	7,388	525	525	1,574	4,764
Trade and other payables	45,314	-	45,314	45,314	-	-	-
	<u>89,773</u>		<u>135,940</u>	<u>61,658</u>	<u>4,295</u>	<u>9,319</u>	<u>60,668</u>
Company							
2014							
<i>Non-derivative financial liabilities</i>							
Bank overdrafts - unsecured	6,327	7.85	6,327	6,327	-	-	-
Finance lease liabilities (secured)	2,176	4.47	2,389	647	647	1,095	-
Term loans (secured)	6,326	4.65	7,388	525	525	1,574	4,764
Trade and other payables	16,381	-	16,381	16,381	-	-	-
Due to subsidiaries	42,925	3.50 - 3.75	42,925	42,925	-	-	-
Financial guarantee*	-	-	6,867	6,867	-	-	-
	<u>74,135</u>		<u>82,277</u>	<u>73,672</u>	<u>1,172</u>	<u>2,669</u>	<u>4,764</u>



NOTES TO THE FINANCIAL STATEMENTS

cont'd

29. FINANCIAL INSTRUMENTS *cont'd*

29.5 Liquidity risk *cont'd*

Maturity analysis cont'd

	Carrying amount RM'000	Contractual interest rate/coupon %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	Over 5 years RM'000
Group							
2013							
<i>Non-derivative financial liabilities</i>							
Bank overdrafts							
- secured	10,059	7.60	10,059	10,059	-	-	-
- unsecured	11,200	7.60	11,200	11,200	-	-	-
Finance lease liabilities (secured)							
	3,103	6.13	3,393	1,547	962	884	-
Term loans (secured)	32,120	4.40 - 6.28	34,986	27,597	525	1,574	5,290
Trade and other payables	39,128	-	39,128	39,128	-	-	-
	<u>95,610</u>		<u>98,766</u>	<u>89,531</u>	<u>1,487</u>	<u>2,458</u>	<u>5,290</u>
Company							
2013							
<i>Non-derivative financial liabilities</i>							
Bank overdraft							
- secured	10,059	7.60	10,059	10,059	-	-	-
- unsecured	11,200	7.60	11,200	11,200	-	-	-
Finance lease liabilities (secured)							
	681	4.56	755	187	176	392	-
Term loans (secured)	32,120	4.40 - 6.28	34,986	27,597	525	1,574	5,290
Trade and other payables	13,304	-	13,304	13,304	-	-	-
Due to subsidiaries	8,480	3.50	8,480	8,480	-	-	-
Financial guarantee*	-	-	904	904	-	-	-
	<u>75,844</u>		<u>79,688</u>	<u>71,731</u>	<u>701</u>	<u>1,966</u>	<u>5,290</u>

* The amount represents the outstanding banking facilities of the subsidiaries as at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

cont'd



29. FINANCIAL INSTRUMENTS *cont'd*

29.6 Market risk

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

Interest rate risk

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

Exposure to interest rate risk

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

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Fixed rate instruments				
Financial assets	335	290	154,546	160,681
Financial liabilities	(25,881)	(29,466)	(45,709)	(36,123)
	<u>(25,546)</u>	<u>(29,176)</u>	<u>108,837</u>	<u>124,558</u>
Floating rate instruments				
Financial liabilities	(18,578)	(27,016)	(12,653)	(27,016)

Interest rate risk sensitivity analysis

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

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



NOTES TO THE FINANCIAL STATEMENTS

cont'd

29. FINANCIAL INSTRUMENTS *cont'd*

29.6 Market risk *cont'd*

Interest rate risk cont'd

Interest rate risk sensitivity analysis cont'd

(b) *Cash flow sensitivity analysis for variable rate instruments*

A change of 100 basis point ("bp") in interest rate at the end of the reporting period would have increased/ (decreased) post-tax profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. This analysis assumes that all other variables remain constant.

	Profit or loss	
	100 bp increase RM'000	100 bp decrease RM'000
Group		
2014		
Floating rate instruments	(139)	139
Company		
2014		
Floating rate instruments	(95)	95
Group		
2013		
Floating rate instruments	(203)	203
Company		
2013		
Floating rate instruments	(203)	203

29.7 Fair value information

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

The carrying amount of floating rates terms loans approximate its fair value as its effective interest rate changes accordingly to movements in the market interest rate.

NOTES TO THE FINANCIAL STATEMENTS

cont'd

29. FINANCIAL INSTRUMENTS *cont'd*

29.7 Fair value information *cont'd*

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

	Fair value of financial instruments not carried at fair value Level 3 RM'000	Carrying amount RM'000
Group		
2014		
Financial liabilities		
Finance lease liabilities	(24,802)	(25,881)
2013		
Financial liabilities		
Finance lease liabilities	(3,103)	(3,103)
Company		
2014		
Financial liabilities		
Finance lease liabilities	(2,183)	(2,176)
2013		
Financial liabilities		
Finance lease liabilities	(681)	(681)
Level 3 fair value		

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the key unobservable inputs used in the valuation models.

