11. Recurrent related party transactions of a revenue or trading nature ("RRPT")

A breakdown of the aggregate value of the RRPT conducted pursuant to the shareholder mandate during the financial year where the aggregate value is equal to or more than the threshold prescribed under paragraph 10.09(1)(a) of the Listing Requirements, are set out below:

Type of RRPT	Name of Related Party(ies)	Relationship with RSB Group	Actual Value as at 31 December 2012 (RM)
Contract Charges	R.H. Biotech Sdn Bhd	Note (K)	187,124.10
	RH Swiftlet Farming Sdn Bhd	Note (M)	1,771,090.65
	Sub-Total		**1,958,214.75**
Development & construction contract charges	City vine Development Sdn Bhd	Note (A)	9,231,922.76
Maintenance, development contract & management charges	Sinar Tiasa Sdn Bhd	Note (B)	29,141,290.51
Purchase of diesel	Tiong Toh Siong & Sons Sdn Bhd	Note (B)	1,197,620.26
Purchase of FBB	Lubuk Tiara Sdn Bhd	Note (N)	20,473,328.39
Purchase of Fertilizers and chemicals	Rejang Green Agriculture Supplies Sdn Bhd	Note (K)	73,253,195.30
Purchase of seedlings	R.H. Biotech Sdn Bhd	Note (K)	1,561,948.30
Purchase of spare parts & POL	All-Round Tyres Sdn Bhd	Note (C)	11,668.00
	Kejuruteraan Utama Sentiasa Sdn Bhd	Note (D)	4,441.50
	Perindustrian Jaya Tiasa Sdn Bhd	Note (E)	8,700.84
	Rimbunan Hijau General Trading Sdn Bhd	Note (F)	7,890,494.02
	Sin Hong Guan Sdn Bhd	Note (G)	126,320.31
	Sub-Total		**8,041,624.67**
Recruitment charges	Agensi Pekerjaan Metawin Sdn Bhd	Note (H)	1,488,754.69
Rental of plant & machinery	Sinar Tiasa Sdn Bhd	Note (B)	1,152,255.98
Sales of FFB	R.H. Selangau Palm Oil Mill Sdn Bhd	Note (J)	41,704,185.18
	RH Lundu Palm Oil Mill Sdn Bhd	Note (K)	50,654,566.75
	Sub-Total		**92,358,751.93**
Transportation charges	Interlink Transport Sdn Bhd	Note (L)	2,528,734.37
	Rimbunan Hijau General Trading Sdn Bhd	Note (F)	5,100.75
	Sinar Tiasa Sdn Bhd	Note (B)	1,693,634.27
	Sub-Total		**4,227,469.39**
Transportation of FFB	Nextep Transport Sdn Bhd	Note (M)	280,780.14
	Sinar Tiasa Sdn Bhd	Note (B)	1,776,610.58
	Sub-Total		**2,057,390.72**

ADDITIONAL COMPLIANCE INFORMATION (cont'd)

Notes:

(A) Connected with Tiong Chiong Ong

(B) Connected with Tan Sri Tiong, TSL, Datuk Tiong Thai King, Tiong Kiong King , Tiong Chiong Ie and Tiong Chiong Ong

(C) Connected with Tan Sri Tiong, TTSH, TSL, Datuk Tiong Thai King, Tiong Kiong King , Tiong Chiong Ie and Tiong Chiong Ong

(D) Connected with Tan Sri Tiong, TTSH, TSL, TTSE, Datuk Tiong Thai King, Tiong Kiong King, Tiong Chiong Ie, Tiong Chiong Ong, RHSA and PAA

(E) Connected with Tan Sri Tiong, TSL, Datuk Tiong Thai King, Tiong Kiong King, Tiong Chiong Ie, Tiong Chiong Ong, RHSA and PAA

(F) Connected with Tan Sri Tiong, TSL, RHSA, Datuk Tiong Thai King, Tiong Kiong King , Tiong Chiong Ie, Tiong Chong Ong and PAA

(G) Connected with Tan Sri Tiong, TTSH, TSL, Datuk Tiong Thai King, Tiong Kiong King, Tiong Chiong Ie and Tiong Chiong Ong

(H) Connected with Tan Sri Tiong, TTSH, TSL, TTSE, PAA, Datuk Tiong Thai King, Tiong Kiong King and Tiong Chiong Ie

(I) Connected with Tan Sri Tiong, TSL, Tiong Chiong Ie, Datuk Tiong Thai King, Tiong Kiong King, Tiong Chiong Ong, PAA, RHSA and KOPP

(J) Connected with Tan Sri Tiong, TTSH, TSL, TTSE, Datuk Tiong Thai King, Tiong Kiong King and Tiong Chiong Ie

(K) Connected with Tan Sri Tiong, TTSH, TSL, TTSE, Datuk Tiong Thai King, Tiong Kiong King , Tiong Chiong Ie and Tiong Chiong Ong

(L) Connected with Tan Sri Tiong, TTSH, TSL, TTSE, PAA, Tiong Kiong King , Tiong Chiong Ie and Tiong Chiong Ong

(M) Connected with persons connected with Tan Sri Tiong

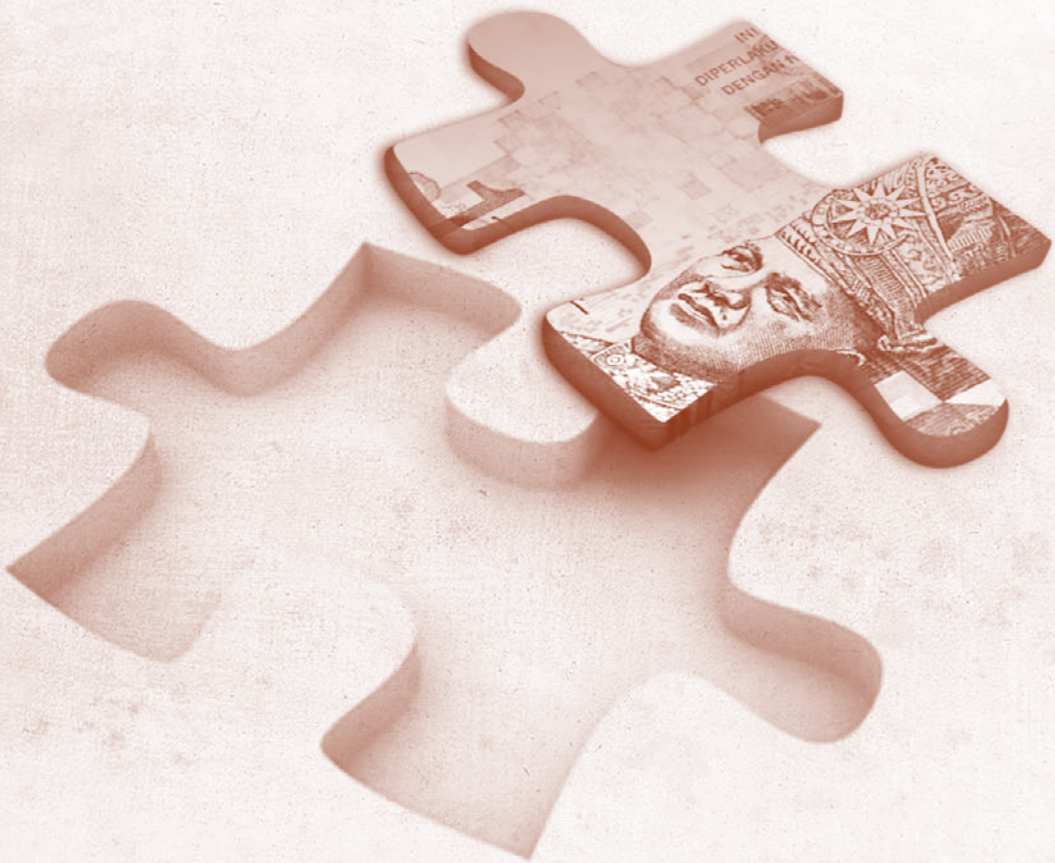
(N) Connected with Tan Sri Tiong, TTSH, TSL, TTSE, PAA, Tiong Kiong King , Tiong Chiong Ie, Tiong Chiong Ong, RHSA, KOPP

(O) Connected with Dato' Mohamad Arif Stephen bin Abdullah - Director and Major Shareholder of BTH

12 Disclosure of realised and unrealised profits or losses

The breakdown of the realised and unrealised profits as at 31 December 2012 are disclosed in Note 46 to the Audited Financial Statements for the year ended 31 December 2012, as outlined on page 132 of this annual report.

Rimbunan Sawit



FINANCIAL STATEMENTS

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2012.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding and the provision of management services. The principal activities of the subsidiaries are set out in Note 5 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	The Group RM	The Company RM
Profit after taxation for the financial year	19,981,692	19,744,497
Attributable to:-		
Owners of the Company	21,326,710	19,744,497
Non-controlling interests	(1,345,018)	-
	19,981,692	19,744,497

DIVIDENDS

The following dividends totaling RM22,537,167 in respect of the financial year ended 31 December 2011 was approved by the shareholders at the Annual General Meeting held on 8 June 2012 and paid on 18 July 2012:-

(a) a final single tier dividend of 1.5 sen per ordinary share amounting to RM19,627,574; and

(b) a final single tier dividend of 1.5 sen per irredeemable convertible preference share amounting to RM2,909,593.

At the forthcoming Annual General Meeting, the following dividends in respect of the current financial year will be proposed for shareholders' approval:-

(a) a final single tier dividend of 1.0 sen per ordinary share amounting to RM13,085,049; and

(b) a final single tier dividend of 1.0 sen per irredeemable convertible preference share amounting to RM1,939,729.

RESERVES AND PROVISIONS

All material transfers to or from reserves or provisions during the financial year are disclosed in the financial statements.

ISSUES OF SHARES AND DEBENTURES

During the financial year:-

(a) there were no changes in the authorised and issued and paid-up share capital of the Company; and

(b) there were no issues of debentures by the Company.

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables, and satisfied themselves that there are no known bad debts and no allowance for impairment losses on receivables is required.

At the date of this report, the directors are not aware of any circumstances that would require the writing off of bad debts, or the allowance for impairment losses on receivables in the financial statements of the Group and of Company.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that any current assets other than debts, which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records of the Group and of the Company, 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 which would render the values attributed to the current assets in the financial statements misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

The contingent liabilities are disclosed in Note 42 to the financial statements. At the date of this report, there does not exist:-

(a) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person; or

(b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability of the Group and of the Company 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 when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the financial year.

DIRECTORS

The directors who served since the date of the last report are as follows:-

Diong Hiew King @ Tiong Hiew King
Tiong Chiong Ong
Tiong Kiong King
Tiong Chiong Ie
Bong Wei Leong
Tiong Ing Ming

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial year in shares of the Company and its related corporations during the financial year are as follows:-

	← Number of Ordinary Shares of RM0.50 Each →			
	At 1.1.2012	Bought	Sold	At 31.12.2012
Direct Interests				
Diong Hiew King @ Tiong Hiew King	2,400,000	-	-	2,400,000
Tiong Chiong Ong	7,271,608	130,000	(400,000)	7,001,608
Tiong Kiong King	14,508,800	-	(705,000)	13,803,800
Tiong Chiong Ie	1,600,000	-	-	1,600,000
Tiong Ing Ming	200,000	-	-	200,000
Indirect Interests				
Diong Hiew King @ Tiong Hiew King	762,706,172	1,349,600	(76,776,100)	687,279,672
Tiong Chiong Ong	270,714	40,000	-	310,714
Tiong Kiong King	16,218,400	-	-	16,218,400
Tiong Chiong Ie	3,872,000	-	-	3,872,000

	Number of Irredeemable Convertible Preference Shares of RM0.50 Each			
	At 1.1.2012	Bought	Sold	At 31.12.2012
Indirect Interests				
Diong Hiew King @ Tiong Hiew King	193,972,857	-	-	193,972,857

By virtue of his shareholdings in the Company, Diong Hiew King @ Tiong Hiew King is deemed to have interests in shares in its related corporations during the financial year to the extent of the Company's interests, in accordance with Section 6A of the Companies Act 1965.

The other director holding office at the end of the financial year had no interest in shares of the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors as shown in the financial statements, or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with 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 except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 39 to the financial statements.

Neither during nor at the end of the financial year was the Group or the Company a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are disclosed in Note 45 to the financial statements.

AUDITORS

The auditors, Messrs. Crowe Horwath, have expressed their willingness to continue in office.

Signed in accordance with a resolution of the directors dated 26 APR 2013

Diong Hiew King @ Tiong Hiew King

Tiong Chiong Ong

STATEMENT BY DIRECTORS

We, Diong Hiew King @ Tiong Hiew King and Tiong Chiong Ong, being two of the directors of Rimbunan Sawit Berhad, state that, in the opinion of the directors, the financial statements set out on pages 51 to 131 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 state of affairs of the Group and of the Company at 31 December 2012 and of their results and cash flows for the financial year ended on that date.

The supplementary information set out in Note 46, which is not part of the financial statements, is prepared in all material respects, in accordance with Guidance on 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, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed in accordance with a resolution of the directors dated 26 APR 2013

Diong Hiew King @ Tiong Hiew King

Tiong Chiong Ong

STATUTORY DECLARATION

I, Ling Tong Ung, being the officer primarily responsible for the financial management of Rimbunan Sawit Berhad, do solemnly and sincerely declare that the financial statements set out on pages 51 to 131 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
Ling Tong Ung, at Sibu
on this 26 APR 2013

Before me

PESURUHJAYA SUMPAH
No. Q 111
THOMAS YU KIU HEE
SIBU SARAWAK
MALAYSIA

Ling Tong Ung

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF RIMBUNAN SAWIT BERHAD (691393-U)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Rimbunan Sawit Berhad, which comprise statements of financial position as at 31 December 2012 of the Group and of the Company, and statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 51 to 131.

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 2012 and of their financial performance and cash flows for the financial 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:-

(i) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(ii) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 5 to the financial statements.

(iii) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

(iv) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

OTHER REPORTING REQUIREMENTS

The supplementary information set out in Note 46 on page 132 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on 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, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of 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.

Crowe Horwath
Firm No: AF 1018
Chartered Accountants

26 APR 2013

Sibu

Hudson Chua Jain
Approval No: 2538/05/14 (J)
Chartered Accountant

STATEMENTS OF FINANCIAL POSITION
AT 31 DECEMBER 2012

	Note	The Group 2012 RM	The Group 2011 RM	The Company 2012 RM	The Company 2011 RM
ASSETS					
NON-CURRENT ASSETS					
Investments in subsidiaries	5	-	-	435,149,648	433,649,646
Investment in an associate	6	26,387,819	25,789,892	25,137,296	25,137,296
Property, plant and equipment	7	647,238,958	569,728,869	1,139,628	589,124
Intangible assets	8	23,142,919	23,262,087	438,032	19,185
Biological assets	9	716,004,232	672,785,454	-	-
Goodwill	10	64,740,461	54,044,698	-	-
Deferred tax assets	11	4,931,902	4,748,146	270,158	227,324
		1,482,446,291	1,350,359,146	462,134,762	459,622,575
CURRENT ASSETS					
Inventories	12	36,031,762	25,233,445	-	-
Trade receivables	13	11,405,756	17,000,550	-	-
Other receivables, deposits and prepayments	14	12,780,734	9,277,786	674,807	957,666
Amount owing by subsidiaries	15	-	-	412,519,907	256,830,789
Tax refundable		4,045,969	1,771,822	199,350	43,350
Short-term investments	16	17,573,451	118,214,526	17,573,451	118,214,526
Fixed deposits	17	1,020,694	90,141,175	-	40,800,000
Cash and bank balances	18	2,540,087	409,588	939,558	108,792
		85,398,453	262,048,892	431,907,073	416,955,123
TOTAL ASSETS		1,567,844,744	1,612,408,038	894,041,835	876,577,698

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

STATEMENTS OF FINANCIAL POSITION (cont'd)
AT 31 DECEMBER 2012

	Note	The Group 2012 RM	The Group 2011 RM	The Company 2012 RM	The Company 2011 RM
EQUITY AND LIABILITIES					
EQUITY					
Share capital	19	751,238,901	751,238,901	751,238,901	751,238,901
Reserves	20	131,131,293	133,056,276	117,089,070	120,596,266
Equity attributable to owners of the Company		882,370,194	884,295,177	868,327,971	871,835,167
Non-controlling interests		77,088,899	81,233,917	-	-
TOTAL EQUITY		959,459,093	965,529,094	868,327,971	871,835,167
NON-CURRENT LIABILITIES					
Borrowings	21	251,382,976	254,488,294	33,724	164,829
Deferred tax liabilities	11	155,301,141	144,480,428	-	-
		406,684,117	398,968,722	33,724	164,829
CURRENT LIABILITIES					
Trade payables	24	46,268,278	60,181,386	-	-
Other payables, deposits and accruals	25	41,869,479	58,781,389	5,403,719	3,485,283
Amount owing to subsidiaries	15	-	-	13,160,518	967,508
Borrowings:-	21				
- bank overdrafts		24,159,038	7,532,547	1,984,798	-
- other borrowings		88,155,604	118,952,684	5,131,105	124,911
Provision for taxation		1,249,135	2,462,216	-	-
		201,701,534	247,910,222	25,680,140	4,577,702
TOTAL LIABILITIES		608,385,651	646,878,944	25,713,864	4,742,531
TOTAL EQUITY AND LIABILITIES		1,567,844,744	1,612,408,038	894,041,835	876,577,698

