Rimbunan Sawit

RIMBUNAN SAWIT BERHAD

[691393-U]

ANNUAL REPORT **2012**

Rimbunan Sawit

CONTENTS

NOTICES OF ANNUAL GENERAL MEETING, DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN that the Eighth Annual General Meeting of Rimbunan Sawit Berhad ("RSB" or "the Company") will be held at Function Room, 1st Floor, No. 41 & 42, Pusat Suria Permata, Jalan Upper Lanang, 96000 Sibu, Sarawak on Tuesday, 18 June 2013 at 11.30 a.m. to transact the following businesses:

AGENDA

1. To receive the Audited Financial Statements of the Company for the financial year ended 31 December 2012 together with the Reports of the Directors and Auditors thereon.

2. To consider and if thought fit, to pass the following resolution:

   "THAT, subject to passing of the Resolution 2 below, a first and final single tier dividend of 1.0 sen per ordinary share of RM0.50 each be declared in respect of the financial year ended 31 December 2012." **Resolution 1**

3. To consider and if thought fit, to pass the following resolution:

   "THAT, subject to passing of the Resolution 1 above, a first and final single tier dividend of 1.0 sen per irredeemable convertible preference share of RM0.50 each be declared in respect of the financial year ended 31 December 2012 to be payable on the date final dividend is paid on the ordinary shares." **Resolution 2**

4. To approve the payment of directors' fees for the financial year ended 31 December 2012. **Resolution 3**

5. To approve the proposed increase of directors' fees for the financial year ending 31 December 2013. **Resolution 4**

6. To re-elect the following Directors who retire pursuant to Article 81 of the Company's Articles of Association and being eligible, offer themselves for re-election:

   (i) Mr. Tiong Chiong Ong; and **Resolution 5**
   (ii) Mr. Tiong Kiong King. **Resolution 6**

7. To consider and if thought fit, to pass the following resolution:

   "THAT pursuant to Section 129(6) of the Companies Act, 1965, YBhg. Tan Sri Datuk Sir Diong Hiew King @ Tiong Hiew King be hereby re-appointed as a director of the Company to hold office until the conclusion of the next annual general meeting." **Resolution 7**

8. To re-appoint Messrs. Crowe Horwath as auditors for the ensuing year and to authorise the Directors to fix their remuneration. **Resolution 8**

As special business

9. *To consider and, if thought fit, pass the following ordinary resolution:*

   Proposed renewal of and new shareholder mandates for recurrent related party transactions of a revenue or trading nature ("Shareholder Mandate") **Resolution 9**

   "THAT approval be hereby given to the Company and its subsidiaries ("RSB Group") to enter into any of the category of related party transactions which are recurrent, of a revenue or trading nature and are necessary for day-to-day operations of RSB Group as outlined in point 3(b) (pages 4 to 22) of the Circular to Shareholders (Part A) dated 27 May 2013 ("Circular"), with the specific related parties mentioned therein subject further to the following:

(a) the transactions are in the ordinary course of business and are on normal commercial terms which are not more favourable to the related parties than those generally available to the public and not detrimental to the interest of the minority shareholders; and

(b) disclosure is made in the annual report a breakdown of the aggregate value of the transactions 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) of the Main Market Listing Requirements, and amongst others, based on the following information:

- the type of the recurrent related party transactions made; and
- the names of the related parties involved in each type of the recurrent related party transactions made and their relationship with the Company.

AND THAT such approval will continue to be in force until:

(a) the conclusion of the next annual general meeting ("AGM") of the Company, at which time it will lapse, unless by ordinary resolution passed at the meeting, the authority is renewed;

(b) the expiration of the period within which the next AGM of the Company after that date is required to be held pursuant to Section 143(1) of the Companies Act, 1965 ("Act") [but must not extend to such extension as may be allowed pursuant to Section 143(2) of the Act]; or

(c) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is the earlier.

AND THAT the Directors of the Company be hereby authorised to complete and do all such acts and things as they may consider expedient or necessary to give effect to the Shareholder Mandate."

10. *To consider and, if thought fit, pass the following ordinary resolution:*

Proposed renewal of authority for purchase of own shares by the Company **Resolution 10**

"THAT, subject always to the Companies Act, 1965 ("the Act"), rules, regulations and orders made pursuant to the Act, provisions of the Company's Memorandum and Articles of Association and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and any other relevant authority, the Company be hereby unconditionally and generally authorised to purchase and hold on the market of Bursa Securities such number of ordinary shares of RM0.50 each ("Shares") in the Company ("Proposed Share Buy-Back") as may be determined by the Directors from time to time through Bursa Securities upon such terms and conditions as the

NOTICES OF ANNUAL GENERAL MEETING, DIVIDEND ENTITLEMENT AND PAYMENT (cont'd)