Financial instruments not carried at fair value

Type	Description of valuation technique and inputs used
Finance lease liabilities	Discounted cash flows using a rate based on the current market rate of borrowing of the respective Group entities at reporting date.





NOTES TO THE FINANCIAL STATEMENTS

cont'd

30. CAPITAL MANAGEMENT

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investors, creditors and market confidence and to sustain future development of the business. As a plantation and property owner, the Group has significant long term assets which it uses as security for its banking facilities. The Directors monitor and determine to maintain an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements.

The debt-to-equity ratios at 31 December 2014 and at 31 December 2013 were as follows:

	Group	
	2014 RM'000	2013 RM'000
Total borrowings (Note 15)	44,459	56,481
Less: Cash and cash equivalents (Note 10)	(2,903)	(5,701)
	41,556	50,780
Total equity	332,265	345,265
Debt-to-equity-ratios	0.13	0.15

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

The Group is also required to maintain debt-to-equity ratios ranging from 1.00 to 2.00 to comply with the bank covenants of its bank borrowings, failing which, the bank may call an event of default.

31. RELATED PARTIES

Identity of related parties

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

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

The Group has related party relationship with its subsidiaries, affiliated companies and key management personnel.

NOTES TO THE FINANCIAL STATEMENTS

cont'd

31. RELATED PARTIES *cont'd*

Significant related party transactions

The significant related party transactions of the Company are shown below.

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
A. Subsidiaries				
Dividend income	-	-	39,378,760	141,763,536
Interest income	-	-	5,213,224	2,879,698
Interest expense	-	-	2,266,303	1,757,164
Transportation Charge	-	-	956,943	439,872
B. Affiliated companies				
Management fees receivable	60,000	60,000	60,000	60,000
Sales	-	41,676	-	41,676
Rental receivable	116,448	74,168	116,448	74,168
Purchase of air tickets	400,060	260,485	308,436	196,678
Purchases	-	134,343	-	134,343
Purchase of seedlings	324,900	459,630	-	-
Purchase of fresh fruit bunches	471,663	184,914	-	-
Transport charges payable	-	402,295	-	402,295
Insurance	620,940	465,863	284,053	258,576
Hotel accommodation	-	3,060	-	-
Hiring of heavy machinery	96,198	123,714	96,198	123,714
Rental of motor vehicles	12,000	11,500	12,000	11,500
Acquisition of a subsidiary	-	700,000	-	700,000
Services rendered	2,071,144	-	-	-
C. Director				
Acquisition of land	-	10,680,000	-	10,680,000
D. Remuneration paid to staff who are close family member of certain Directors, the late Tan Sri Dato' Low Nam Hui, Puan Sri Datin Chan Pui Leorn, Mr. Low Quek Kiong, Mr. Low Kueck Shin, Mr. Low Kwek Lee, Mr. Low Kuek Kong and Mr. Low Kok Yong				
	1,548,496	1,624,919	1,505,782	1,598,816



NOTES TO THE FINANCIAL STATEMENTS

cont'd

32. COMPARATIVE FIGURES

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

	Company	
	As restated RM	As previously stated RM
Statements of financial position		
Trade and other receivables		
- Non-current	-	157,964,382
- Current	167,869,306	9,904,924
Trade and other payables		
- Non-current	-	8,480,043
- Current	21,784,085	13,304,042



NOTES TO THE FINANCIAL STATEMENTS

cont'd

33. SUPPLEMENTARY FINANCIAL INFORMATION ON THE BREAKDOWN OF REALISED AND UNREALISED PROFITS OR LOSSES

The breakdown of the retained earnings of the Group and of the Company as at 31 December, into realised and unrealised profits, pursuant to Paragraph 2.06 and 2.23 of the Bursa Malaysia Main Market Listing Requirements, are as follows:

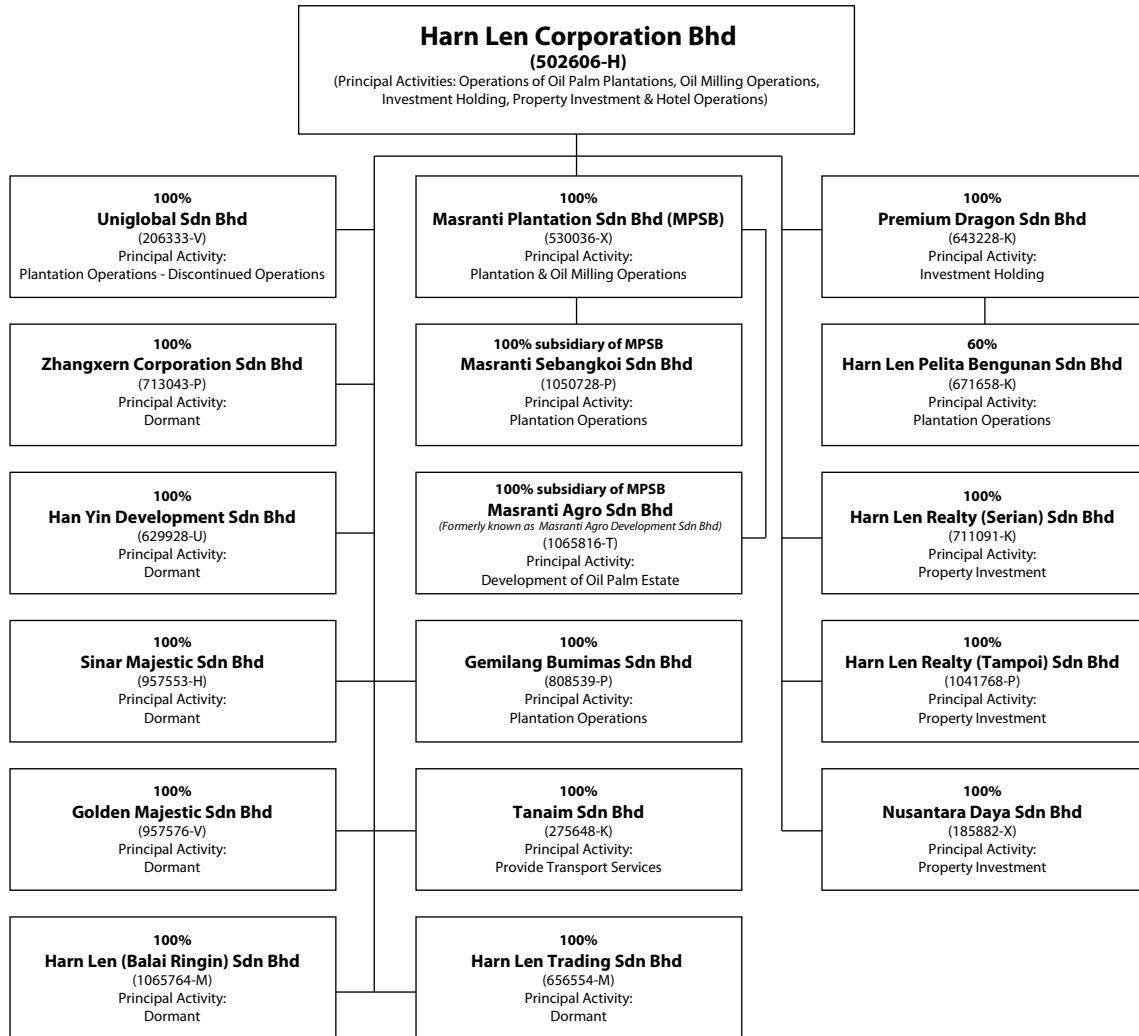
	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Total retained earnings of the Company and its subsidiaries:				
- realised	113,204	127,831	141,955	133,099
- unrealised	(11,804)	(7,534)	(112)	(639)
	101,400	120,297	141,843	132,460
Add: Consolidation adjustments	40,650	34,155	-	-
Total retained earnings	142,050	154,452	141,843	132,460

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



GROUP CORPORATE STRUCTURE

As at 31 December 2014



LOCATION OF OPERATIONS

Harn Len Corporation Bhd
 • Senang Estate (2,116 Ha)
 • Lian Hup Estate (2,124 Ha)
 • Lian Hup Oil Mill
 All in Mukim Keratong
 District of Rompin

Harn Len Corporation Bhd
 • Corporate & Business Office
 25-storey Office cum Hotel
 Building (Tropical Inn)
 Jalan Gereja, Johor Bahru
 • Six (6) units of Double-Storey
 Terrace Shophouses
 Jalan Ngee Heng, Johor Bahru

Nusantara Daya Sdn Bhd
 HS(D) 443014, PTB 21949
 Mukim Bandar Johor Bahru
 Daerah Johor Bahru

Harn Len Realty (Tampoi) Sdn Bhd
 Lot 6033 HS(D) No. 221662
 Mukim Bandar Johor Bahru
 Daerah Johor Bahru

Harn Len Corporation Bhd
 Wisma Harn Len
 7-storey office cum residential building
 Lot 1634, Section 64, KTLD
 Jalan Mendu, Kuching

Gemilang Bumimas Sdn Bhd
 Oil Palm Estate (925 Ha)
 Bukar-Sadong Land
 Samarahan Division

Harn Len Realty (Serian) Sdn Bhd
 Vacant Land (298 Ha)
 Bukar-Sadong Land
 Samarahan Division

Masranti Plantation Sdn Bhd
 • Oil Palm Estate (4,995 Ha)
 • Masranti Oil Mill
 Punda-Sabal Land
 Samarahan Division

Masranti Sebagkoi Sdn Bhd
 Oil Palm Estate (1,670 Ha)
 Kampung Sebagkoi &
 Kampung Mawang
 Simunjan Division