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

	Note	The Group 2012 RM	The Group 2011 RM	The Company 2012 RM	The Company 2011 RM
REVENUE	26	313,866,522	359,568,132	31,198,500	29,333,892
COST OF SALES		(248,509,554)	(224,120,976)	-	-
GROSS PROFIT		65,356,968	135,447,156	31,198,500	29,333,892
OTHER INCOME		6,037,677	10,029,791	3,305,900	9,386,794
DISTRIBUTION COSTS		(10,447,384)	(12,296,058)	-	-
ADMINISTRATIVE AND OTHER EXPENSES		(19,344,630)	(19,447,543)	(14,768,913)	(13,351,848)
SHARE OF RESULTS IN AN ASSOCIATE		597,927	652,596	-	-
FINANCE COSTS	27	(11,478,084)	(19,075,362)	(11,097)	(3,742)
PROFIT BEFORE TAXATION	28	30,722,474	95,310,580	19,724,390	25,365,096
INCOME TAX EXPENSE	29	(10,740,782)	(25,598,272)	20,107	(84,358)
PROFIT AFTER TAXATION		19,981,692	69,712,308	19,744,497	25,280,738
OTHER COMPREHENSIVE INCOME					
Available-for-sale financial assets:-					
- fair value changes		2,197,825	714,526	2,197,825	714,526
- transfer to profit or loss upon reinvestment		(2,912,351)	-	(2,912,351)	-
		(714,526)	714,526	(714,526)	714,526
TOTAL COMPREHESIVE INCOME FOR THE FINANCIAL YEAR		19,267,166	70,426,834	19,029,971	25,995,264
PROFIT AFTER TAXATION ATTRIBUTABLE TO:-					
Owners of the Company		21,326,710	68,146,541	19,744,497	25,280,738
Non-controlling interests		(1,345,018)	1,565,767	-	-
		19,981,692	69,712,308	19,744,497	25,280,738
TOTAL COMPREHESIVE INCOME ATTRIBUTABLE TO:-					
Owners of the Company		20,612,184	68,861,067	19,029,971	25,995,264
Non-controlling interests		(1,345,018)	1,565,767	-	-
		19,267,166	70,426,834	19,029,971	25,995,264
EARNINGS PER SHARE (SEN)	30				
Basic		1.04	4.63		
Diluted		Not applicable	Not applicable		

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

The Group	Non-distributable: Share Capital Ordinary Shares RM	Non-distributable: Share Capital Preference Shares RM	Non-distributable: Share Premium RM	Non-distributable: Merger Reserve RM	Non-distributable: Fair Value Reserve RM	Distributable Retained Profits RM	Attributable to Owners of the Company RM	Non-controlling Interests RM	Total Equity RM
Balance at 1.1.2011	78,299,100	96,986,429	183,907,590	(44,630,565)	-	112,520,083	427,082,637	116,354,060	543,436,697
Profit after taxation for the financial year	-	-	-	-	-	68,146,541	68,146,541	1,565,767	69,712,308
Other comprehensive income for the financial year, net of tax:-									
- fair value changes of available-for-sale financial assets	-	-	-	-	714,526	-	714,526	-	714,526
Total comprehensive income for the financial year	-	-	-	-	714,526	68,146,541	68,861,067	1,565,767	70,426,834
Balance carried forward	78,299,100	96,986,429	183,907,590	(44,630,565)	714,526	180,666,624	495,943,704	117,919,827	613,863,531

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

The Group	note	Non-distributable: Share Capital Ordinary Shares RM	Share Capital Preference Shares RM	Share Premium RM	Merger Reserve RM	Fair Value Reserve RM	Distributable Retained Profits RM	Attributable to Owners of the Company RM	Non-controlling Interests RM	Total Equity RM
Balance brought forward		78,299,100	96,986,429	183,907,590	(44,630,565)	714,526	180,666,624	495,943,704	117,919,827	613,863,531
Contributions by and distributions to owners of the Company:-										
- issuance of shares	19, 20	575,953,372	-	(167,382,577)	-	-	-	408,570,795	-	408,570,795
- share issuance expenses	20	-	-	(1,078,063)	-	-	-	(1,078,063)	-	(1,078,063)
- acquisition of subsidiaries	32	-	-	-	-	-	-	-	180,000	180,000
- disposal of a subsidiary	34	-	-	-	-	-	-	-	(18,036,187)	(18,036,187)
- dividends:-										
- by the Company	31	-	-	-	-	-	(6,614,416)	(6,614,416)	-	(6,614,416)
- by subsidiaries to non-controlling interests		-	-	-	-	-	-	-	(2,636,928)	(2,636,928)
Changes in ownership interests in subsidiaries:-										
- acquisition from non-controlling interests	33	-	-	-	(8,434,988)	-	(4,091,855)	(12,526,843)	(16,192,795)	(28,719,638)
Transactions with owners of the Company		575,953,372	-	(168,460,640)	(8,434,988)	-	(10,706,271)	388,351,473	(36,685,910)	351,665,563
Balance at 31.12.2011		654,252,472	96,986,429	15,446,950	(53,065,553)	714,526	169,960,353	884,295,177	81,233,917	965,529,094

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

The Group	← Non-distributable → Share Capital Ordinary Shares RM	Share Capital Preference Shares RM	Share Premium RM	Merger Reserve RM	Fair Value Reserve RM	Distributable Retained Profits RM	Attributable to Owners of the Company RM	Non-controlling Interests RM	Total Equity RM
Balance at 31.12.2011/ 1.1.2012	654,252,472	96,986,429	15,446,950	(53,065,553)	714,526	169,960,353	884,295,177	81,233,917	965,529,094
Profit after taxation for the financial year	-	-	-	-	-	21,326,710	21,326,710	(1,345,018)	19,981,692
Other comprehensive income for the financial year, net of tax:-									
- fair value changes of available-for-sale financial assets	-	-	-	-	2,197,825	-	2,197,825	-	2,197,825
- transfer to profit or loss upon reinvestment	-	-	-	-	(2,912,351)	-	(2,912,351)	-	(2,912,351)
Total comprehensive income for the financial year	-	-	-	-	(714,526)	21,326,710	20,612,184	(1,345,018)	19,267,166
Balance carried forward	654,252,472	96,986,429	15,446,950	(53,065,553)	-	191,287,063	904,907,361	79,888,899	984,796,260

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

		← Non-distributable →								
		Share Capital								
The Group	note	Ordinary Shares RM	Preference Shares RM	Share Premium RM	Merger Reserve RM	Fair Value Reserve RM	Distributable Retained Profits RM	Attributable to Owners of the Company RM	Non-controlling Interests RM	Total Equity RM
Balance brought forward		654,252,472	96,986,429	15,446,950	(53,065,553)	-	191,287,063	904,907,361	79,888,899	984,796,260
Contributions by and distributions to owners of the Company:-										
- dividends										
- by the Company	31	-	-	-	-	-	(22,537,167)	(22,537,167)	-	(22,537,167)
- by subsidiaries to non-controlling interests		-	-	-	-	-	-	-	(2,800,000)	(2,800,000)
Transactions with owners of the Company		-	-	-	-	-	(22,537,167)	(22,537,167)	(2,800,000)	(25,337,167)
Balance at 31.12.2012		654,252,472	96,986,429	15,446,950	(53,065,553)	-	168,749,896	882,370,194	77,088,899	959,459,093

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

		← Non-distributable →					
		Share Capital				Distributable	
The Company	Note	Ordinary Shares RM	Preference Shares RM	Share Premium RM	Fair Value Reserve RM	Retained Profits RM	Total Equity RM
Balance at 1.1.2011		78,299,100	96,986,429	183,907,590	-	85,768,468	444,961,587
Profit after taxation for the financial year		-	-	-	-	25,280,738	25,280,738
Other comprehensive income for the financial year, net of tax:-							
- fair value changes of available-for-sale financial assets		-	-	-	714,526	-	714,526
Total comprehensive income for the financial year		-	-	-	714,526	25,280,738	25,995,264
Contributions and distributions to owners of the Company:-							
- issuance of shares	19, 20	575,953,372	-	(167,382,577)	-	-	408,570,795
- share issuance expenses	20	-	-	(1,078,063)	-	-	(1,078,063)
- dividends	31	-	-	-	-	(6,614,416)	(6,614,416)
Transactions with owners of the Company		575,953,372	-	(168,460,640)	-	(6,614,416)	400,878,316
Balance at 31.12.2011		654,252,472	96,986,429	15,446,950	714,526	104,434,790	871,835,167

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

		← Non-distributable →					
		Share Capital				Distributable	
The Company	Note	Ordinary Shares RM	Preference Shares RM	Share Premium RM	Fair Value Reserve RM	Retained Profits RM	Total Equity RM
Balance at 31.12.2011/1.1.2012		654,252,472	96,986,429	15,446,950	714,526	104,434,790	871,835,167
Profit after taxation for the financial year		-	-	-	-	19,744,497	19,744,497
Other comprehensive income for the financial year, net of tax:-							
- fair value changes of available-for-sale financial assets		-	-	-	2,197,825	-	2,197,825
- transfer to profit or loss upon reinvestment		-	-	-	(2,912,351)	-	(2,912,351)
Total comprehensive income for the financial year		-	-	-	(714,526)	19,744,497	19,029,971
Contributions and distributions to owners of the Company:-							
- dividends	31	-	-	-	-	(22,537,167)	(22,537,167)
Balance at 31.12.2012		654,252,472	96,986,429	15,446,950	-	101,642,120	868,327,971

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

	The Group		The Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	30,722,474	95,310,580	19,724,390	25,365,096
Adjustments for:-				
Amortisation of biological assets	25,940,650	22,112,450	-	-
Amortisation of intangible assets	128,579	132,557	17,851	8,962
Depreciation of property, plant and equipment	27,291,953	23,020,433	328,015	214,225
Dividend income	-	-	(19,198,500)	(18,953,892)
Gain on disposal of a subsidiary	-	(4,742,242)	-	(3,374,378)
Gain on remeasurement of remaining stake in an associate	-	-	-	(4,758,287)
(Gain)/loss on disposal of property, plant and equipment	(92,207)	(379,227)	703	1,648
Interest expense	11,478,084	19,075,362	11,097	3,742
Interest income	(3,548,015)	(1,802,360)	(3,126,375)	(1,204,981)
Share of results in an associate	(597,927)	(652,596)	-	-
Operating profit/(loss) before working capital changes	91,323,591	152,074,957	(2,242,819)	(2,697,865)
Increase in inventories	(10,798,317)	(4,948,666)	-	-
Decrease/(increase) in trade and other receivables	2,091,846	(1,676,691)	282,859	22,123,965
(Decrease)/increase in trade and other payables	(31,397,358)	10,245,310	1,918,436	19,648,775
CASH FROM/(FOR) OPERATIONS	51,219,762	155,694,910	(41,524)	39,074,875
Income tax paid	(11,631,915)	(14,338,798)	(178,727)	(305,365)
Interest paid	(1,890,993)	(1,561,696)	-	-
Interest received	3,548,015	1,790,829	3,126,375	1,204,981
NET CASH FROM OPERATING ACTIVITIES/ BALANCE CARRIED FORWARD	41,244,869	141,585,245	2,906,124	39,974,491

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

	Note	The Group 2012 RM	The Group 2011 RM	The Company 2012 RM	The Company 2011 RM
NET CASH FROM OPERATING ACTIVITIES/ BALANCE BROUGHT FORWARD		41,244,869	141,585,245	2,906,124	39,974,491
CASH FLOWS FOR INVESTING ACTIVITIES					
Acquisition of additional equity interests from non-controlling interests	33	-	(12,700,326)	-	(12,700,326)
Acquisition of plantation estate	35	-	(22,111,569)	-	-
Acquisition of subsidiaries, net of cash and cash equivalents acquired	32	(35,832,561)	(1,017,447)	(2)	(1,020,000)
Costs incurred on biological assets	36(a)	(57,749,397)	(61,139,664)	-	-
Disposal of a subsidiary, net of cash and cash equivalents disposed	34	-	13,090,759	-	13,100,723
Proceeds from disposal of intangible assets		21,308	-	-	-
Proceeds from disposal of property, plant and equipment		890,146	976,212	-	-
Purchase of intangible assets		(436,698)	(22,350)	(436,698)	-
Purchase of property, plant and equipment	36(b)	(72,072,075)	(76,950,157)	(879,222)	(118,903)
Subscription of shares in a subsidiary		-	-	(1,500,000)	(2,500,000)
NET CASH FOR INVESTING ACTIVITIES		(165,179,277)	(159,874,542)	(2,815,922)	(3,238,506)
BALANCE BROUGHT FORWARD		(123,934,408)	(18,289,297)	90,202	36,735,985

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

STATEMENTS OF CASH FLOWS (cont'd)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

	Note	The Group 2012 RM	The Group 2011 RM	The Company 2012 RM	The Company 2011 RM
BALANCE BROUGHT FORWARD		(123,934,408)	(18,289,297)	90,202	36,735,985
CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES					
Net increase in amount owing by subsidiaries		-	-	(124,297,608)	(263,133,677)
Deposits and bank balances held on trust for Islamic securities investors		3,143,281	703,421	-	-
Dividend paid:-					
- by the Company	31	(22,537,167)	(6,614,416)	(22,537,167)	(6,614,416)
- by subsidiaries to non-controlling interests		(2,800,000)	(2,636,928)	-	-
Drawdown of term loans		82,155,491	41,854,972	-	-
Net of drawdown/(repayment) of bankers' acceptance		702,000	4,005,000	-	-
Net of drawdown/(repayment) of revolving credit		5,000,000	-	5,000,000	-
Net of drawdown/(repayment) of unsecured loans		(50,000,000)	(72,410,000)	-	-
Payment of interests on long-term borrowings		(15,742,629)	(25,293,166)	(11,097)	(3,742)
Payment of share issuance expenses		-	(1,078,063)	-	(1,078,063)
Proceeds from rights issue		-	392,551,483	-	392,551,483
Repayment of advances from related parties		(1,250,000)	(9,100,000)	-	-
Repayment of hire purchase obligations		(2,586,309)	(916,943)	(124,911)	(30,260)
Repayment of Islamic securities		(31,950,000)	(53,800,000)	-	-
Repayment of term loans		(40,600,000)	(33,500,000)	-	-
NET CASH (FOR)/FROM FINANCING ACTIVITIES		(76,465,333)	233,765,360	(141,970,783)	121,691,325
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(200,399,741)	215,476,063	(141,880,581)	158,427,310
EFFECTS OF FAIR VALUE CHANGES IN SHORT-TERM INVESTMENTS		(714,526)	714,526	(714,526)	714,526
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		197,066,830	(19,123,759)	159,123,318	(18,518)
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	37	(4,047,437)	197,066,830	16,528,211	159,123,318

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

1. GENERAL INFORMATION

The Company is a public company limited by shares and is incorporated under the Companies Act 1965 in Malaysia. The domicile of the Company is Malaysia. The registered office, which is also the principal place of business, is No. 85 & 86, Pusat Suria Permata, Jalan Upper Lanang 12A, 96000 Sibu, Sarawak.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 26 April 2013.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding and the provision of management services. The principal activities of the subsidiaries are set out in Note 5 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

3. BASIS OF PREPARATION

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Financial Reporting Standards ("FRSs") and the requirements of the Companies Act 1965 in Malaysia.

3.1 During the current financial year, the Group has adopted the following new accounting standards and interpretations (including the consequential amendments):-

FRSs and IC Interpretations (Including The Consequential Amendments)

FRS 124 (Revised) Related Party Disclosures

Amendments to FRS 1 (Revised): Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters

Amendments to FRS 7: Disclosures – Transfers of Financial Assets

Amendments to FRS 112: Recovery of Underlying Assets

IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments

Amendments to IC Interpretation 14: Prepayments of a Minimum Funding Requirement

The adoption of the above accounting standards and interpretations (including the consequential amendments) did not have any material impact on the Group's financial statements except as follows:-

a. FRS 124 (Revised) simplifies the definition of a related party and introduces a partial exemption from the disclosure requirements for government-related entities. The application of this revised standard has resulted in the identification of related parties that were not identified as related parties under the previous standard. Specifically, associates of the holding company are treated as related parties of the Company under the revised standard whilst such entities were not treated as related parties under the previous standard. The related party disclosures set out in Note 39 have been changed to reflect the application of the revised standard. Changes have been applied retrospectively.

3. BASIS OF PREPARATION (cont'd)

3.1 During the current financial year, the Group has adopted the following new accounting standards and interpretations (including the consequential amendments) (cont'd):-

b. The amendments to FRS 7 (Transfers of Financial Assets) intend to provide greater transparency around risk exposures of transactions when a financial asset is transferred but the transferor retains some level of continuing exposure in the asset. The amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the period. There will be no financial impact on the financial statements of the Group upon its initial application but may impact its future disclosures.

3.2 The Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments) that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the current financial year:-

FRSs and IC Interpretations (Including The Consequential Amendments)	Effective Date
FRS 9 Financial Instruments	1 January 2015
FRS 10 Consolidated Financial Statements	1 January 2013
FRS 11 Joint Arrangements	1 January 2013
FRS 12 Disclosure of Interests in Other Entities	1 January 2013
FRS 13 Fair Value Measurement	1 January 2013
FRS 119 (Revised) Employee Benefits	1 January 2013
FRS 127 (2011) Separate Financial Statements	1 January 2013
FRS 128 (2011) Investments in Associates and Joint Ventures	1 January 2013
Amendments to FRS 1: Government Loans	1 January 2013
Amendments to FRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to FRS 9: Mandatory Effective Date of FRS 9 and Transition Disclosures	1 January 2015
Amendments to FRS 10, FRS 11 and FRS 12: Transition Guidance	1 January 2013
Amendments to FRS 10, FRS 12 and FRS 127: Investment Entities	1 January 2014
Amendments to FRS 101 (Revised): Presentation of Items of Other Comprehensive Income	1 July 2012
Amendments to FRS 132: Offsetting Financial Assets and Financial Liabilities	1 January 2014
IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
Annual Improvements to FRSs 2009 – 2011 Cycle	1 January 2013

3. BASIS OF PREPARATION (cont'd)

3.2 The above accounting standards and interpretations (including the consequential amendments) are not relevant to the Group's operations except as follows:-

(a) FRS 9 replaces the parts of FRS 139 that relate to the classification and measurement of financial instruments. FRS 9 divides all financial assets into 2 categories – those measured at amortised cost and those measured at fair value, based on the entity's business model for managing its financial assets and the contractual cash flow characteristics of the instruments. For financial liabilities, the standard retains most of the FRS 139 requirement. An entity choosing to measure a financial liability at fair value will present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income rather than within profit or loss. The effective date of this standard has been deferred from 1 January 2013 to 1 January 2015. Transitional provisions in FRS 9 were also amended to provide certain relief from retrospective adjustments. There will be no material impact on the financial statements of the Group upon its initial application.

(b) FRS 10 replaces the consolidation guidance in FRS 127 and IC Interpretation 112. Under FRS 10, there is only one basis for consolidation, which is control. Extensive guidance has been provided in the standard to assist in the determination of control. There will be no material impact on the financial statements of the Group upon its initial application.

(c) FRS 12 is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. FRS 12 is a disclosure standard and the disclosure requirements in this standard are more extensive than those in the current standards. Accordingly, there will be no financial impact on the financial statements of the Group upon its initial application but may impact its future disclosures.

(d) FRS 13 defines fair value, provides guidance on how to determine fair value and requires disclosures about fair value measurements. The scope of FRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other FRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in FRS 13 are more extensive than those required in the current standards and therefore there will be no financial impact on the financial statements of the Group upon its initial application but may impact its future disclosures.

(e) The amendments to FRS 7 (Disclosures – Offsetting Financial Assets and Financial Liabilities) require disclosures that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position. There will be no material impact on the financial statements of the Group upon its initial application.

(f) The amendments to FRS 101 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. In addition, items presented in other comprehensive income section are to be grouped based on whether they are potentially re-classifiable to profit or loss subsequently i.e. those that might be reclassified and those that will not be reclassified. Income tax on items of other comprehensive income is required to be allocated on the same basis. There will be no financial impact on the financial statements of the Group upon its initial application.

3. BASIS OF PREPARATION (cont'd)

3.2 The above accounting standards and interpretations (including the consequential amendments) are not relevant to the Group's operations except as follows (cont'd):-

(g) The amendments to FRS 132 provide the application guidance for criteria to offset financial assets and financial liabilities. There will be no material impact on the financial statements of the Group upon its initial application.

(h) The Annual Improvements to FRSs 2009 – 2012 Cycle contain amendments to FRS 1, FRS 101, FRS 116, FRS 132 and FRS 134. These amendments are expected to have no material impact on the financial statements of the Group.

3.3 On 19 November 2011, MASB issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRSs") that are equivalent to International Financial Reporting Standards.

The MFRSs are to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 (Agriculture) and IC Interpretation 15 (Agreements for Construction of Real Estate), including its parent, significant investor and venturer (herein called "Transitioning Entities").

On 30 June 2012, MASB announced that the Transitioning Entities are allowed to defer the adoption of the MFRSs to annual periods beginning on or after 1 January 2014 after which the MFRSs will become mandatory. The Group falls within the definition of Transitioning Entities and has opted to prepare its first MFRSs financial statements for the financial year ending 31 December 2014.

In representing its first MFRSs financial statements, the Group will quantify the financial effects of the differences between the current FRSs and MFRSs. The Group has commenced transitioning its accounting policies and financial reporting from the current FRSs to MFRSs. However, the Group has not completed its quantification of the financial effects of the differences between FRSs and MFRSs due to the ongoing assessment by the management. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

The Group expects to be in a position to fully comply with the requirements of MFRSs for the financial year ending 31 December 2014.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated by the directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Group's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below:-

(a) Depreciation of Property, Plant and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(b) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the year in which such determination is made.

(c) Impairment of Non-financial Assets

When the recoverable amount of an asset is determined based on the estimate of the value-in-use of the cash-generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

(d) Impairment of Trade and Other Receivables

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its loans and receivables financial assets and analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgment to evaluate the adequacy of the allowance for impairment losses. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation, such difference will impact the carrying value of receivables.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (cont'd)

(e) Classification of Leasehold Land

The classification of leasehold land as a finance lease or an operating lease requires the use of judgement in determining the extent to which risks and rewards incidental to its ownership lie. Despite the fact that there will be no transfer of ownership by the end of the lease term and that the lease term does not constitute the major part of the indefinite economic life of the land, management considered that the present value of the minimum lease payments approximated to the fair value of the land at the inception of the lease. Accordingly, management judged that the Group has acquired substantially all the risks and rewards incidental to the ownership of the land through a finance lease.

(f) Impairment of Goodwill

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires management to estimate the expected future cash flows of the cash-generating unit to which goodwill is allocated and to apply a suitable discount rate in order to determine the present value of those cash flows. The future cash flows are most sensitive to budgeted gross margins, growth rates estimated and discount rate used. If the expectation is different from the estimation, such difference will impact the carrying value of goodwill.

4.2 BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 December 2012.

A subsidiary is defined as a company in which the parent company has the power, directly or indirectly, to exercise control over its financial and operating policies so as to obtain benefits from its activities.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the equity attributable to owners of the Company. Transactions with non-controlling interests are accounted for as transactions with owners and are recognised directly in equity. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

At the end of each reporting period, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.2 BASIS OF CONSOLIDATION (cont'd)

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity and attributed to owners of the parent.

Upon loss of control of a subsidiary, the profit or loss on disposal is calculated as the difference between:-

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and

(ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained profits) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 139 or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

Business combinations from 1 January 2011 onwards

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

Business combinations before 1 January 2011

The acquisitions of Baram Trading Sdn Bhd and Nescaya Palma Sdn Bhd by the Company have been accounted for as a business combination among entities under common control. Accordingly, the financial statements of the Group have been consolidated using the merger method of accounting.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.2 BASIS OF CONSOLIDATION (cont'd)

Business combinations before 1 January 2011 (cont'd)

Under the merger method of accounting, the results of the subsidiaries are presented as if the merger had been effected throughout the current and previous financial years. The assets and liabilities combined are accounted based on the carrying amounts from the perspective of common control shareholders at the date of transfer. On consolidation, the cost of the merger is cancelled with the values of the shares received. Any resulting debit or credit difference is classified as a non-distributable reserve.

All other subsidiaries are consolidated using the purchase method. At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the consolidated financial statements. The cost of acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination.

Non-controlling interests are initially measured at their share of the fair values of the identifiable assets and liabilities of the acquiree at the date of acquisition.

4.3 GOODWILL

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually. The impairment value of goodwill is recognised immediately in profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Business combinations from 1 January 2011 onwards

Under the acquisition method, any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interests recognised and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities at the date of acquisition is recorded as goodwill.

Where the latter amount exceeds the former, after reassessment, the excess represents a bargain purchase gain and is recognised as a gain in profit or loss.

Business combinations before 1 January 2011

Under the purchase method, goodwill represents the excess of the fair value of the purchase consideration over the Group's share of the fair values of the identifiable assets, liabilities and contingent liabilities of the subsidiaries at the date of acquisition.

If, after reassessment, the Group's interest in the fair values of the identifiable net assets of the subsidiaries exceeds the cost of the business combinations, the excess is recognised as income immediately in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.4 FUNCTIONAL AND PRESENTATION CURRENCY

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency.

4.5 FINANCIAL INSTRUMENTS

Financial instruments are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

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.

(a) Financial Assets

On initial recognition, financial assets are classified as either financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables financial assets, or available-for-sale financial assets, as appropriate.

(i) Financial Assets at Fair Value through Profit or Loss

Financial assets are classified as financial assets at fair value through profit or loss when the financial asset is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.5 FINANCIAL INSTRUMENTS (cont'd)

(a) Financial Assets (cont'd)

(ii) Held-to-maturity Investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the management has the positive intention and ability to hold to maturity. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment loss, with revenue recognised on an effective yield basis.

(iii) Loans and Receivables Financial Assets

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables financial assets. Loans and receivables financial assets are measured at amortised cost using the effective interest method, less any impairment loss. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

(iv) Available-for-sale Financial Assets

Available-for-sale financial assets are non-derivative financial assets that are designated in this category or are not classified in any of the other categories.

After initial recognition, available-for-sale financial assets are remeasured to their fair values at the end of each reporting period. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the fair value reserve, with the exception of impairment losses. On derecognition, the cumulative gain or loss previously accumulated in the fair value reserve 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.

Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payments is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less accumulated impairment losses, if any.

(b) Financial Liabilities

All financial liabilities are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.5 FINANCIAL INSTRUMENTS (cont'd)

(c) Equity Instruments

Instruments classified as equity are measured at cost and are not remeasured subsequently.

Ordinary Shares and Irredeemable Convertible Preference Shares ("ICPSs")

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from proceeds.

Dividends on ordinary shares and ICPSs are recognised as liabilities when approved for appropriation.

(d) 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 specific debtor fails to make payment when due.

The Company designates corporate guarantees given to financial institutions for credit facilities granted to subsidiaries as insurance contracts as defined in FRS 4 Insurance Contracts. The Company recognises these corporate guarantees as liabilities when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

4.6 INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

4.7 INVESTMENTS IN ASSOCIATES

An associate is an entity in which the Company has a long-term equity interest and where it exercises significant influence over the financial and operating policies.

Investments in associates are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investment includes transaction costs.

The investment in an associate is accounted for in the consolidated statement of financial position using the equity method, based on the financial statements of the associate made up to 31 December 2012. The Group's share of the post-acquisition profits of the associate is included in the consolidated statement of comprehensive income and the Group's interest in the associate is carried in the consolidated statement of financial position at cost plus the Group's share of the post-acquisition retained profits and reserves.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.7 INVESTMENTS IN ASSOCIATES (cont'd)

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation.

Unrealised gains on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. Unrealised losses are eliminated unless cost cannot be recovered.

On the disposal of the investments in associates, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

4.8 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation is calculated under the straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Land and buildings	Over the lease period of 60 years and 5%
Leasehold land	Over the lease periods of 43 to 86 years
Buildings, drainage and roads	4% - 20%
Nursery irrigation systems	7½ - 10%
Motor vehicles, plant and machinery	7½ - 25%
Equipment and furniture	10% - 100%

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment.

Capital work-in-progress represents assets under construction, and which are not ready for commercial use at the end of the reporting period. Capital work-in-progress is stated at cost, and is transferred to the relevant category of assets and depreciated accordingly when the assets are completed and ready for commercial use.

Cost of capital work-in-progress includes direct cost, related expenditure and interest cost on borrowings taken to finance the acquisition of the assets to the date that the assets are completed and put into use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.8 PROPERTY, PLANT AND EQUIPMENT (cont'd)

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset is recognised in profit or loss.

4.9 INTANGIBLE ASSETS

(a) Computer Software

Computer software is initially capitalised at cost which includes the purchase price (net of any discounts and rebates) and other directly attributable cost of preparing the asset for its intended use. Direct expenditure, which enhances or extends the performance of computer software beyond its specifications and which can be reliably measured, is recognised as capital improvement and added to the original cost of the software. Costs associated with maintaining the computer software are recognised as an expense as incurred.

Capitalised computer software is subsequently carried at cost less accumulated amortisation and impairment losses, if any. These costs are amortised on a straight-line basis over their estimated useful lives of 5 to 10 years.

Gains or losses arising from derecognition of computer software are measured as the difference between the net disposal proceeds and the carrying amount of the assets and are recognised in profit or loss when the assets are derecognised.

(b) Commercial Rights on Licence for Planted Forest ("LPF")

Commercial rights on LPF represents rights granted to the Group to plant trees on licensed area, which will expire in March 2064.

The rights acquired by the Group are stated at cost less accumulated amortisation and impairment losses, if any. The cost is amortised on a straight-line basis over the remaining term of the licence of 55 years at the date of acquisition.

4.10 BIOLOGICAL ASSETS

Biological assets are stated at cost less accumulated amortisation and impairment losses, if any.

Planting expenditure incurred on land clearing, upkeep of immature trees, administrative expenses directly attributable to tree planting and interest incurred during the pre-cropping period is capitalised at cost as biological assets. Upon maturity, all subsequent maintenance expenditure is recognised in profit or loss. Pre-cropping cost is accounted for as follows:-

(a) Oil palm and rubber plantation – amortised on a straight-line basis over 25 years, the expected useful life of oil palm and rubber trees, upon maturity.

(b) Gaharu plantation – recognised in profit or loss upon harvesting of gaharu trees.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.11 IMPAIRMENT

(a) Impairment of Financial Assets

All financial assets (other than those categorised at fair value through profit or loss), are assessed at the end of each reporting period 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. For an equity instrument, a significant or prolonged decline in the fair value below its cost is considered to be objective evidence of impairment.

An impairment loss in respect of held-to-maturity investments and loans and receivables financial assets 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 financial asset's original effective interest rate.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the fair value reserve. In addition, the cumulative loss recognised in other comprehensive income and accumulated in equity under fair value reserve, is reclassified from equity to profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. In respect of available-for-sale equity instruments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss made is recognised in other comprehensive income.

For available-for-sale debt investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

(b) Impairment of Non-Financial Assets

The carrying values of assets, other than those to which FRS 136 Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount of the assets is the higher of the assets' fair value less costs to sell and their valueinuse, which is measured by reference to discounted future cash flows.

An impairment loss is recognised in profit or loss immediately.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.11 IMPAIRMENT (cont'd)

(b) Impairment of Non-Financial Assets (cont'd)

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately.

4.12 ASSETS UNDER HIRE PURCHASE AND OBLIGATIONS UNDER IJARAH ARRANGEMENTS

Assets acquired under hire purchase are capitalised in the financial statements and are depreciated in accordance with the policy set out in Note 4.8 above. Each hire purchase payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. Finance charges are recognised in profit or loss over the period of the respective hire purchase agreements.

Obligations under Ijarah arrangements are treated as a sale and leaseback finance lease, where under the Ijarah arrangements, the Group sells the beneficial interest of an underlying asset, while retaining the bare ownership. At the same time, the Group contracts to Ijarah the beneficial interest back from the other party. The net effect is that the Group retains ownership of the underlying asset; the usufruct, initially sold, is immediately re-acquired by the Group.

4.13 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and condition are accounted for as follows:-

(a) Processed inventories – cost of raw materials, direct labour, and an appropriate proportion of production overheads, determined on a first-in first-out basis.