Harn Len Pelita Benganun Sdn Bhd
 Oil Palm Estate (3,763 Ha)
 Bukit Benganun, Sri Aman Division



LIST OF PROPERTIES



Registered owner/ Location	Tenure – Year of Expiry (For leasehold)	Area	Description/ Existing Use	Net Book Value RM'000	Approximate Age of Building (years)	Date of Acquisition
1. Harn Len Corporation Bhd						
i) Lot 1782, Geran 27393 Township & District of Johor Bahru Johor Darul Takzim	Freehold	40,293 sq. ft.	Office & hotel building	56,444	37	18.07.2003
ii) Lian Hup Estate - Lot PT 166, 259 - Lot PT 313 - Lot PT 345 - Lot PT 510, 521, 522 All in Mukim of Keratong District of Rompin Pahang Darul Makmur Estate Buildings Factory Workshop	Leasehold 2070 2072 2074 2079	2,124.46 Hectares ("Ha")	Oil Palm Plantation & Palm oil mill	36,938	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 Estate Buildings	Leasehold 2070 2072 2078 2079	2,116.31 Ha	Oil Palm Plantation	38,465	N/A	18.07.2003
iv) Six (6) units Double-Storey Terrace Shophouses held under - Lot 2046 Grn 32250 - Lot 2048 Grn 99923 - Lot 2049 Grn 99924 - Lot 2050 Grn 51476 - Lot 2051 Grn 99925 - Lot 2047 Grn 99922 All in Bandar Johor Bahru District of Johor Bahru Johor Darul Takzim	Freehold Freehold Freehold Freehold Freehold Freehold	1,707 sq. ft. 1,617 sq. ft. 1,613 sq. ft. 1,655 sq. ft. 1,706 sq. ft. 1,634 sq. ft.	Staff Quarters Rented Out Rented Out Rented Out Rented Out Store cum Staff Quarters	3,766 878	79 79 79 79 79 79	15.10.2010 13.04.2011
2. Masranti Plantation Sdn Bhd						
Lot No 27, Block 2 TRN.: 08-LCLS-024-002-00027 Punda-Sabal Land District of Samarahan Division Sarawak	Leasehold 2061	13.048 Ha	Oil Palm Plantation	60	N/A	15.01.2004
Lot No 28, Block 2 TRN.: 08-LCLS-024-002-00028 Punda-Sabal Land District of Samarahan Division Sarawak	Leasehold 2061	4,456.4 Ha	Oil Palm Plantation	20,365	N/A	08.09.2011



LIST OF PROPERTIES

cont'd

Registered owner/ Location	Tenure – Year of Expiry (For leasehold)	Area	Description/ Existing Use	Net Book Value RM'000	Approximate Age of Building (years)	Date of Acquisition
2. Masranti Plantation Sdn Bhd <i>cont'd</i> TRN.: 08-LCPLS-024-008-00038 Punda-Sabal Land District of Samarahan Division Sarawak Estate Buildings Factory Buildings	Leasehold 2071	525 Ha	Oil Palm Plantation	4,019 5,978 19,318	N/A 1-10 1-3	
3. Masranti Sebangkoi Sdn Bhd Kampung Sebangkoi & Kampung Mawang Simunjan Division Sarawak	NCR Native Land 60 Years	1,670.52 Ha	Oil palm Plantation	17,031	N/A	27.9.13 to 23.7.14
4. Nusantara Daya Sdn Bhd Lot No. PTB 21949 H.S.(D) 443014 Mukim Bandar Johor Bahru District of Johor Bahru, Johor	Freehold	48,058 sq. ft	Vacant Land	10,300	N/A	28.11.2006
5. Harn Len Pelita Bengunan Sdn Bhd Kara Rangua Engkaramut Bukit Bengunan, Sri Aman Division Sarawak Estate Buildings	NCR Native Land 60 Years	1,982 Ha	Oil palm Plantation	2,216 2,367	N/A 1-8	23.08.2010
6. Gemilang Bumimas Sdn Bhd - Lot No 1513 TRN.: 08-LCPLS-018-000-01513 - Lot No 1514 TRN.: 08-LCPLS-018-000-01514 All in Bukar-Sadong Land District of Samarahan Division Sarawak	Provisional Lease 20.01.2068	925 Ha	Oil palm Plantation	12,901	N/A	31.05.2010
7. Harn Len Realty (Serian) Sdn Bhd - Lot No 1515 TRN.: 08-LCPLS-018-000-01515 All in Bukar-Sadong Land District of Samarahan Division Sarawak	Provisional Lease 20.01.2068	298 Ha	Vacant land	3,563	N/A	18.08.2011
8. Harn Len Realty (Tampoi) Sdn Bhd Lot 6033 HS(D) No. 221662 Mukim Bandar Johor Bahru Daerah Johor Bahru, Johor	Lease 26.2.2074	0.8073 Ha	Depot for vehicles	2,308	N/A	04.01.2015
				240,089		