(b) Nursery inventories – all costs that are directly attributable to the nursery development activities.

(c) Sundry stores and consumables – original cost of purchase, determined on a weighted average basis.

Net realisable value represents the estimated selling price less the estimated costs necessary to make the sale.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.14 INCOME TAXES

Income tax for the year comprises current and deferred tax.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity and deferred tax arising from a business combination is included in the resulting goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs.

4.15 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, bank overdrafts and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.16 PROVISIONS

Provisions are recognised when the Group has a present obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation.

4.17 EMPLOYEE BENEFITS

(a) Short-term Benefits

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are recognised in profit or loss and included in the biological assets, where appropriate, in the period in which the associated services are rendered by employees of the Group.

(b) Defined Contribution Plans

The Group's contributions to defined contribution plans are recognised in profit or loss and included in the biological assets, where appropriate, in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

4.18 RELATED PARTIES

A party is related to an entity (referred to as the "reporting entity") if:-

(a) A person or a close member of that person's family is related to a reporting entity if that person:-

(i) has control or joint control over the reporting entity;
(ii) has significant influence over the reporting entity; or
(iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.18 RELATED PARTIES (cont'd)

(b) An entity is related to a reporting entity if any of the following conditions applies:-

(i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
(iii) Both entities are joint ventures of the same third party.
(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
(v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
(vi) The entity is controlled or jointly controlled by a person identified in (a) above.
(vii) A person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

4.19 CONTINGENT LIABILITIES

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.20 REVENUE AND OTHER INCOME

(a) Sale of Goods

Revenue is recognised upon delivery of goods and customers' acceptance and where applicable, net of returns and trade discounts.

(b) Services

Revenue is recognised upon the rendering of services and when the outcome of the transaction can be estimated reliably. In the event the outcome of the transaction could not be estimated reliably, revenue is recognised to the extent of the expenses incurred that are recoverable.

(c) Interest Income

Interest income is recognised on an accrual basis using the effective interest method.

(d) Dividend Income

Dividend income from investment is recognised when the right to receive dividend payment is established.

(e) Rental Income

Rental income is recognised on an accrual basis.

4.21 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 to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

4.22 CONTINGENT ASSETS

A contingent asset is a probable asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group.

4.23 BORROWING COSTS

Borrowing costs, directly attributable to the acquisition and construction of property, plant and equipment are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale. Capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted.

All other borrowing costs are recognised in profit or loss as expenses in the period in which they incurred.

5. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2012 RM	2011 RM
Unquoted shares, at cost	435,149,648	433,649,646

The details of the subsidiaries are as follows:-

Name of Company	Country of Incorporation	Effective Equity Interest 2012 %	Effective Equity Interest 2011 %	Principal Activities
Baram Trading Sdn Bhd	Malaysia	85	85	Cultivation of oil palm
Burung Tiong Helicopter Sdn Bhd	Malaysia	85	85	Aircraft operations and services
Formasi Abadi Sdn Bhd^	Malaysia	100	-	Cultivation of oil palm
Jayamax Plantation Sdn Bhd	Malaysia	100	100	Cultivation of oil palm
Lumiera Enterprise Sdn Bhd	Malaysia	100	100	Cultivation of oil palm
Midas Plantation Sdn Bhd*	Malaysia	100	100	Special purpose vehicle to facilitate the issuance of Islamic securities
Nescaya Palma Sdn Bhd	Malaysia	100	100	Cultivation of oil palm
Novelpac-Puncakdana Plantation Sdn Bhd	Malaysia	100	100	Cultivation of oil palm
Pelita-Splendid Plantation Sdn Bhd#	Malaysia	70	70	Cultivation of oil palm
PJP Pelita Biawak Plantation Sdn Bhd#	Malaysia	85	85	Cultivation of oil palm
PJP Pelita Ekang-Banyok Plantation Sdn Bhd	Malaysia	60	60	Cultivation of oil palm
PJP Pelita Lundu Plantation Sdn Bhd	Malaysia	60	60	Cultivation of oil palm
PJP Pelita Selangau Plantation Sdn Bhd#	Malaysia	60	60	Cultivation of oil palm
PJP Pelita Ulu Teru Plantation Sdn Bhd#	Malaysia	60	60	Cultivation of oil palm
R.H. Plantation Sdn Bhd	Malaysia	100	100	Cultivation of oil palm and operation of palm oil mill
Rimbunan Sawit Holdings Berhad	Malaysia	100	100	Investment holding
RSB Palm Oil Mill Sdn Bhd	Malaysia	100	-	Dormant
Timrest Sdn Bhd	Malaysia	100	100	Cultivation of oil palm
Woodijaya Sdn Bhd	Malaysia	100	100	Cultivation of oil palm

^ This subsidiary is held through Nescaya Palma Sdn Bhd.

* This subsidiary is held through Rimbunan Sawit Holdings Berhad.

\# These subsidiaries were audited by other firms of chartered accountants.

6. INVESTMENT IN AN ASSOCIATE

	The Group		The Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Unquoted shares, at cost	25,137,296	25,137,296	25,137,296	25,137,296
Share of post-acquisition profits	1,250,523	652,596	-	-
	26,387,819	25,789,892	25,137,296	25,137,296

(a) The details of the associate are as follows:-

Name of Company	Country of Incorporation	Effective Equity Interest 2012 %	2011 %	Principal Activities
Lubuk Tiara Sdn Bhd#	Malaysia	44	44	Cultivation of oil palm

\# The associate was audited by other firms of chartered accountants.

(b) The summarised unaudited financial information of the associate, not adjusted for the percentage ownership held by the Group, is as follows:-

	The Group	
	2012	2011
	RM	RM
Assets and liabilities		
Total assets	114,568,756	109,197,911
Total liabilities	97,962,907	93,950,987
Results		
Revenue	17,745,517	5,814,405
Profit after taxation	1,358,925	1,483,172

7. PROPERTY, PLANT AND EQUIPMENT

The Group	At 1.1.2012 RM	Acquisition of Subsidiaries (Note 32) RM	Additions RM	Disposals RM	Reclassifi-cations RM	Depreciation Charge RM	At 31.12.2012 RM
Net Book Value							
Land and buildings	2,962,128	-	20,280	-	-	(87,857)	2,894,551
Leasehold land	175,986,322	35,000,000	-	-	-	(3,684,496)	207,301,826
Buildings, drainage and roads	350,394,211	-	44,728,635	(5,757)	7,548,625	(17,035,379)	385,630,335
Nursery irrigation systems	59,265	-	-	(1,005)	-	(38,849)	19,411
Motor vehicles, plant and machinery	26,696,651	-	10,692,169	(344,402)	1,302,110	(9,638,027)	28,708,501
Equipment and furniture	4,990,807	-	2,262,597	(446,775)	(537,172)	(1,655,859)	4,613,598
Capital work-in-progress	8,639,485	-	17,744,814	-	(8,313,563)	-	18,070,736
	569,728,869	35,000,000	75,448,495	(797,939)	-	(32,140,467)	647,238,958

7. PROPERTY, PLANT AND EQUIPMENT (cont'd)

The Group	At 1.1.2011 RM	Acquisition of a subsidiary (Note 32) RM	Disposal of a Subsidiary (Note 34) RM	Additions RM	Disposals RM	Reclassifi-cations RM	Depreciation Charge RM	At 31.12.2011
Net Book Value								
Land and buildings	3,048,633	-	-	-	-	-	(86,505)	2,962,128
Leasehold land	135,882,164	-	(7,060,036)	50,338,767	-	-	(3,174,573)	175,986,322
Buildings, drainage and roads	321,820,381	-	(22,740,366)	63,838,912	-	2,961,562	(15,486,278)	350,394,211
Nursery irrigation systems	98,223	-	-	-	-	-	(38,958)	59,265
Motor vehicles, plant and machinery	16,713,494	-	(504,078)	17,907,959	(384,636)	466,998	(7,503,086)	26,696,651
Equipment and furniture	5,683,103	1,946	(447,526)	1,451,208	(211,441)	(2,488)	(1,483,995)	4,990,807
Capital work-in-progress	2,048,044	-	(92,721)	10,111,142	(908)	(3,426,072)	-	8,639,485
	485,294,042	1,946	(30,844,727)	143,647,988	(596,985)	-	(27,773,395)	569,728,869

7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Group	At Cost RM	Accumulated Depreciation RM	Net Book Value RM
At 31.12.2012			
Land and buildings	3,406,273	(511,722)	2,894,551
Leasehold land	220,999,483	(13,697,657)	207,301,826
Buildings, drainage and roads	476,237,553	(90,607,218)	385,630,335
Nursery irrigation systems	497,607	(478,196)	19,411
Motor vehicles, plant and machinery	90,066,881	(61,358,380)	28,708,501
Equipment and furniture	12,798,046	(8,184,448)	4,613,598
Capital work-in-progress	18,070,736	-	18,070,736
	822,076,579	(174,837,621)	647,238,958
At 31.12.2011			
Land and buildings	3,385,993	(423,865)	2,962,128
Leasehold land	185,992,275	(10,005,953)	175,986,322
Buildings, drainage and roads	425,232,811	(74,838,600)	350,394,211
Nursery irrigation systems	763,809	(704,544)	59,265
Motor vehicles, plant and machinery	81,448,406	(54,751,755)	26,696,651
Equipment and furniture	15,002,906	(10,012,099)	4,990,807
Capital work-in-progress	8,639,485	-	8,639,485
	720,465,685	(150,736,816)	569,728,869

7. PROPERTY, PLANT AND EQUIPMENT (cont'd)

The Company	At 1.1.2012 RM	Additions RM	Disposals RM	Depreciation Charge RM	At 31.12.2012 RM
Net Book Value					
Buildings	-	50,967	-	(2,973)	47,994
Motor vehicles	495,355	130,355	-	(209,944)	415,766
Equipment and furniture	93,769	697,900	(703)	(115,098)	675,868
	589,124	879,222	(703)	(328,015)	1,139,628

The Company	At 1.1.2012 RM	Additions RM	Disposals RM	Depreciation Charge RM	At 31.12.2012 RM
Net Book Value					
Motor vehicles	312,084	366,524	-	(183,253)	495,355
Equipment and furniture	54,010	72,379	(1,648)	(30,972)	93,769
	366,094	438,903	(1,648)	(214,225)	589,124

The Company	At Cost RM	Accumulated Depreciation RM	Net Book Value RM
At 31.12.2012			
Buildings	50,967	(2,973)	47,994
Motor vehicles	1,290,716	(874,950)	415,766
Equipment and furniture	857,368	(181,500)	675,868
	2,199,051	(1,059,423)	1,139,628
At 31.12.2011			
Motor vehicles	1,160,361	(665,006)	495,355
Equipment and furniture	179,481	(85,712)	93,769
	1,339,842	(750,718)	589,124

7. PROPERTY, PLANT AND EQUIPMENT (cont'd)

(a) Included in the depreciation charge of the Group for the financial year is an amount of RM4,848,514 (2011: RM4,752,962), which is capitalised under biological assets.

(b) Included in the property, plant and equipment of the Group and of the Company at the end of the reporting period are motor vehicles, plant and machinery with a total net book value of RM7,228,698 (2011: RM4,973,516) and RM267,667 (2011: RM340,667) respectively, which are acquired under hire purchase terms.

(c) Included in the property, plant and equipment of the Group at the end of the reporting period are land and buildings with a total net book value of RM2,894,551 (2011: RM2,962,128), of which the title deed of the buildings has yet to be registered under the name of the Group.

(d) The net book value of property, plant and equipment pledged to licensed banks as security for banking facilities granted to the Group (Note 21) is as follows:-

	The Group	
	2012	2011
	RM	RM
Leasehold land	123,518,078	119,181,691
Buildings, drainage and roads	216,023,834	147,089,070
Nursery irrigation systems	-	51,394
Capital work-in-progress	10,314,546	3,727,532
	349,856,458	270,049,687

(e) The net book value of property, plant and equipment held under Ijarah arrangements (Note 23) is as follows:-

	The Group	
	2012	2011
	RM	RM
Leasehold land	25,487,619	25,974,547
Buildings, drainage and roads	67,003,425	71,782,814
Nursery irrigation systems	6,539	7,871
Capital work-in-progress	5,891,857	3,427,229
	98,389,440	101,192,461

7. PROPERTY, PLANT AND EQUIPMENT (cont'd)

(f) The leasehold land of the Group at the end of the reporting period is analysed as follows:-

	The Group	
	2012	2011
	RM	RM
Unexpired period of less than 50 years	108,136,299	67,204,574
Unexpired period of more than 50 years	99,165,527	108,781,748
	207,301,826	175,986,322

8. INTANGIBLE ASSETS

The Group	At 1.1.2012 RM	Additions RM	Disposals RM	Amortisation Charge RM	At 31.12.2012 RM
Net Book Value					
Computer software	219,105	436,698	(21,308)	(122,463)	512,032
Commercial rights on LPF	23,042,982	-	-	(412,095)	22,630,887
	23,262,087	436,698	(21,308)	(534,558)	23,142,919

The Group	At 1.1.2011 RM	Disposal of a Subsidiary (Note 34) RM	Additions RM	Amortisation Charge RM	At 31.12.2011 RM
Net Book Value					
Computer software	353,970	(21,294)	22,350	(135,921)	219,105
Commercial rights on LPF	23,455,077	-	-	(412,095)	23,042,982
	23,809,047	(21,294)	22,350	(548,016)	23,262,087

8. INTANGIBLE ASSETS (cont'd)

The Group	At Cost RM	Accumulated Amortisation RM	Net Book Value RM
At 31.12.2012			
Computer software	1,082,992	(570,960)	512,032
Commercial rights on LPF	23,592,442	(961,555)	22,630,887
	24,675,434	(1,532,515)	23,142,919
At 31.12.2011			
Computer software	694,395	(475,290)	219,105
Commercial rights on LPF	23,592,442	(549,460)	23,042,982
	24,286,837	(1,024,750)	23,262,087

	The Company	
	2012 RM	**2011** RM
Computer software, at cost:-		
At 1 January	45,738	45,738
Additions during the financial year	436,698	-
At 31 December	482,436	45,738
Accumulated amortisation:-		
At 1 January	26,553	17,591
Amortisation for the financial year	17,851	8,962
At 31 December	44,404	26,553
Net book value:-		
At 31 December	438,032	19,185

8. INTANGIBLE ASSETS (cont'd)

(a) Included in the amortisation charge of the Group for the financial year is an amount of RM405,979 (2011: RM415,459), which is capitalised under biological assets.

(b) Commercial rights on LPF are rights conferred upon the Group to plant trees under the Tree Planting Plan. The licence will expire in March 2064.

The Tree Planting Plan has been approved and incorporated the planting of oil palm for a maximum period of 25 years (with 18 years remaining at the end of the reporting period). Upon expiry of the said period of 25 years, the licensed area where oil palm is permitted to be cultivated shall be planted with trees other than oil palm.

9. BIOLOGICAL ASSETS

The Group	At 1.1.2012 RM	Additions RM	Amortisation Charge RM	At 31.12.2012 RM
Net Book Value				
Oil palm plantation	672,252,699	66,375,621	(25,940,650)	712,687,670
Gaharu plantation	396,196	1,520,573	-	1,916,769
Rubber plantation	136,559	1,263,234	-	1,399,793
	672,785,454	69,159,428	(25,940,650)	716,004,232

The Group	At 1.1.2011 RM	Disposal of a Subsidiary (Note 34) RM	Additions RM	Amortisation Charge RM	At 31.12.2011 RM
Net Book Value					
Oil palm plantation	683,248,353	(121,348,469)	132,465,265	(22,112,450)	672,252,699
Gaharu plantation	-	-	396,196	-	396,196
Rubber plantation	-	-	136,559	-	136,559
	683,248,353	(121,348,469)	132,998,020	(22,112,450)	672,785,454

9. BIOLOGICAL ASSETS (cont'd)

The Group	At Cost RM	Accumulated Amortisation RM	Net Book Value RM
At 31.12.2012			
Oil palm plantation	834,936,354	(122,248,684)	712,687,670
Gaharu plantation	1,916,769	-	1,916,769
Rubber plantation	1,399,793	-	1,399,793
	838,252,916	(122,248,684)	716,004,232
At 31.12.2011			
Oil palm plantation	768,560,733	(96,308,034)	672,252,699
Gaharu plantation	396,196	-	396,196
Rubber plantation	136,559	-	136,559
	769,093,488	(96,308,034)	672,785,454

(a) The biological assets include the following expenses:-

	The Group 2012 RM	2011 RM
Amortisation of intangible assets	405,979	415,459
Depreciation of property, plant and equipment	4,848,514	4,752,962
Finance costs:-		
- bank overdrafts	684,939	338,957
- hire purchase obligations	84,592	44,381
- obligations under Ijarah arrangements	-	632,924
- term loans	4,453,648	4,160,475
- unsecured loans	762,025	1,111,674
- others	170,334	1,941,841
Hiring of equipment and machinery	31,455	118,228
Management fee	179,253	370,952
Rental of premises	60,113	170,848
Staff costs:-		
- short-term benefits	4,913,490	5,097,238
- defined contribution plans	586,732	602,009

(b) The net book value of biological assets pledged to licensed banks as security for banking facilities granted to the Group (Note 21) is RM441,389,930 (2011: RM327,986,780).