N/A – Not Applicable
NCR – Native Customary Rights

ANALYSIS OF SHAREHOLDINGS

As at 30 April 2015

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	:	2,734
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 (<i>Demised</i>)	5,384,333	2.90	119,842,275 ^{*1}	64.61
2.	Puan Sri Datin Chan Pui Leorn	550,000	0.30	124,676,608 ^{*2}	67.22
3.	Dato Liew Kuek Hin	-	-	114,507,245 ^{*3}	61.74
4.	Low Quek Kiong	75,000	0.04	125,151,608 ^{*4}	67.48
5.	Low Kueck Shin	-	-	125,226,608 ^{*5}	67.52
6.	Low Kwek Lee	-	-	125,226,608 ^{*5}	67.52
7.	Low Kuek Kong	-	-	125,226,608 ^{*5}	67.52
8.	Low Kuit Son	-	-	125,226,608 ^{*5}	67.52
9.	Low Kok Yong	720,000	0.39	124,506,608 ^{*6}	67.13
10.	Low Kok Yaow	-	-	125,226,608 ^{*5}	67.52
11.	Low Siew Eng	200,800	0.11	125,025,808 ^{*7}	67.41
12.	LNH Enterprise Sdn Bhd	43,988,896	23.72	2,517,030 ^{*8}	1.36
13.	Low Nam Hui United Holdings Sdn Bhd	44,399,679	23.94	-	-
14.	Low Nam Hui & Sons Sdn Bhd	10,931,070	5.89	-	-
15.	LNH (C&E) Sdn Bhd	-	-	10,931,070 ^{*9}	5.89
16.	Shande Ancestral Park Berhad	11,425,000	6.16	-	-

Notes:-

- *1. Deemed interested in the shares held by Low Nam Hui United Holdings Sdn Bhd, Low Nam Hui & Sons Sdn Bhd, LNH Enterprise Sdn Bhd, Seri Cemerlang Plantation (Pahang) Sdn Bhd, Yong Yaow Properties Sdn Bhd and Shande Ancestral Park Berhad and the shares held by his immediate family members namely, Puan Sri Datin Chan Pui Leorn, Low Quek Kiong, Low Kok Yong and Low Siew Eng pursuant to Section 6A of the Companies Act, 1965.
- *2. Deemed interested in the shares held by Low Nam Hui United Holdings Sdn Bhd, Low Nam Hui & Sons Sdn Bhd, LNH Enterprise Sdn Bhd, Seri Cemerlang Plantation (Pahang) Sdn Bhd, Yong Yaow Properties Sdn Bhd and Shande Ancestral Park Berhad and the shares held by her immediate family members namely, the late Tan Sri Dato' Low Nam Hui, Low Quek Kiong, Low Kok Yong and Low Siew Eng pursuant to Section 6A of the Companies Act, 1965.
- *3. Deemed interested in the shares held by Lian Hup Manufacturing Company Sdn Berhad, Syarikat Senang Oil Palm Estate Sdn Bhd, Perdana Properties Berhad, Low Nam Hui & Sons Sdn Bhd, LNH Enterprise Sdn Bhd and Seri Cemerlang Plantation (Pahang) Sdn Bhd and the shares held by his siblings, Low Quek Kiong and Low Kok Yong pursuant to Section 6A of the Act. The legal action vide Johor Bahru High Court Suit No. 23NCVC-8-01-2013 instituted by Dato' Liew has been settled on 23 July 2013. The settlement has affected Dato Liew's indirect shareholdings but no notification has been received from Dato' Liew to the effect.
- *4. Deemed interested in the shares held by Low Nam Hui United Holdings Sdn Bhd, Low Nam Hui & Sons Sdn Bhd, LNH Enterprise Sdn Bhd, Seri Cemerlang Plantation (Pahang) Sdn Bhd, Yong Yaow Properties Sdn Bhd and Shande Ancestral Park Berhad and the shares held by his immediate family members namely, the late Tan Sri Dato' Low Nam Hui, Puan Sri Datin Chan Pui Leorn, Low Kok Yong and Low Siew Eng pursuant to Section 6A of the Companies Act, 1965.
- *5. Deemed interested in the shares held by Low Nam Hui United Holdings Sdn Bhd, Low Nam Hui & Sons Sdn Bhd, LNH Enterprise Sdn Bhd, Seri Cemerlang Plantation (Pahang) Sdn Bhd, Yong Yaow Properties Sdn Bhd and Shande Ancestral Park Berhad and the shares held by his immediate family members namely, the late Tan Sri Dato' Low Nam Hui, Puan Sri Datin Chan Pui Leorn, Low Quek Kiong, Low Kok Yong and Low Siew Eng pursuant to Section 6A of the Companies Act, 1965.
- *6. Deemed interested in the shares held by Low Nam Hui United Holdings Sdn Bhd, Low Nam Hui & Sons Sdn Bhd, LNH Enterprise Sdn Bhd, Seri Cemerlang Plantation (Pahang) Sdn Bhd, Yong Yaow Properties Sdn Bhd and Shande Ancestral Park Berhad and the shares held by his immediate family members namely, the late Tan Sri Dato' Low Nam Hui, Puan Sri Datin Chan Pui Leorn, Low Quek Kiong and Low Siew Eng pursuant to Section 6A of the Companies Act, 1965.
- *7. Deemed interested in the shares held by Low Nam Hui United Holdings Sdn Bhd, Low Nam Hui & Sons Sdn Bhd, LNH Enterprise Sdn Bhd, Seri Cemerlang Plantation (Pahang) Sdn Bhd, Yong Yaow Properties Sdn Bhd and Shande Ancestral Park Berhad and the shares held by her immediate family members namely, the late Tan Sri Dato' Low Nam Hui, Puan Sri Datin Chan Pui Leorn, Low Quek Kiong and Low Kok Yong pursuant to Section 6A of the Companies Act, 1965.
- *8. Deemed interested in the shares held by Seri Cemerlang Plantation (Pahang) Sdn Bhd pursuant to Section 6A of the Companies Act, 1965.
- *9. Deemed interested in the shares held by Low Nam Hui & Sons Sdn Bhd pursuant to Section 6A of the Companies Act, 1965.



ANALYSIS OF SHAREHOLDINGS

As at 30 April 2015
cont'd

B) LIST OF DIRECTORS' SHAREHOLDINGS

No.	Name of Directors	Direct		Deemed Interest in Shares	
		No. of Shares	%	No. of Shares	%
1.	Tan Sri Dato' Low Nam Hui (<i>Demised</i>)	5,384,333	2.90	119,842,275 ^{*1}	64.61
2.	Puan Sri Datin Chan Pui Leorn	550,000	0.30	124,676,608 ^{*2}	67.22
3.	Low Quek Kiong	75,000	0.04	125,151,608 ^{*3}	67.48
4.	Low Kueck Shin	-	-	125,226,608 ^{*4}	67.52
5.	Low Kwek Lee	-	-	125,226,608 ^{*4}	67.52
6.	Low Kuek Kong	-	-	125,226,608 ^{*4}	67.52
7.	Lee Chon Sing	1	0.00	-	-
8.	Low Kok Yong	720,000	0.39	124,506,608 ^{*5}	67.13
9.	Low Kok Yaow	-	-	125,226,608 ^{*4}	67.52
10.	Loh Wann Yuan	1	0.00	-	-
11.	Brig. Jen. (B) Dato' Ali Bin Hj. Musa	-	-	-	-
12.	Law Piang Woon	-	-	-	-
13.	Mohamed Akwal Bin Sultan Mohamad	-	-	-	-

Notes:-

- *1. Deemed interested in the shares held by Low Nam Hui United Holdings Sdn Bhd, Low Nam Hui & Sons Sdn Bhd, LNH Enterprise Sdn Bhd, Seri Cemerlang Plantation (Pahang) Sdn Bhd, Yong Yaow Properties Sdn Bhd and Shande Ancestral Park Berhad and the shares held by his immediate family members namely, Puan Sri Datin Chan Pui Leorn, Low Quek Kiong, Low Kok Yong and Low Siew Eng pursuant to Section 6A of the Companies Act, 1965.
- *2. Deemed interested in the shares held by Low Nam Hui United Holdings Sdn Bhd, Low Nam Hui & Sons Sdn Bhd, LNH Enterprise Sdn Bhd, Seri Cemerlang Plantation (Pahang) Sdn Bhd, Yong Yaow Properties Sdn Bhd and Shande Ancestral Park Berhad and the shares held by her immediate family members namely, the late Tan Sri Dato' Low Nam Hui, Low Quek Kiong, Low Kok Yong and Low Siew Eng pursuant to Section 6A of the Companies Act, 1965.
- *3. Deemed interested in the shares held by Low Nam Hui United Holdings Sdn Bhd, Low Nam Hui & Sons Sdn Bhd, LNH Enterprise Sdn Bhd, Seri Cemerlang Plantation (Pahang) Sdn Bhd, Yong Yaow Properties Sdn Bhd and Shande Ancestral Park Berhad and the shares held by his immediate family members namely, the late Tan Sri Dato' Low Nam Hui, Puan Sri Datin Chan Pui Leorn, Low Kok Yong and Low Siew Eng pursuant to Section 6A of the Companies Act, 1965.
- *4. Deemed interested in the shares held by Low Nam Hui United Holdings Sdn Bhd, Low Nam Hui & Sons Sdn Bhd, LNH Enterprise Sdn Bhd, Seri Cemerlang Plantation (Pahang) Sdn Bhd, Yong Yaow Properties Sdn Bhd and Shande Ancestral Park Berhad and the shares held by his immediate family members namely, the late Tan Sri Dato' Low Nam Hui, Puan Sri Datin Chan Pui Leorn, Low Quek Kiong, Low Kok Yong and Low Siew Eng pursuant to Section 6A of the Companies Act, 1965.
- *5. Deemed interested in the shares held by Low Nam Hui United Holdings Sdn Bhd, Low Nam Hui & Sons Sdn Bhd, LNH Enterprise Sdn Bhd, Seri Cemerlang Plantation (Pahang) Sdn Bhd, Yong Yaow Properties Sdn Bhd and Shande Ancestral Park Berhad and the shares held by his immediate family members namely, the late Tan Sri Dato' Low Nam Hui, Puan Sri Datin Chan Pui Leorn, Low Quek Kiong and Low Siew Eng pursuant to Section 6A of the Companies Act, 1965.