(c) The net book value of biological assets held under Ijarah arrangements (Note 23) is RM125,393,716 (2011: RM129,087,309).

10. GOODWILL

	The Group	
	2012	2011
	RM	RM
At 1 January	54,044,698	53,912,569
Acquisition of subsidiaries (Note 32)	10,695,763	132,129
At 31 December	64,740,461	54,044,698

Goodwill acquired through business combination has been allocated to the Group's oil palm plantation cash-generating unit.

The Group has assessed the recoverable amount of goodwill allocated and determined that no impairment is required. The recoverable amount of the cash-generating unit is determined using the value-in-use approach, and this is derived from the present value of the future cash flows from the cash-generating unit computed based on the projections of financial budgets approved by the management covering a period of 5 years. The key assumptions used in the determination of the recoverable amount are as follows:-

(a) Discount rate – an estimate of pre-tax rate that reflects specific risks relating to oil palm plantation, which is 10.50% (2011: 10.50%) per annum.

(b) Growth rate – management's estimate of commodity prices, oil palm yields and oil extraction rates.

(c) Selling prices of fresh fruit bunches – an estimate based on expectations of future changes in the market.

(d) Development and direct costs – an estimate based on past practices and experience.

11. DEFERRED TAX

	The Group		The Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
At 1 January	139,732,282	138,327,832	(227,324)	8,521
Acquisition of subsidiaries (Note 32)	8,040,862	-	-	-
Disposal of a subsidiary (Note 34)	-	(14,085,516)	-	-
Recognised in profit or loss (Note 29)	2,596,095	15,489,966	(42,834)	(235,845)
At 31 December	150,369,239	139,732,282	(270,158)	(227,324)

The deferred tax is attributable to the following:-

	The Group		The Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Property, plant and equipment, intangible and biological assets	261,466,567	232,298,527	166,444	12,026
Unused tax losses	(38,989,617)	(37,150,310)	(354,189)	(225,774)
Unabsorbed agriculture/capital allowance	(72,107,711)	(55,415,935)	(82,413)	(13,576)
At 31 December	150,369,239	139,732,282	(270,158)	(227,324)

Deferred tax liabilities and assets are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred tax relates to the same taxation authority. The amounts determined after appropriate offsetting are included in the statements of financial position as follows:-

	The Group		The Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Deferred tax liabilities	155,301,141	144,480,428	-	-
Deferred tax assets	(4,931,902)	(4,748,146)	(270,158)	(227,324)
	150,369,239	139,732,282	(270,158)	(227,324)

11. DEFERRED TAX (cont'd)

No deferred tax assets are recognised in respect of the following items as it is not probable that taxable profits of the subsidiaries will be available against which the carryforward tax losses and tax credits can be utilised:-

	The Group	
	2012	2011
	RM	RM
Unused tax losses	45,362	45,362
Unabsorbed capital allowance	103,970	98,977
	149,332	144,339

12. INVENTORIES

	The Group	
	2012	2011
	RM	RM
At cost:-		
Processed inventories	10,908,008	2,617,653
Nursery inventories	12,870,431	11,969,195
Sundry stores and consumables	12,253,323	10,646,597
	36,031,762	25,233,445

13. TRADE RECEIVABLES

	The Group	
	2012	2011
	RM	RM
Trade receivables:-		
- third parties	4,401,634	8,395,648
- related parties	7,004,122	8,604,902
	11,405,756	17,000,550

The Group's normal trade credit term is 45 (2011: 45) days. Other credit terms are assessed and approved on a case-by-case basis.

14. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Other receivables:-				
- third parties	2,175,963	1,884,546	3,313	-
- related parties	4,153,142	3,389,830	98,722	61,103
	6,329,105	5,274,376	102,035	61,103
Deposits	534,836	123,671	205,340	29,000
Prepayments	5,916,793	3,879,739	367,432	867,563
	12,780,734	9,277,786	674,807	957,666

The amount owing by related parties of the Group includes:-

(a) an amount of RM1,797,586 (2011: RM2,463,949), which is retention amount receivable under Ijarah arrangements; and

(b) an amount of RM45,129 (2011: RM44,613), which is repo profits receivable on the retention amount.

All other amounts are unsecured, interest-free and repayable on demand.

15. AMOUNT OWING BY/(TO) SUBSIDIARIES

The amount owing represents unsecured interest-free advances and payments made on behalf, and is repayable on demand.

16. SHORT-TERM INVESTMENTS

	The Group/The Company	
	2012	2011
	RM	RM
At fair value:-		
Unquoted money market fund unit trusts in Malaysia	17,573,451	118,214,526

Short-term investments are designated as available-for-sale financial assets and are measured at fair value.

17. FIXED DEPOSITS

	The Group		The Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Deposits with licensed banks	-	85,976,522	-	40,800,000
Islamic deposits	1,020,694	4,164,653	-	-
	1,020,694	90,141,175	-	40,800,000

(a) The deposits with licensed banks of the Group and of the Company earn interest at rates ranging from 3.00% to 3.30% (2011: 3.00% to 3.30%) per annum. The deposits have maturity periods ranging 11 to 74 (2011: 11 to 74) days. However, they are fully uplifted during the financial year.

(b) The Islamic deposits of the Group at the end of the reporting period are held on trust for the benefits of the Islamic securities investors.

The deposits earn interest at rates ranging from 3.10% to 3.20% (2011: 2.60% to 3.10%) per annum and have maturity periods ranging from 183 to 188 (2011: 183) days.

18. CASH AND BANK BALANCES

Included in the cash and bank balances of the Group at the end of the reporting period is an amount of RM1,937 (2011: RM1,259), which is held on trust for the benefits of the Islamic securities investors.

19. SHARE CAPITAL

The movements in the authorised and paid-up share capital of the Company are as follows:-

	The Group/The Company			
	2012	2011	2012	2011
	Number of Shares		RM	RM
Authorised				
Ordinary shares of RM0.50 each	2,200,000,000	2,200,000,000	1,100,000,000	1,100,000,000
ICPS of RM0.50 each	300,000,000	300,000,000	150,000,000	150,000,000
	2,500,000,000	2,500,000,000	1,250,000,000	1,250,000,000
Issued and Fully Paid-up				
Ordinary shares of RM0.50 each				
At 1 January	1,308,504,944	156,598,200	654,252,472	78,299,100
Issuance of shares	-	1,151,906,744	-	575,953,372
At 31 December	1,308,504,944	1,308,504,944	654,252,472	654,252,472
ICPS of RM0.50 each				
At 1 January/31 December	193,972,857	193,972,857	96,986,429	96,986,429
	1,502,477,801	1,502,477,801	751,238,901	751,238,901

19. SHARE CAPITAL (cont'd)

(a) In the previous financial year, the Company increased its authorised share capital from RM500,000,000 comprising 700,000,000 ordinary shares and 300,000,000 ICPS of RM0.50 each to RM1,250,000,000 comprising 2,200,000,000 ordinary shares and 300,000,000 ICPS of RM0.50 each by the creation of 1,500,000,000 new ordinary shares of RM0.50 each.

The Company also increased its issued and paid-up share capital in the previous financial year from RM175,285,529 to RM751,238,901 by the allotment of 1,151,906,744 new ordinary shares of RM0.50 each, as detailed below:-

(i) allotment of 6,964,918 new ordinary shares of RM0.50 each at an issue price of RM2.30 per ordinary share in satisfaction of the purchase consideration for the acquisition of remaining 15% equity interests in subsidiaries as disclosed in Note 33 to the financial statements;

(ii) rights issue of 490,689,354 new ordinary shares of RM0.50 each on the basis of three (3) rights shares for every one (1) existing ordinary share of RM0.50 each held after the acquisition as mentioned in (i) above, at an issue price of RM0.80 per rights share; and

(iii) bonus issue of 654,252,472 new ordinary shares of RM0.50 each on the basis of one (1) bonus share for every one (1) existing ordinary share of RM0.50 each held after the rights issue as mentioned in (ii) above.

The new ordinary shares issued rank pari passu in all respects with the existing ordinary shares of the Company.

19. SHARE CAPITAL (cont'd)

(b) The salient features of the ICPS are as follows:-

(i)	Dividend	The ICPS holders are entitled to any dividend declared or paid ranking pari passu with ordinary shares, payable on the date dividends are paid on the ordinary shares. The ICPS holders shall not be entitled to any other rights, allotments, and/or other distributions that may be declared by the Company.
(ii)	Maturity	The maturity date is the tenth anniversary date of the issue date of the ICPS. The ICPS were issued on 1 October 2010.
(iii)	Conversion	The ICPS shall be converted at the option of the ICPS holders into ordinary shares of the Company at any time up to the maturity date. The ICPS are not redeemable for cash. All outstanding ICPS are mandatorily converted into new ordinary shares upon maturity. One ICPS shall be converted into 3.78 new ordinary shares.
(iv)	Ranking	All new ordinary shares issued upon conversion of the ICPS shall rank pari passu with all existing ordinary shares of the Company except that they shall not be entitled to any dividends, rights, allotments and/or other distributions that may be declared, the entitlement date of which is prior to the date of allotment of the said new ordinary shares.
(v)	Voting right	The ICPS holders shall have no right to vote at any general meeting of the Company except on resolutions to amend the ICPS holders' rights, to commence dissolution of the Company, or when dividend on the ICPS is in arrears for more than six months.
(vi)	Further participation	The ICPS holders shall not be entitled to participate in the profit or surplus assets of the Company.

20. RESERVES

	The Group		The Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Non-distributable reserves:-				
- share premium	15,446,950	15,446,950	15,446,950	15,446,950
- merger reserve	(53,065,553)	(53,065,553)	-	-
- fair value reserve	-	714,526	-	714,526
	(37,618,603)	(36,904,077)	15,446,950	16,161,476
Distributable reserves:-				
- retained profits	168,749,896	169,960,353	101,642,120	104,434,790
	131,131,293	133,056,276	117,089,070	120,596,266

(a) The movements in the share premium of the Group and of the Company are as follows:-

	The Group/The Company	
	2012	2011
	RM	RM
At 1 January	15,446,950	183,907,590
Issue of new shares	-	12,536,853
Rights issue	-	147,206,806
Bonus issue	-	(327,126,236)
Share issuance expenses	-	(1,078,063)
At 31 December	15,446,950	15,446,950

The share premium is not distributable by way of dividends and may be utilised in the manner set out in Section 60(3) of the Companies Act 1965.

(b) The merger reserve arose from the difference between the fair value of the consideration paid for the purchase of subsidiaries under common control and the nominal value of shares of the subsidiaries upon consolidation using merger accounting principles.

(c) The fair value reserve represents the cumulative fair value changes (net of tax, where applicable) of available-for-sale financial assets until they are disposed of or impaired.

(d) As at the end of the reporting period, the Company will be able to distribute dividends out of its entire retained profits under the single tier tax system without incurring additional tax liabilities.

21. BORROWINGS

	The Group		The Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Long-term borrowings:-				
- hire purchase obligations (Note 22)	1,921,227	2,274,891	33,724	164,829
- Islamic securities and obligations under Ijarah arrangements (Note 23)	7,650,000	38,300,000	-	-
- term loans, secured	241,811,749	213,913,403	-	-
	251,382,976	254,488,294	33,724	164,829
Short-term borrowings:-				
- bank overdrafts, secured	12,587,981	5,466,508	-	-
- bank overdrafts, unsecured	11,571,057	2,066,039	1,984,798	-
- bankers' acceptance, unsecured	9,644,000	8,942,000	-	-
- hire purchase obligations (Note 22)	3,184,459	2,040,684	131,105	124,911
- Islamic securities and obligations under Ijarah arrangements (Note 23)	30,650,000	31,950,000	-	-
- revolving credit, unsecured	5,000,000	-	5,000,000	-
- term loans, secured	17,157,145	3,500,000	-	-
- unsecured loans	22,520,000	72,520,000	-	-
	112,314,642	126,485,231	7,115,903	124,911
Total borrowings	363,697,618	380,973,525	7,149,627	289,740

The term loans are repayable as follows:-

	The Group	
	2012	2011
	RM	RM
Current portion:-		
- not later than one year	17,157,145	3,500,000
Non-current portion:-		
- later than one year and not later than two years	12,462,924	18,063,114
- later than two years and not later than five years	131,305,851	114,072,603
- later than five years	98,042,974	81,777,686
	241,811,749	213,913,403
	258,968,894	217,413,403

21. BORROWINGS (CONT'D)

The unsecured bank overdrafts, bankers' acceptance and revolving credit of the Group are supported by the corporate guarantee provided by the Company.

The secured bank overdrafts and term loans of the Group are supported by:-

(a) fixed charges over certain subsidiaries' landed properties;

(b) debenture over certain subsidiaries' fixed and floating assets, both present and in the future;

(c) corporate guarantee provided by the Company; and

(d) joint and several guarantee provided by certain directors of the Company.

The repayment terms of the term loans are as follows:-

Term loan 1 at COF + 0.50% per annum	Repayable in 96 monthly instalments, effective from January 2012, as follows:- 2012 – 12 monthly instalments of RM324,583 each 2013 onwards – 83 monthly instalments of RM1,302,914 each with a final payment of RM1,302,915
Term loan 2 at COF + 1.25% per annum	Repayable in 20 quarterly instalments, effective from March 2014, as follows:- 2014/2015 – 4 quarterly instalments of RM2.25 million each 2015/2016 – 4 quarterly instalments of RM3.375 million each 2016/2017 – 4 quarterly instalments of RM4.50 million each 2017/2018 – 4 quarterly instalments of RM5.625 million each 2018/2019 – 4 quarterly instalments of RM6.75 million each
Term loan 3 at COF + 1.00% per annum	Repayable in 24 quarterly instalments, effective from June 2014, as follows:- 2014/2015 – 4 quarterly instalments of RM0.50 million each 2015/2016 – 4 quarterly instalments of RM1.00 million each 2016/2017 – 4 quarterly instalments of RM1.50 million each 2017/2018 – 4 quarterly instalments of RM2.00 million each 2018/2019 – 4 quarterly instalments of RM2.00 million each 2019/2020 – 4 quarterly instalments of RM2.50 million each
Term loan 4 at COF + 1.25% per annum	Repayable in 24 quarterly instalments, effective from March 2015, as follows:- 2015/2016 – 4 quarterly instalments of RM0.20 million each 2016/2017 – 4 quarterly instalments of RM0.40 million each 2017/2018 – 4 quarterly instalments of RM0.60 million each 2018/2019 – 4 quarterly instalments of RM0.65 million each 2019/2020 – 4 quarterly instalments of RM0.70 million each 2020/2021 – 4 quarterly instalments of RM0.95 million each

21. BORROWINGS (CONT'D)

The repayment terms of the term loans are as follows (cont'd):-

Term loan 5 at COF + 1.25% per annum	Repayable in 23 quarterly instalments of RM833,000 each with a final payment of RM841,000, effective from June 2016
Term loan 6 at COF + 1.25% per annum	Repayable in 60 monthly instalments, effective from July 2016, as follows:- 2016/2017 – 12 monthly instalments of RM0.15 million each 2017/2018 – 12 monthly instalments of RM0.40 million each 2018/2019 – 12 monthly instalments of RM0.70 million each 2019/2020 – 12 monthly instalments of RM1.10 million each 2020/2021 – 12 monthly instalments of RM1.65 million each
Term loan 7 at COF + 1.00% per annum	Repayable in 60 monthly instalments, effective from August 2017, as follows:- 2017/2018 – 12 monthly instalments of RM0.10 million each 2018/2019 – 12 monthly instalments of RM0.15 million each 2019/2020 – 12 monthly instalments of RM0.40 million each 2020/2021 – 12 monthly instalments of RM0.55 million each 2021/2022 – 12 monthly instalments of RM0.675 million each

The unsecured loans are granted by a company in which certain directors of the Company have substantial financial interests. The loans bear interest at rate of 5.00% (2011: 3.00%) per annum and are repayable on demand.