C) DISTRIBUTION OF SHAREHOLDINGS

	No. of Holders	Holdings	Total Holdings	Percentage (%)
	46	Less than 100	1,285	0.00
	1,009	100 to 1,000	281,819	0.15
	1,177	1,001 to 10,000	6,026,810	3.25
	437	10,001 to 100,000	14,722,258	7.94
	61	100,001 to less than 5% of issued shares	60,929,258	32.85
	4	5% and above of issued shares	103,515,729	55.81
Total:	2,734		185,477,159	100.00



ANALYSIS OF SHAREHOLDINGS

As at 30 April 2015
cont'd



D) TOP 30 LARGEST SECURITIES ACCOUNT HOLDERS

No.	Name	No. of Shares Held	Percentage (%)
1.	LNH ENTERPRISE SDN. BHD.	43,988,896	23.72
2.	LOW NAM HUI UNITED HOLDINGS SDN BHD	37,170,763	20.04
3.	SHANDE ANCESTRAL PARK BERHAD	11,425,000	6.16
4.	LOW NAM HUI & SONS SDN. BHD.	10,931,070	5.89
5.	DB (MALAYSIA) NOMINEE (ASING) SDN BHD <i>Exempt AN for Bank of Singapore Limited</i>	8,347,500	4.50
6.	KENANGA CAPITAL SDN BHD <i>Pledged Securities Account for Low Nam Hui United Holdings Sdn Bhd</i>	7,228,916	3.90
7.	HLIB NOMINEES (TEMPATAN) SDN BHD <i>Hong Leong Bank Bhd for Chuan Hong Hang Sdn Berhad</i>	6,100,000	3.29
8.	MAYBANK NOMINEES (TEMPATAN) SDN BHD <i>Law Kiu Kiong</i>	5,508,000	2.97
9.	LOW NAM HUI	5,384,333	2.90
10.	YONG YAOW PROPERTIES SDN. BHD.	5,034,800	2.71
11.	RHB NOMINEES (TEMPATAN) SDN BHD <i>Pledged Securities Account for Law Kiong Holdings Sdn. Bhd.</i>	4,693,700	2.53
12.	HLIB NOMINEES (TEMPATAN) SDN BHD <i>Hong Leong Bank Bhd for Chuan Hong Hang Properties Sdn Bhd</i>	2,334,000	1.26
13.	TOH EAN HAI	1,990,000	1.07
14.	SERI CEMERLANG PLANTATION (PAHANG) SDN BHD	1,470,000	0.79
15.	SERI CEMERLANG PLANTATION (PAHANG) SDN BHD	1,047,030	0.56
16.	DYNAQUEST SDN. BERHAD	814,100	0.44
17.	TA NOMINEES (TEMPATAN) SDN BHD <i>Pledged Securities Account For Chor Sek Choon</i>	705,300	0.38
18.	CHAN PUI LEORN	550,000	0.30
19.	GAN HONG LIANG	548,100	0.30
20.	BDO CAPITAL CONSULTANTS SDN BHD <i>Exempt AN</i>	531,193	0.29
21.	CHIN HON PUN	473,200	0.26
22.	LEE KEK MING	400,000	0.22
23.	PUBLIC NOMINEES (TEMPATAN) SDN BHD <i>Pledged securities account for Low Kok Yong (E-TJJ)</i>	390,000	0.21
24.	LOW KOK YONG	330,000	0.18
25.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>Pledged securities account for Ng Ching Soong (470478)</i>	328,100	0.17
26.	PUBLIC NOMINEES (TEMPATAN) SDN BHD <i>Pledged securities account for Ng Faai @ Ng Yoke Pei (SRB/PMS)</i>	315,000	0.17
27.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD <i>Pledged securities account for Lu Lip Lai (731389)</i>	314,800	0.17
28.	AMSEC NOMINEES (TEMPATAN) SDN BHD <i>Pledged securities account for Ng Ching Soong</i>	269,000	0.14
29.	EU LEE CHUAN ENTERPRISE SDN BERHAD	250,000	0.13
30.	SJ SEC NOMINEES (TEMPATAN) SDN BHD <i>Pledged securities account for Ng Ching Soong (SMT)</i>	235,000	0.13