22. HIRE PURCHASE OBLIGATIONS

	The Group		The Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Minimum hire purchase payments:-				
- not later than one year	3,377,392	2,223,687	136,008	136,008
- later than one year and not later than two years	1,744,088	1,988,847	33,982	136,008
- later than two years and not later than five years	231,181	359,640	-	33,982
	5,352,661	4,572,174	169,990	305,998
Less: future finance charges	(246,975)	(256,599)	(5,161)	(16,258)
Present value of hire purchase obligations	5,105,686	4,315,575	164,829	289,740
Current portion:-				
- not later than one year	3,184,459	2,040,684	131,105	124,911
Non-current portion:-				
- later than one year and not later than two years	1,692,623	1,919,012	33,724	131,105
- later than two years and not later than five years	228,604	355,879	-	33,724
	1,921,227	2,274,891	33,724	164,829
	5,105,686	4,315,575	164,829	289,740

23. ISLAMIC SECURITIES AND OBLIGATIONS UNDER IJARAH ARRANGEMENTS

	Class	Rating	Maturity Date	Effective Interest Rate % pa	Amount Outstanding 2012 RM	Amount Outstanding 2011 RM
Islamic Securities						
Sukuk Ijarah	Class A	AAA	27 June 2013	6.40	23,736,000	25,208,000
	Class A	AAA	27 June 2012	6.20	-	20,620,000
	Class B	AA2	27 June 2012	6.60	-	10,330,000
					23,736,000	56,158,000
Less: Future finance charges					(736,000)	(3,158,000)
					23,000,000	53,000,000
Obligations under Ijarah Arrangements						
Sukuk Ijarah	Class A	AAA	23 December 2014	6.70	8,152,100	9,187,300
	Class A	AAA	23 December 2013	6.40	8,662,300	8,629,400
	Class B	AA2	23 December 2012	6.60	-	2,078,600
					16,814,400	19,895,300
Less: Future finance charges					(1,514,400)	(2,645,300)
					15,300,000	17,250,000
Total					38,300,000	70,250,000

23. ISLAMIC SECURITIES AND OBLIGATIONS UNDER IJARAH ARRANGEMENTS (cont'd)

The maturity structure of Islamic securities and obligations under Ijarah arrangements is as follows:-

	The Group	
	2012	2011
	RM	RM
Current portion:-		
- not later than one year	30,650,000	31,950,000
Non-current portion:-		
- later than one year and not later than two years	7,650,000	30,650,000
- later than two years and not later than five years	-	7,650,000
	7,650,000	38,300,000
	38,300,000	70,250,000

The Sukuk issue was structured under the Islamic principle of Ijarah or sale and leaseback and was issued via special purpose vehicles, namely Midas Plantation Sdn Bhd, a subsidiary of the Company; and R.H. Capital Sdn Bhd, a company in which certain directors of the Company have substantial financial interests.

The salient features of the Sukuk issue are as follows:-

(a) The Sukuk Ijarah payments are payable semi-annually in arrears from the date of issue of each series of the Sukuk Ijarah. The full nominal value of the respective series of the Sukuk Ijarah is made on the respective maturity dates.

(b) The proceeds from the Sukuk issue were used to refinance bank borrowings, part finance development costs and capital expenditure, defray issue expenses and part finance the working capital requirements of certain subsidiaries.

(c) The Sukuk issue is secured by the plantation lands (including buildings erected thereon) and palm oil mill owned by certain subsidiaries. The beneficial ownership of these assets are held on trust by the special purpose vehicles for the benefits of the Islamic securities investors and are redeemable at a nominal value of RM1 on maturity.

24. TRADE PAYABLES

	The Group	
	2012	2011
	RM	RM
Trade payables:-		
- third parties	14,657,387	17,391,875
- related parties	31,610,891	42,789,511
	46,268,278	60,181,386

The normal trade credit terms granted to the Group range from 30 to 120 (2011: 30 to 120) days.

25. OTHER PAYABLES, DEPOSITS AND ACCRUALS

	The Group		The Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Other payables:-				
- third parties	7,880,905	4,092,532	256,580	17,670
- related parties	21,595,814	39,969,714	161,788	34,201
	29,476,719	44,062,246	418,368	51,871
Deposits	156,400	156,400	-	-
Accruals	12,236,360	14,562,743	4,985,351	3,433,412
	41,869,479	58,781,389	5,403,719	3,485,283

Included in the amount owing to related parties of the Group is an amount of RM10,200,000 (2011: RM11,450,000), which is an unsecured advance granted to a subsidiary. The advance carries interest at rates ranging from 6.75% to 7.10% (2011: 6.25% to 7.10%) per annum and is repayable on demand. All other amounts are unsecured, interest-free and repayable on demand.

26. REVENUE

	The Group		The Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Dividend income	-	-	19,198,500	18,953,892
Chartering income	20,000	-	-	-
Management fee	-	-	12,000,000	10,380,000
Sale of – crude palm oil	162,895,288	201,285,086	-	-
– fresh fruit bunches	126,191,511	124,443,875	-	-
– palm kernel	20,784,638	29,306,276	-	-
– palm kernel shell	448,598	599,519	-	-
– empty bunch ash	24,240	13,436	-	-
– sludge oil	873,570	1,191,278	-	-
Transportation income	2,628,677	2,728,662	-	-
	313,866,522	359,568,132	31,198,500	29,333,892

27. FINANCE COSTS

	The Group		The Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Interest expense on:-				
- bank overdrafts	1,430,388	1,104,968	-	-
- bankers' acceptance	460,605	456,728	-	-
- hire purchase obligations	243,021	114,403	11,097	3,742
- Islamic securities and obligations under Ijarah arrangements	3,540,609	7,407,588	-	-
- term loans	9,229,758	5,944,734	-	-
- unsecured loans	1,921,082	4,754,742	-	-
- Others	808,159	7,522,451	-	-
	17,633,622	27,305,614	11,097	3,742
Less: Amount capitalised under biological assets (Note 9)	(6,155,538)	(8,230,252)	-	-
	11,478,084	19,075,362	11,097	3,742

28. PROFIT BEFORE TAXATION

	The Group		The Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Profit after taxation is arrived at after charging/(crediting):-				
Amortisation of biological assets	25,940,650	22,112,450	-	-
Amortisation of intangible assets	128,579	132,557	17,851	8,962
Audit fee:-				
- current financial year	275,000	282,075	50,000	50,000
- (over)/under provision in the previous financial year	(26,375)	17,000	-	20,000
- other services	59,150	166,000	59,150	165,000
Depreciation of property, plant and equipment	27,291,953	23,020,433	328,015	214,225
Directors' fee:-				
- directors of the Company	253,200	246,766	165,000	160,000
- directors of subsidiaries	147,700	150,051	-	-
Directors' non-fee emoluments	3,963,620	3,428,220	3,963,620	3,428,220
Fair value gain on derivatives	179,525	-	179,525	-
Finance costs (Note 27)	11,478,084	19,075,362	11,097	3,742
Gain on disposal of a subsidiary	-	(4,742,242)	-	(3,374,378)
Gain on remeasurement of remaining stake in an associate	-	-	-	(4,758,287)
(Gain)/loss on disposal of property, plant and equipment	(92,207)	(379,227)	703	1,648
Hiring of equipment and machinery	46,612	747,416	-	-
Interest income	(3,548,015)	(1,802,360)	(3,126,375)	(1,204,981)
Management fee	5,018,903	3,892,020	-	-
Rental income	(218,582)	(531,564)	-	-
Rental of premises	247,301	361,738	59,075	21,600
Share of results in an associate	(597,927)	(652,596)	-	-
Staff costs (excluding directors):-				
- short-term benefits	20,038,819	16,378,921	6,928,552	6,011,423
- defined contribution plans	2,363,681	1,951,171	987,080	728,167

29. INCOME TAX EXPENSE

	The Group		The Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Current tax:-				
- current financial year	7,387,556	9,498,606	-	156,000
- real property gain tax	-	164,203	-	164,203
- under provision in the previous financial year	757,131	445,497	22,727	-
	8,144,687	10,108,306	22,727	320,203
Deferred tax (Note 11):-				
- origination and reversal of temporary differences	1,257,646	16,094,356	(47,717)	(8,085)
- under/(over) provision in the previous financial year	1,338,449	(604,390)	4,883	(227,760)
	2,596,095	15,489,966	(42,834)	(235,845)
	10,740,782	25,598,272	(20,107)	84,358

A reconciliation of income tax expense applicable to the profit before taxation at the statutory tax rate to income tax expense at the effective tax rate of the Group and of the Company is as follows:-

	The Group		The Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Profit before taxation	30,722,474	95,310,580	19,724,390	25,365,096
Tax at the statutory tax rate of 25%	7,680,619	23,827,645	4,931,098	6,341,274
Tax effects of:-				
Non-taxable income	(505,753)	(1,254,178)	(5,291,191)	(6,538,528)
Non-deductible expenses	1,874,671	5,048,657	312,376	509,169
Control transfers	(16,877)	(51,596)	-	-
Deferred tax assets not recognised during the financial year	4,993	144,339	-	-
Utilisation of deferred tax assets previously not recognised	-	(1,602,303)	-	
Under/(over) provision in the previous financial year:-				
- income tax	757,131	445,497	22,727	-
- deferred tax	1,338,449	(604,390)	4,883	(227,760)
Others	(392,451)	(355,399)	-	203
Income tax expense for the financial year	10,740,782	25,598,272	(20,107)	84,358

30. EARNINGS PER SHARE

	The Group	
	2012	2011
Profit attributable to owners of the Company (RM)	21,326,710	68,146,541
Weighted average number of ordinary shares:-		
Issued ordinary shares at 1 January	1,308,504,944	156,598,200
Effect of new ordinary shares issued	-	4,217,115
Effect of conversion of ICPS	733,217,399	733,217,399
Effect of rights issue	-	192,516,537
Effect of bonus issue	-	385,033,075
Weighted average number of ordinary shares at 31 December	2,041,722,343	1,471,582,326
Basic earnings per share (sen)	1.04	4.63

The diluted earnings per share was not applicable as there were no dilutive potential ordinary shares outstanding at the end of the reporting period.

31. DIVIDENDS

	The Group/The Company			
	2012		2011	
	Dividend per Share (Net of Tax) Sen	Amount of Dividend RM	Dividend per Share (Net of Tax) Sen	Amount of Dividend RM
Dividend paid in respect of the financial year ended 31 December 2011:-				
- first and final single tier dividend	1.50	22,537,167	-	-
Dividend paid in respect of the financial year ended 31 December 2010:-				
- first and final dividend:-				
- net of tax of 25%	-	-	0.45	1,608,912
- single tier	-	-	1.40	5,005,504
	1.50	22,537,167	1.85	6,614,416

At the forthcoming Annual General Meeting, the following dividends in respect of the current financial year will be proposed for shareholders' approval:-

(a) a final single tier dividend of 1.0 sen per ordinary share amounting to RM13,085,049; and

(b) a final single tier dividend of 1.0 sen per irredeemable convertible preference share amounting to RM1,939,729.

32. ACQUISITION OF SUBSIDIARIES

During the financial year, the Group acquired 100% equity interests in both RSB Palm Oil Mill Sdn Bhd and Formasi Abadi Sdn Bhd. In the previous financial year, the Group acquired an 85% equity interest in Burung Tiong Helicopter Sdn Bhd.

The fair values of the identifiable assets and liabilities of the above companies at the dates of acquisition were:-

	2012		2011	
	Carrying Amount RM	Fair Value Recognised RM	Carrying Amount RM	Fair Value Recognised RM
Property, plant and equipment	2,836,551	35,000,000	1,946	1,946
Trade and other receivables	-	-	2,380,170	2,380,170
Cash and bank balances	2	2	2,553	2,553
Deferred tax liabilities	-	(8,040,862)	-	-
Trade and other payables	(1,822,340)	(1,822,340)	(1,316,798)	(1,316,798)
Net identifiable assets and liabilities	1,014,213	25,136,800	1,067,871	1,067,871
Less: Non-controlling interests		-		(180,000)
Add: Goodwill on acquisition		10,695,763		132,129
Total purchase consideration		35,832,563		1,020,000
Less: Cash and cash equivalents of subsidiaries acquired		(2)		(2,553)
Net cash outflows for acquisition of subsidiaries		35,832,561		1,017,447

The non-controlling interests are measured at fair value.

The acquired subsidiaries have contributed the following results to the Group:-

	2012 RM	2011 RM
Revenue	-	-
Loss after taxation	(1,442)	(577,340)

33. ACQUISITION FROM NON-CONTROLLING INTERESTS

In the previous financial year, the Company acquired an additional 15% equity interest in Nescaya Palma Sdn Bhd ("NPSB"), Woodijaya Sdn Bhd ("Woodijaya"), Novelpac-Puncakdana Plantation Sdn Bhd ("Novelpac") and PJP Pelita Biawak Plantation Sdn Bhd ("Biawak") from non-controlling interests for a total purchase consideration of RM28,719,638, which is analysed as follows:-

	2011 RM
Total purchase consideration is satisfied via:-	
- cash	12,700,326
- 6,964,918 ordinary shares issued at RM2.30 each	16,019,312
	28,719,638

As a result of the acquisition, NPSB, Woodijaya and Novelpac became wholly-owned subsidiaries of the Company; and Biawak became an 85%-owned subsidiary of the Company.

On the dates of acquisition, the carrying values of the additional interests acquired were RM16,192,795. The difference between the total purchase consideration, and the book values of the interests acquired plus the merger reserve arising from NPSB of RM8,434,988 is RM4,091,855, which is reflected in equity as premium paid on acquisition from non-controlling interests.

The effect of the acquisition on cash flows is as follows:-

	2011 RM
Total purchase consideration	28,719,638
Less: Non-cash consideration	(16,019,312)
Cash outflows for acquisition from non-controlling interests	12,700,326

34. DISPOSAL OF A SUBSIDIARY

In the previous financial year, the Group disposed its 21% equity interest in Lubuk Tiara Sdn Bhd ("LTSB") for a cash consideration of RM13,100,723. As a result of the disposal, LTSB ceased to be a subsidiary and became an associate of the Group.

The disposal had the following effects on the financial position of the Group at the end of the reporting period:-

	2011 RM
Property, plant and equipment	30,844,727
Intangible assets	21,294
Biological assets	121,348,469
Inventories	1,690,319
Trade and other receivables	1,662,246
Cash and bank balances	9,964
Borrowings:-	
- other borrowings	(52,808,941)
Deferred tax liabilities	(14,085,516)
Trade and other payables	(37,150,598)
Net assets disposed	51,531,964
Less: Non-controlling interests	(18,036,187)
Less: Fair value of the remaining stake	(25,137,296)
Add: Gain on disposal of a subsidiary	4,742,242
Total disposal proceeds	13,100,723

The effect of the disposal on cash flows is as follows:-

	2011 RM
Total disposal proceeds received in cash	13,100,723
Less: Cash and cash equivalents of subsidiary disposed	(9,964)
Net cash flows for disposal of a subsidiary	13,090,759

35. PURCHASE OF PLANTATION ESTATE

In the previous financial year, the Group acquired from Sheba Resources Sdn Bhd a parcel of land (with oil palm plantation thereon) with a market value of RM118,000,000. The purchase consideration (after assumption of liabilities arising from the acquisition of RM95,888,431) was RM22,111,569 and satisfied in cash.

The cost of plantation estate at the date of acquisition was recognised in the financial statements as follows:-

	2011 RM
Property, plant and equipment	59,540,317
Biological assets	58,459,683
Cost of plantation estate	118,000,000
Less: Liabilities assumed on acquisition	(95,888,431)
Total purchase consideration, satisfied in cash	22,111,569

36. COSTS INCURRED ON BIOLOGICAL ASSETS, AND PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

(a) Costs Incurred on Biological Assets

	The Group	
	2012	2011
Total additions of biological assets	69,159,428	132,998,020
Less: Acquisition of plantation estate (Note 35)	-	(58,459,683)
	69,159,428	74,538,337
Less: Non-cash items and finance costs capitalised under biological assets	(11,410,031)	(13,398,673)
	57,749,397	61,139,664

36. COSTS INCURRED ON BIOLOGICAL ASSETS, AND PURCHASE OF PROPERTY, PLANT AND EQUIPMENT (cont'd)

(b) Purchase of Property, Plant and Equipment

	The Group		The Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Cost of property, plant and equipment purchased	75,448,495	143,647,988	879,222	438,903
Less: Acquisition of plantation estate (Note 35)	-	(59,540,317)	-	-
	75,448,495	84,107,671	879,222	438,903
Less:-				
Amount financed through hire purchase	(3,376,420)	(4,777,344)	-	(320,000)
Deposits paid in the previous financial year	-	(2,380,170)	-	-
Cash disbursed for purchase of property, plant and equipment	72,072,075	76,950,157	879,222	118,903

37. CASH AND CASH EQUIVALENTS

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following:-

	The Group		The Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Cash and bank balances	2,540,087	409,588	939,558	108,792
Deposits with licensed banks	-	85,976,522	-	40,800,000
Islamic deposits	1,020,694	4,164,653	-	-
Short-term investments	17,573,451	118,214,526	17,573,451	118,214,526
Bank overdrafts	(24,159,038)	(7,532,547)	(1,984,798)	-
	(3,024,806)	201,232,742	16,528,211	159,123,318
Less:-				
Bank balances held on trust for Islamic securities investors (Note 18)	(1,937)	(1,259)	-	-
Islamic deposits held on trust for Islamic securities investors (Note 17)	(1,020,694)	(4,164,653)	-	-
	(4,047,437)	197,066,830	16,528,211	159,123,318

38. DIRECTORS' REMUNERATION

(a) The aggregate amounts of emoluments received and receivable by directors of the Group and of the Company during the financial year are as follows:-

	The Group		The Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Executive directors:-				
- fee	47,600	47,383	-	-
- non-fee emoluments	3,957,420	3,421,620	3,957,420	3,421,620
	4,005,020	3,469,003	3,957,420	3,421,620
Non-executive directors:-				
- fee	205,600	199,383	165,000	160,000
- allowance	6,200	6,600	6,200	6,600
	211,800	205,983	171,200	166,600
	4,216,820	3,674,986	4,128,620	3,588,220
Benefits-in-kind	12,971	11,189	12,971	11,189

(b) Details of directors' emoluments of the Group and of the Company received/receivable for the financial year in bands of RM50,000 are as follows:-

	The Group/The Company	
	2012	2011
	RM	RM
Executive directors:-		
RM1,500,001 to RM1,550,000	-	1
RM1,900,001 to RM1,950,000	1	1
RM2,000,001 to RM2,050,000	1	-
Non-executive directors		
RM50,000 and below	3	3
RM50,001 to RM100,000	1	1
	6	6

39. SIGNIFICANT RELATED PARTY DISCLOSURES

(a) Identities of related parties

In addition to the information detailed elsewhere in the financial statements, the Group has related party relationships with its directors, key management personnel and entities within the same group of companies.

(b) Other than those disclosed elsewhere in the financial statements, the Group and the Company also carried out the following significant transactions with the related parties during the financial year:-

	The Group		The Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Subsidiaries:-				
- dividend income	-	-	19,198,500	18,953,892
- management fee	-	-	12,000,000	10,380,000
- purchase of property, plant and equipment	-	-	356,457	-
Companies in which the directors and their close family members have substantial financial interests:-				
- computer software, printing and stationery	515,367	323,593	259,133	52,266
- consultation fee	50,600	-	30,000	-
- contract charges	38,495,732	35,471,801	-	-
- fertiliser testing charges	145,909	151,439	-	-
- insurance paid	1,634,410	897,443	34,633	30,879
- Interest paid	3,871,861	9,747,155	-	-
- Interest received	23,961	91,663	-	-
- management fee	3,601,434	2,162,500	-	-
- purchase of fertilisers and chemicals	72,775,845	50,151,347	-	-
- purchase of fresh fruit bunches	20,473,328	7,417,835	-	-
- purchase of property, plant and equipment	4,167,255	3,253,632	113,350	5,516
- purchase of seedlings	1,663,388	1,339,032	-	-
- purchase of sundry stores and consumables	10,590,912	25,611,835	21,038	42,594

39. SIGNIFICANT RELATED PARTY DISCLOSURES (cont'd)

b) Other than those disclosed elsewhere in the financial statements, the Group and the Company also carried out the following significant transactions with the related parties during the financial year (cont'd):-

	The Group		The Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Companies in which the directors and their close family members have substantial financial interests (cont'd):-				
- recruitment charges	1,488,755	1,336,673	-	-
- rental paid	1,592,925	2,720,586	43,360	21,600
- rental received	36,000	66,100	-	-
- Repairs and maintenance	1,175,304	818,500	136,388	18,690
- road maintenance	834,450	1,986,235	-	-
- sale of fresh fruit bunches	64,323,436	103,327,680	-	-
- sale of property, plant and equipment	55,000	247,400	-	-
- sale of seedlings	1,594,502	91,200	-	-
- secretarial services	10,362	9,270	1,092	-
- staff training expenses	125,434	76,600	40,684	13,600
- staff welfare	35,358	741	35,358	29,458
- store issues	2,731,103	911,982	-	-
- transportation and accommodation charges	7,350,258	6,097,149	115,482	179,977
Key management personnel compensation (excluding directors):-				
- short-term benefits	4,927,259	4,766,159	2,039,779	2,045,986
- defined contribution plans	545,958	590,854	206,273	268,142

40. OPERATING SEGMENTS

(a) Operating Segments

Information about operating segment is not reported separately as the Group's profit or loss, assets and liabilities are mainly confined to a single operating segment, namely the oil palm plantation and operation of palm oil mill.

(b) Major Customers

The following are major customers with revenue equal to or more than 10% of the Group's revenue:-

	Revenue	
	2012	**2011**
	RM	RM
Customer A*	52,254,573	108,127,205
Customer B*	130,151,628	125,192,818
Customer C*	50,654,567	59,506,788
Customer D*	41,704,185	43,792,993

* *The identities of the major customers are not disclosed as permitted by FRS 8 Operating Segments.*

41. CAPITAL COMMITMENTS

	The Group	
	2012	**2011**
	RM	RM
Property, plant and equipment:-		
- approved and contracted for	15,294,752	8,186,941
- approved but not contracted for	1,454,496	1,005,804
	16,749,248	9,192,745

42. CONTINGENT LIABILITIES

	The Company	
	2012	**2011**
	RM	RM
Unsecured:-		
Corporate guarantee given to licensed banks for credit facilities granted to subsidiaries	564,750,000	464,950,000

43. CONTINGENT ASSETS

During the financial year ended 31 August 2008, a subsidiary of the Company was awarded a compensation of RM756,350 by the Superintendent of Lands & Surveys, Miri Division, for the resumption of land by the Government for the Petronas Gas Pipeline Project. The compensation was accepted under protest and a further claim was lodged on 5 July 2008 by the subsidiary. The High Court allowed the application and awarded a further sum of RM270,647. The Superintendent of Lands & Surveys was dissatisfied with the decision and appealed the matter to the Court of Appeal, notice of which was filed on 8 February 2012. Based on the advice from its legal counsel, the Group is confident that the dispute will be settled in its favour.

The claim has not been recognised in the financial statements as the economic benefits arising from the lawsuit are not virtually certain at the end of the reporting period.

44. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

44.1 FINANCIAL RISK MANAGEMENT POLICIES

The Group's policies in respect of the major areas of treasury activity are as follows:-

(a) Market Risk

(i) Foreign Currency Risk

The Group does not have any transactions or balances denominated in foreign currencies and hence is not exposed to foreign currency risk.

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from its interest-bearing financial assets and liabilities. The Group's policy is to obtain the most favourable interest rates available. Any surplus funds of the Group will be placed with licensed financial institutions to generate interest income.

Information relating to the Group's exposure to the interest rate risk of the financial liabilities is disclosed in Note 44.1(c) to the financial statements.

Interest rate risk sensitivity analysis

44. FINANCIAL INSTRUMENTS (cont'd)

44.1 FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

(a) Market Risk (cont'd)

(ii) Interest Rate Risk (cont'd)

The following table details the sensitivity analysis to a reasonably possible change in the interest rates at the end of the reporting period, with all other variables held constant:-

	The Group		The Company	
	2012	2011	2012	2011
	Increase/ (Decrease) RM	Increase/ (Decrease) RM	Increase/ (Decrease) RM	Increase/ (Decrease) RM
Effects on profit after taxation				
Increase of 50 basis points	(739,000)	(1,105,000)	(9,600)	-
Decrease of 50 basis points	739,000	1,105,000	9,600	-
Effects on equity				
Increase of 50 basis points	(739,000)	(514,000)	(9,600)	591,000
Decrease of 50 basis points	739,000	514,000	9,600	(591,000)

(iii) Equity Price Risk

The Group does not have any quoted investments and hence is not exposed to equity price risk.

(b) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from its trade and other receivables. The Group manages its exposure to credit risk by the application of monitoring procedures on an ongoing basis. For other financial assets (including short-term investments, fixed deposits, and cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

(i) Credit risk concentration profile

The Group's major concentration of credit risk relates to the amounts owing by four (4) customers which constituted approximately 80% of its trade receivables at the end of the reporting period, due to the Group's limited number of customers. Based on the Group's historical collection of these receivables, management believes that they are fully recoverable.

(ii) Exposure to credit risk

As at the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of the financial assets in the statements of financial position.

44. FINANCIAL INSTRUMENTS (cont'd)

44.1 FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

(b) Credit Risk (cont'd)

(iii) Ageing analysis

The ageing analysis of the Group's trade receivables at the end of the reporting period is as follows:-

The Group	Gross Amount RM	Individual Impairment RM	Collective Impairment RM	Carrying Value RM
2012				
Not past due	9,472,274	-	-	9,472,274
Past due:-				
- less than 3 months	1,933,482	-	-	1,933,482
	11,405,756	-	-	11,405,756
2011				
Not past due	16,996,961	-	-	16,996,961
Past due:-				
- less than 3 months	3,589	-	-	3,589
	17,000,550	-	-	17,000,550

Trade receivables that are past due but not impaired

The Group believes that no impairment allowance is necessary in respect of these trade receivables. They are substantially companies with good collection track record and no recent history of default.

Trade receivables that are neither past due nor impaired

These trade receivables are regular customers who have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the trade receivables.

(c) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group manages its debt maturity profile, operating cash flows and availability of funding to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities of a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from both capital markets and financial institutions and prudently balances its portfolio with some short-term funding so as to achieve overall cost effectiveness.

44. FINANCIAL INSTRUMENTS ((cont'd)

44.1 FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

(c) Liquidity Risk (cont'd)

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

The Group	Weighted Average Effective Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	On Demand or Within 1 Year RM	Within 1 – 2 Years RM	Within 2 – 5 Years RM	More Than 5 Years RM
2012							
Trade and other payables:-							
- interest bearing	6.75	10,200,000	10,200,000	10,200,000	-	-	-
- non-interest bearing	-	77,937,757	77,937,757	77,937,757	-	-	-
Borrowings:-							
- bank overdrafts	7.51	24,159,038	24,159,038	24,159,038	-	-	-
- bankers' acceptance	4.04	9,644,000	9,644,000	9,644,000	-	-	-
- hire purchase obligations	5.43	5,105,686	5,352,661	3,377,392	1,744,088	231,181	-
- Islamic securities and obligations under Ijarah arrangements	6.47	38,300,000	40,550,400	32,387,300	8,163,100	-	-
- revolving credit	4.61	5,000,000	5,000,000	5,000,000	-	-	-
- term loans	4.51	258,968,894	321,016,000	28,618,000	30,950,000	150,032,000	111,416,000
- unsecured loans	5.00	22,520,000	22,520,000	22,520,000	-	-	-
		451,835,375	516,379,856	213,843,487	40,857,188	150,263,181	111,416,000

44. FINANCIAL INSTRUMENTS (cont'd)

44.1 FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

(c) Liquidity Risk (cont'd)

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period) (cont'd):-

The Group	Weighted Average Effective Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	On Demand or Within 1 Year RM	Within 1 – 2 Years RM	Within 2 – 5 Years RM	More Than 5 Years RM
2011							
Trade and other payables:-							
- interest bearing	6.80	11,450,000	11,450,000	11,450,000	-	-	-
- non-interest bearing	-	107,512,775	107,512,775	107,512,775	-	-	-
Borrowings:-							
- bank overdrafts	7.40	7,532,547	7,532,547	7,532,547	-	-	-
- bankers' acceptance	4.24	8,942,000	8,942,000	8,942,000	-	-	-
- hire purchase obligations	5.41	4,315,575	4,572,174	2,223,687	1,988,847	359,640	-
- Islamic securities and obligations under Ijarah arrangements	6.41	70,250,000	76,053,300	35,503,900	32,387,300	8,162,100	-
- term loans	4.48	217,413,403	265,802,000	13,188,000	27,301,000	138,951,000	86,362,000
- unsecured loans	3.00	72,520,000	72,520,000	72,520,000	-	-	-
		499,936,300	554,384,796	258,872,909	61,677,147	147,472,740	86,362,000

44. FINANCIAL INSTRUMENTS (cont'd)

44.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (cont'd)

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period) (cont'd):-

	Weighted Average Effective Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	On Demand or Within 1 Year RM	Within 1 – 2 Years RM	Within 2 – 5 Years RM
The Company						
2012						
Trade and other payables	-	18,564,237	18,564,237	18,564,237	-	-
Borrowings:-						
- bank overdrafts	7.60	1,984,798	1,984,798	1,984,798	-	-
- hire purchase obligations	5.43	164,829	169,990	136,008	33,982	-
- revolving credit	4.61	5,000,000	5,000,000	5,000,000	-	-
		25,713,864	25,719,025	25,685,043	33,982	-
2011						
Trade and other payables	-	4,452,791	4,452,791	4,452,791	-	-
Borrowings:-						
- hire purchase obligations	4.75	289,740	305,998	136,008	136,008	33,982
		4,742,531	4,758,789	4,588,799	136,008	33,982

44. FINANCIAL INSTRUMENTS (cont'd)

44.2 CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support their businesses and maximise shareholder(s) value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio. The Group's strategies were unchanged from the previous financial year. The debt-to-equity ratio is calculated as net debt divided by total equity. Net debt is calculated as borrowings less cash and cash equivalents.

There was no change in the Group's approach to capital management during the financial year.

The debt-to-equity ratio of the Group at the end of the reporting period was as follows:-

	The Group	
	2012	2011
	RM	RM
Borrowings:-		
- bank overdrafts	24,159,038	7,532,547
- other borrowings	339,538,580	373,440,978
	363,697,618	380,973,525
Less: Short-term investments	(17,573,451)	(118,214,526)
Less: Fixed deposits	(1,020,694)	(90,141,175)
Less: Cash and bank balances	(2,540,087)	(409,588)
Net debts	342,563,386	172,208,236
Total equity	882,370,194	884,295,177
Debt-to-equity ratio	0.39	0.19

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

44. FINANCIAL INSTRUMENTS (cont'd)

44.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	The Group		The Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Financial assets				
Available-for-sale financial assets				
Short-term investments	17,573,451	118,214,526	17,573,451	118,214,526
Loans and receivables financial assets				
Trade receivables	11,405,756	17,000,550	-	-
Other receivables and deposits	6,863,941	5,398,047	307,375	90,103
Amount owing by subsidiaries	-	-	412,519,907	256,830,789
Fixed deposits	1,020,694	90,141,175	-	40,800,000
Cash and bank balances	2,540,087	409,588	939,558	108,792
	21,830,478	112,949,360	413,766,840	297,829,684
Financial liabilities				
Other financial liabilities				
Trade payables	46,268,278	60,181,386	-	-
Other payables, deposits and accruals	41,869,479	58,781,389	5,403,719	3,485,283
Amount owing to subsidiaries	-	-	13,160,518	967,508
Borrowings:-				
- bank overdrafts	24,159,038	7,532,547	1,984,798	-
- other borrowings	339,538,580	373,440,978	5,164,829	289,740
	451,835,375	499,936,300	25,713,864	4,742,531

44. FINANCIAL INSTRUMENTS (cont'd)

44.4 FAIR VALUES OF FINANCIAL INSTRUMENTS

The carrying amounts of the financial assets and financial liabilities reported in the financial statements approximated their fair values except for the following:-

	2012		2011	
	Carrying Amount RM	Fair Value RM	Carrying Amount RM	Fair Value RM
The Group				
Hire purchase obligations	5,105,686	5,036,000	4,315,575	4,158,000
Islamic securities and obligations under Ijarah arrangements	38,300,000	38,115,000	70,250,000	69,801,000
	43,405,686	43,151,000	74,565,575	73,959,000
The Company				
Hire purchase obligations	164,829	165,000	289,740	194,000

The following summarises the methods used to determine the fair values of the financial instruments:-

(a) The financial assets and financial liabilities maturing within the next 12 months approximated their fair values due to the relatively short-term maturity of the financial instruments.

(b) The fair value of short-term investments is based on banker's quotes at the end of the reporting period.

(c) The fair values of hire purchase obligations, and Islamic securities and obligations under Ijarah arrangements are determined by discounting the relevant cash flows using interest rates for similar instruments at the end of the reporting period.

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

	The Group		The Company	
	2012 %	2011 %	2012 %	2011 %
Hire purchase obligations	7.00	6.50	4.50	6.70
Islamic securities and obligations under Ijarah arrangements	6.60	6.60	-	-

(d) The carrying amounts of the term loans approximated their fair values as these instruments bear interest at variable rates.