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**HARN LEN CORPORATION BHD**

(Company No. 502606-H)

(Incorporated in Malaysia under the Companies Act, 1965)

FORM OF PROXYI/We _____ NRIC No. _____
(Full Name in Capital Letters)of _____
(Full Address)being a member/ members of **HARN LEN CORPORATION BHD** (Co. No. 502606-H) do hereby appoint_____ NRIC No. _____
(Full Name in Capital Letters)of _____ *and/or failing him/her
(Full Address)_____ NRIC No. _____
(Full Name in Capital Letters)of _____ as *my/our proxy to
(Full Address)

attend and vote for *me/us on *my/our behalf at the Fifteenth (15th) Annual General Meeting of the Company to be held on Friday, 26 June 2015 at 11.00 am at Meranti Hall, 4th Floor, Johor Tower, 15 Jalan Gereja, 80100 Johor Bahru and at any adjournment thereof. *My/our proxy is to vote as indicated below:-

Resolution No.		FOR	AGAINST
Ordinary Business:-			
1.	Approval of Directors' Fees		
2.	Re-election of Director - Mr Low Quek Kiong		
3.	Re-election of Director - Mr Low Kueck Shin		
4.	Re-election of Director - Mr Loh Wann Yuan		
5.	Re-election of Director - Mr Low Kok Yaow		
6.	Re-appointment of Director - Brig. Jen. (B) Dato' Ali Bin Hj. Musa		
7.	Re-appointment of Director - Mr Law Piang Woon		
8.	Re-appointment of Director - Mr Lee Chon Sing		
9.	Re-appointment of Messrs KPMG as Auditors		
Special Business:-			
10.	Continuing in office as Independent Non-Executive Director - Mr Loh Wann Yuan		
11.	Continuing in office as Independent Non-Executive Director - Brig. Jen. (B) Dato' Ali Bin Hj. Musa		
12.	Continuing in office as Independent Non-Executive Director - Mr Law Piang Woon		
13.	Authority to allot and issue shares pursuant to Section 132D of the Companies Act, 1965		
14.	Proposed Renewal of Shareholders' Mandate - Seri Cemerlang Plantation (Pahang) Sdn. Bhd.		
15.	Proposed Renewal of Shareholders' Mandate - Low Nam Hui & Sons Sdn. Bhd.		
16.	Proposed Renewal of Shareholders' Mandate - Kang Hui Travel Sdn. Bhd.		
17.	Proposed Renewal of Shareholders' Mandate - Advance Pinnacle Sdn. Bhd.		
18.	Proposed Renewal of Shareholders' Mandate - LNH Enterprise Sdn. Bhd.		
19.	Proposed Renewal of Shareholders' Mandate - One63 Ideas Sdn Bhd		
20.	Proposed New Shareholders' Mandate - Horn Lern (Merakai) Sdn Bhd		
21.	Proposed New Shareholders' Mandate - Horn Lern (Semada) Sdn Bhd		
22.	Proposed New Shareholders' Mandate - Horn Lern (Krangang) Sdn Bhd		
23.	Proposed Share Buy-Back		

(Please indicate with a cross ("X") in the appropriate space(s) 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/she thinks fit.)

Number of shares held _____

For appointment of two (2) proxies, percentage of shareholdings to be represented by the proxies must be indicated below:-

	Number of Shares	Percentage (%)
First Proxy		
Second Proxy		

Signature of Member / Members _____

Dated this _____ day of _____ 2015

Notes:-

- Only members registered in the Record of Depositors as at 17 June 2015 are eligible to attend, speak and vote at the Company's 15th Annual General Meeting or to appoint proxy to attend, speak and vote on his/her behalf.
- A member who is entitled to attend and vote at the meeting of the Company is entitled to appoint not more than two (2) proxies to attend and vote instead of the member at the meeting. A proxy need not be a member and there shall be no restriction as to the qualification of the proxy and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
- Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 ("SICDA"), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
- Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under SICDA which is exempted from compliance with the provision of subsection 25A(1) of SICDA.
- Where a member or the authorised nominee appoints two (2) proxies, or where an exempt authorised nominee appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies. The appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
- 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.
- The Proxy Form must be deposited with the Company Secretary at the Registered Office, 6th Floor, Johor Tower, 15 Jalan Gereja, 80100 Johor Bahru, Johor, not less than 48 hours before the time set for the meeting.

Fold This Flap For Sealing

Then Fold Here

STAMP

**THE COMPANY SECRETARY
HARN LEN CORPORATION BHD (502606-H)**

6th Floor, Johor Tower
15 Jalan Gereja
80100 Johor Bahru
Johor Darul Takzim

1st Fold Here

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

6th Floor Johor Tower, 15 Jalan Gereja,
80100 Johor Bahru, Johor, Malaysia.
Tel: (607) 222 1777 Fax: (607) 224 9213