44. FINANCIAL INSTRUMENTS (cont'd)

44.5 FAIR VALUE HIERARCHY

The fair values of the financial assets and liabilities are analysed into level 1 to 3 as follows:-

Level 1: Fair value measurements derive from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements derive from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Fair value measurements derive from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair value hierarchy analysis

The Group has carried its short-term investments that are classified as available-for-sale financial assets at their fair values. These financial assets belong to level 2 of the fair value hierarchy.

45. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events occurring during the financial year are as follows:-

(a) On 2 July 2012, the Company acquired 2 ordinary shares of RM1.00 each in the share capital of RSB Palm Oil Mill Sdn Bhd, representing 100% of its total issued and paid-up share capital, for a total cash consideration of RM2.

(b) On 16 April 2012, NPSB, a subsidiary of the Company, entered into a Share Sale Agreement with Bong Hon Voo and Yaw Chee Weng to acquire 2,400 ordinary shares of RM1.00 each in Formasi Abadi Sdn Bhd, representing 100% of its total issued and paid-up share capital, for a total cash consideration of RM35,832,561.

The transaction was completed on 9 November 2012.

Details of the above transactions are disclosed in Note 32 to the financial statements.

46. SUPPLEMENTARY INFORMATION – DISCLOSURE OF REALISED AND UNREALISED PROFITS/LOSSES

The breakdown of the retained profits of the Group and of the Company at the end of the reporting period into realised and unrealised profits/(losses) are presented in accordance with the directive issued by Bursa Malaysia Securities Berhad and prepared in accordance with Guidance on 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, as issued by the Malaysian Institute of Accountants, as follows:-

	The Group		The Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Total retained profits of the Company and its subsidiaries:-				
- realised	216,834,260	202,674,627	101,371,962	104,207,466
- unrealised	(46,954,466)	(42,491,972)	270,158	227,324
	169,879,794	160,182,655	101,642,120	104,434,790
Total share of retained profits of associate:-				
- realised	1,774,976	893,963	-	-
- unrealised	(524,453)	(241,367)	-	-
	171,130,317	160,835,251	101,642,120	104,434,790
Less/add: Consolidation adjustments	(2,380,421)	9,125,102	-	-
At 31 December	168,749,896	169,960,353	101,642,120	104,434,790

PROPERTIES OWNED BY THE GROUP

AS AT 31 DECEMBER 2012

Location	Leasehold land expiry date	Existing Use	Land Area	Net Book Value as at 31/12/2012 (RM'000)	Date Of Acquisition
Lot 56, Sawai Land District, Miri, Sarawak	21 February, 2054	Oil Palm Plantation	4,857 Ha	113,371	03.06.2011
NCR Land located Ulu Teru Land, Miri Division, Sarawak	JVA commencing on 30 September 2003	Oil Palm Plantation	7,900 Ha	77,252	30.09.2003
Lot 13 Buloh Land District	12 March 2060	Oil Palm Plantation	4,100 Ha	64,382	13.03.2000
Lot 12, Buloh Land Distrit, Sibu Division, Sarawak	30 March 2060	Oil Palm Plantation	3,185 Ha	61,338	31.03.2000
Lot 6, Block 9 Dulit Land District, Miri Division, Sarawak	8 April 2059	Oil Palm Plantation	3,025.7 Ha	58,069	09.04.1999
Lot 64, Sawai Land District, Miri, Sarawak	4 April, 2087	Oil Palm Plantation	5,656 Ha	50,610	28.03.1995
Lot 4, Block 9 Dulit Land District, Miri Division, Sarawak	8 April 2059	Oil Palm Plantation	1,934.1 Ha	37,119	09.04.1999
Lot 196, Teraja Land District	4 March 2061	Oil Palm Plantation	6,071 Ha	36,033	05.03.2001
NCR Land at Selangau, Mukah, Sibu Division, Sarawak	JVA commencing on 25 April 2001	Oil Palm Plantation	5,000 Ha	35,353	25.04.2001
NCR Land at Lundu District, Kuching Division, Sarawak	JVA commencing on 30 July 1998	Oil Palm Plantation	7089.5 Ha	33,059	30.07.1998

ANALYSIS OF SHAREHOLDINGS
AS AT 2 MAY 2013

Share Capital

Authorised share capital	:	RM1,250,000,000 divided into 2,200,000,000 ordinary shares of RM0.50 each and 300,000,000 irredeemable convertible preference shares of RM0.50 each
Issued and fully paid-up capital	:	RM751,238,900.50 divided into 1,308,504,944 ordinary shares of RM0.50 each and 193,972,857 irredeemable convertible preference shares of RM0.50 each ("ICPS")
Class of shares	:	(1) Ordinary shares of RM0.50 each
		(2) Irredeemable convertible preference shares of RM0.50 each
Voting rights	:	One vote per ordinary share

Distribution Schedule of Ordinary Shares

No. of Holders	Holdings	Total Holdings	%
103	less than 100 shares	3,391	0.00 *
450	100 - 1,000 shares	374,597	0.03
6,605	1,001 - 10,000 shares	39,969,980	3.05
4,279	10,001 - 100,000 shares	139,869,733	10.69
555	100,001 - less than 5% of issued shares	520,364,971	39.77
6	5% and above of issued shares	607,922,272	46.46
11,998		1,308,504,944	100.00

Note :-
* less than 0.01%

Distribution Schedule of ICPS

No. of Holders	Holdings	Total Holdings	%
0	less than 100 shares	0	0.00
0	100 - 1,000 shares	0	0.00
0	1,001 - 10,000 shares	0	0.00
0	10,001 - 100,000 shares	0	0.00
2	100,001 - less than 5% of issued shares	4,250,258	40.00
3	5% and above of issued shares	189,722,599	60.00
5		193,972,857	100.00

Substantial Shareholders

The substantial shareholders' interest in ordinary shares in the Company as per the Register of Substantial Shareholders as at 2 May 2013 are as follows:

Name	No. of shares held (Direct)	%	No. of shares held (Indirect)	%
1. Tiong Toh Siong Holdings Sdn Bhd	301,041,172	23.01	22,202,500 [a]	1.70
2. Rimbunan Hijau Southeast Asia Sdn Bhd	100,584,800	7.69	-	-
3. Pertumbuhan Abadi Asia Sdn Bhd	87,228,800	6.67	159,271,200 [b]	12.17
4. Teck Sing Lik Enterprises Sdn Bhd	89,074,400	6.81	434,230,872 [c]	33.19
5. Tiong Toh Siong Enterprises Sdn Bhd	10,402,400	0.79	143,584,800 [d]	10.97
6. State Financial Secretary	76,034,272	5.81	-	-
7. Tan Sri Datuk Sir Diong Hiew King @ Tiong Hiew King	2,400,000	0.18	669,220,472 [e]	51.14

Notes:

(a) Deemed interested by virtue of its interest in Pemandangan Jauh Plantation Sdn Bhd pursuant to Section 6A of the Companies Act, 1965.

(b) Deemed interested by virtue of its interest in Rimbunan Hijau Southeast Asia Sdn Bhd, Rimbunan Hijau (Sarawak) Sdn Bhd and Kendaie Oil Palm Plantation Sdn Bhd pursuant to Section 6A of the Companies Act, 1965.

(c) Deemed interested by virtue of its interest in Tiong Toh Siong Holdings Sdn Bhd, Tiong Toh Siong Enterprises Sdn Bhd, Rimbunan Hijau Southeast Asia Sdn Bhd and Pemandangan Jauh Plantation Sdn Bhd pursuant to Section 6A of the Companies Act, 1965.

(d) Deemed intereste d by virtue of its interest in Rimbunan Hijau Southeast Asia Sdn Bhd and Kendaie Oil Palm Plantation Sdn Bhd pursuant to Section 6A of the Companies Act, 1965.

(e) Deemed interested by virtue of its interest in Tiong Toh Siong Holdings Sdn Bhd, Teck Sing Lik Enterprise Sdn Bhd, Tiong Toh Siong Enterprises Sdn Bhd, Pertumbunan Abadi Asia Sdn Bhd, Rimbunan Hijau Southeast Asia Sdn Bhd, Rimbunan Hijau (Sarawak) Sdn Bhd, Kendaie Oil Palm Plantation Sdn Bhd and Pemandangan Jauh Plantation Sdn Bhd pursuant to Section 6A of the Companies Act, 1965.

Directors' Interests

The Directors' interests in ordinary shares in the Company as per the Register of Directors' Shareholdings as at 2 May 2013 are as follows:

Name	No. of shares held (Direct)	%	No. of shares held (Indirect)	%
1. Tan Sri Datuk Sir Diong Hiew King @ Tiong Hiew King	2,400,000	0.18	686,869,672 [a]	52.49
2. Tiong Kiong King	13,803,800 [b]	1.05	16,218,400 [c]	1.24
3. Tiong Chiong Ong	7,001,608	0.54	310,714 [d]	0.02
4. Tiong Chiong Ie	1,600,000	0.12	3,872,000 [e]	0.3
5. Bong Wei Leong	-	-	-	-
6. Tiong Ing Ming	200,000 [f]	0.02	-	-

The Directors by virtue of their interests in shares in the Company are also deemed to have interests in shares in all of its related corporations to the extent the Company has an interest, pursuant to Section 6A of the Companies Act, 1965.

Notes:

(a) Deemed interested by virtue of its interest in Tiong Toh Siong Holdings Sdn Bhd, Teck Sing Lik Enterprise Sdn Bhd, Tiong Toh Siong Enterprises Sdn Bhd, Pertumbunan Abadi Asia Sdn Bhd, Rimbunan Hijau Southeast Asia Sdn Bhd, Rimbunan Hijau (Sarawak) Sdn Bhd, Kendaie Oil Palm Plantation Sdn Bhd and Pemandangan Jauh Plantation Sdn Bhd pursuant to Section 6A of the Companies Act, 1965, and the interests of his spouse and children in the Company pursuant to Section 134(12)(c) of the Companies Act, 1965.

(b) Shares held through Mayban Nominees (Tempatan) Sdn Bhd

(c) Deemed interested by virtue of his substantial interest in Biru-Hijau Enterprise Sdn Bhd pursuant to Section 6A of the Companies Act, 1965.

(d) Deemed interested by virtue of the interest of his spouse and children in the Company pursuant to Section 134(12)(c) of the Companies Act, 1965.

(e) Deemed interested by virtue of his interest in Priharta Development Sdn Bhd pursuant to Section 6A of the Companies Act, 1965.

(f) Shares held through Public Nominees (Tempatan) Sdn Bhd

Thirty Largest Securities Accounts Holders

Name	No. of shares	%
1. CIMB Group Nominess (Tempatan) Sdn Bhd - Pledged Securities Account for Tiong Toh Siong Holdings Sdn Bhd (CB-RHGLOBALENEY)	165,000,000	12.61
2. Rimbunan Hijau Southeast Asia Sdn Bhd	100,584,800	7.69
3. EB Nominees (Tempatan) Sendirian Berhad - Pledged Securities Account for Tiong Toh Siong Holdings Sdn Bhd (Upper Lanang)		
4. Teck Sing Lik Enterprise Sdn Bhd	89,074,400	6.81
5. Pertumbuhan Abadi Asia Sdn Bhd	87,228,800	6.67
6. State Financial Secretary Sarawak	76,034,272	5.81
7. Pertumbuhan Abadi Enterprises Sdn Bhd	58,240,600	4.45
8. Malaysia Nominees (Tempatan) Sendirian Berhad - OCBC Labuan for Tiong Toh Siong Holdings Sdn Bhd (00-33029-010)	45,000,000	3.44
9. Kendaie Oil Palm Plantation Sdn Bhd	43,000,000	3.29
10. Suria Kilat Sdn Bhd	26,955,600	2.06
11. Pemandangan Jauh Plantation Sdn Bhd	22,202,500	1.7
12. Asanas Sdn Bhd	20,000,000	1.53
13. Insan Anggun Sdn Bhd	20,000,000	1.53
14. Makmur Tiasa Sdn Bhd	17,654,400	1.35
15. Maybank Nominees (Tempatan) Sdn Bhd - Biru-Hijau Enterprise Sdn Bhd	16,218,400	1.24
16. Rimbunan Hijau (Sarawak) Sdn Bhd	15,686,400	1.2
17. Maybank Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Tiong Kiong King	13,803,800	1.05
18. Tiong Toh Siong Enterprises Sdn Bhd	10,402,400	0.79
19. TC Blessed Holdings Sdn Bhd	7,214,400	0.55
20. Tiong Chiong Ong	5,007,208	0.38
21. RHB Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Goh Sin Bong	4,562,300	0.35
22. Amat Abadi Sdn Bhd	4,224,000	0.32
23. Priharta Development Sdn Bhd	3,872,000	0.3
24. Citigroup Nominees (Asing) Sdn Bhd - CBNY for Dimensional Emerging Markets Value Fund	3,743,400	0.29
25. Tiong Ing	3,280,000	0.25
26. Rasma Holdings Sdn Bhd	3,097,000	0.24
27. Malaysia Nominees (Tempatan) Sendirian Berhad - Pledged Securities Account for Gooi Seong Gum (10-00040-000)	3,000,000	0.23
28. Yayasan Sarawak	3,000,000	0.23
29. Telang Usan Resources Sdn Bhd	2,426,000	0.19
30. TA Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Koon Yew Yin	2,407,472	0.18

Rimbunan Sawit

RIMBUNAN SAWIT BERHAD

(Company No. 691393-U)
(Incorporated in Malaysia)

FORM OF PROXY

Number of shares held by Proxy 1	
Number of shares held by Proxy 2	

*I/We _____

(*NRIC/Company No. _____) of _____

_____ (full address) being a *member/members of **Rimbunan Sawit Berhad** hereby appoint _____

(NRIC No. _____) of _____

(full address) or failing *him/her, _____ (NRIC No. _____) of

_____ (full address)

or Chairman of the meeting as *my/our proxy to vote for *me/us and on *my/our behalf at the Eighth Annual General Meeting of the Company to be held on Tuesday, 18 June 2013 at 11.30 a.m. and, at any adjournment thereof for/against* the resolution(s) to be proposed thereat.

Resolutions	For	Against
1. To declare a first and final single tier dividend of 1.0 sen per ordinary share.		
2. To declare a first and final single tier dividend of 1.0 sen per irredeemable convertible preference share.		
3. To approve the payment of directors' fees for the financial year ended 31 December 2012.		
4. To approve the proposed increase of directors' fees for the financial year ending 31 December 2013.		
5. To re-elect Tiong Chiong Ong as director.		
6. To re-elect Tiong Kiong King as director.		
7. To re-appoint Tan Sri Datuk Sir Diong Hiew King @ Tiong Hiew King as director.		
8. To re-appoint Messrs. Crowe Horwath as auditors for the ensuing year.		
As special business		
9. To approve the proposed renewal of and new shareholder mandates for recurrent related party transactions of a revenue or trading nature.		
10. To approve the proposed renewal of authority for purchase of own shares by the Company.		
11. To approve the proposed amendments to the Company's Articles of Association.		

[Please indicate with a (X) in the space above how you wish your vote to be cast. If no specific direction as to voting is indicated, the proxy will vote or abstain as he/she thinks fit.]

* Strike out whichever is not desired. (Unless otherwise instructed, the proxy may vote as he thinks fit.)

Dated this _____ day of _____ 2013

_____
Signature / common seal of shareholder(s)

Notes:

1. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
2. To be valid, the form of proxy, duly completed must be deposited at the registered office of the Company at No. 85 & 86, Pusat Suria Permata, Jalan Upper Lanang 12A, 96000 Sibu, Sarawak not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
3. A member of the Company entitled to attend and vote at this Annual General Meeting, shall not be entitled to appoint more than two (2) proxies to attend and vote at the same meeting. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
4. Where a member of the Company 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 the Securities Industry (Central Depositories) Act 1991 ("SICDA") which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
5. If the appointor is a corporation, the form of proxy must be executed under its common seal or under the hand of an officer or attorney duly authorised.
6. A depositor whose name appears in the Record of Depositors as at 12 June 2013 shall be regarded as a member of the Company entitled to attend this Annual General Meeting or appoint a proxy to attend, speak and vote on his behalf.

Please affix
stamp here

The Company Secretary
Rimbunan Sawit Berhad **(691393-U)**

No. 85 & 86, Pusat Suria Permata
Jalan Upper Lanang 12A
96000 Sibu, Sarawak
Malaysia.

RIMBUNAN SAWIT BERHAD
(691393-U)

No. 85 & 86, Pusat Suria Permata, Jalan Upper Lanang 12A
96000 Sibu, Sarawak, Malaysia
Tel: 084 218 555 Fax: 084 219 555
Email: rsb@rsb.com.my
Website: www.rsb.com.my