Directors may deem fit, necessary and expedient in the interest of the Company provided that the total aggregate number of Shares purchased and/or held or to be purchased and/or held pursuant to this resolution shall not exceed ten percent (10%) of the total issued and paid-up share capital of the Company for the time being and an amount not exceeding the Company's retained profits and share premium reserves at the time of purchase be allocated by the Company for the Proposed Share Buy-Back AND THAT, such Shares purchased are to be retained as treasury shares and distributed as dividends and/or resold on the market of Bursa Securities, or subsequently may be cancelled AND THAT the Directors be hereby authorised and empowered to do all acts and things and to take all such steps and to enter into and execute all commitments, transactions, deeds, agreements, arrangements, undertakings, indemnities, transfers, assignments and/or guarantees as they may deem fit, necessary, expedient and/or appropriate in order to implement, finalise and give full effect to the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments, as may be required or imposed by any relevant authority or authorities AND FURTHER THAT the authority hereby given will commence immediately upon passing of this ordinary resolution and will continue to be in force until:

(a) the conclusion of the next annual general meeting of the Company ("AGM"), at which time it will lapse, unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions;

(b) the expiration of the period within which the next AGM after that date is required by law to be held; or

(c) revoked or varied by ordinary resolution passed by the shareholders in general meeting,

whichever occurs first, in accordance with the provisions of the guidelines issued by Bursa Securities or any other relevant authorities."

11. *To consider and, if thought fit, pass the following special resolution:*

Proposed amendments to the Company's Articles of Association **Resolution 11**

"(i) THAT the existing Article 29 of the Company's Articles of Association be deleted in its entirety and replaced with the following new Article 29:

The transfer books and the Record of Depositors and debentures holders may be closed for such period as the Directors think fit PROVIDED THAT it shall not be closed for more than thirty (30) days in any year. Any notice of intention to fix a Books Closing Date and the reason therefor shall be published in a daily newspaper circulating in Malaysia and shall also be given to the Exchange. Such notice shall state the Books Closing Date, which shall be at least ten (10) Market Days after the date of notification to the Exchange. The transfer books and Record of Depositors may be closed for the purpose of determining persons entitled to dividends, interest, or new Securities, or rights to a priority of application for issue of Securities. The Company shall request the Depository in accordance with the Rules to issue a Record of Depositors as at the latest date which is reasonably practicable which shall in any event be not less than three (3) Market Days before the occurrence of the related event.

(ii) THAT the existing Article 145 of the Company's Articles of Association be deleted in its entirety and replaced with the following new Article 145:

Cash distributions payable by cheque or warrant or through Bank

Any cash distributions (as prescribed by the Exchange from time to time) or other money payable in cash in respect of securities may be paid by cheque or warrant, sent through the post directed to the registered address of the Members or persons entitled thereto, or if several persons are entitled in consequence of the death or bankruptcy of the holder, to any one (1) of such persons and to such address as such person may in writing direct or through directly crediting of funds into a nominated bank account as provided to the Depository from time to time of such Members or persons entitled thereto or through such other mode of electronic means. Every such cheque or warrant or funds crediting into the bank account of the Members or persons entitled thereto or through such other mode of electronic means shall be made payable to the order of the Members or persons entitled thereto and such payment shall be a good and full discharge to the Company for all payments made in respect of such securities, notwithstanding that it may subsequently appear that the cheque or warrant has been stolen or that the endorsement thereon has been forged or that there is discrepancy in the details of the bank account(s) given by the Members or persons entitled to the payment. Every such cheque and warrant or funds crediting shall be sent or credited at the risk of the Members or persons entitled to the money thereby represented. Where the Members or persons entitled thereto have provided to the Depository the relevant contact details for purposes of electronic notifications, the Company shall notify them electronically once the Company has paid the cash distributions out of its account."

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

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS ALSO HEREBY GIVEN that a first and final single tier dividend of 1.0 sen per ordinary share of RM0.50 each, in respect of the financial year ended 31 December 2012, if approved at the forthcoming Eighth Annual General Meeting, will be paid on 30 August 2013 to depositors whose names appear in the Record of Depositors on 31 July 2013.

A depositor shall qualify for entitlement only in respect of:

(a) shares transferred to the depositor's securities account before 4.00 p.m. on 31 July 2013 in respect of transfers; and

(b) shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By order of the Board

Toh Ka Soon *(MAICSA 7031153)*
Voon Jan Moi *(MAICSA 7021367)*
Joint Company Secretaries

Dated: 27 May 2013
Sibu, Sarawak

NOTICES OF ANNUAL GENERAL MEETING, DIVIDEND ENTITLEMENT AND PAYMENT (cont'd)

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.
7. Explanatory Note on Special Business:

   (i) Ordinary resolution on Shareholder Mandate for recurrent related party transactions

   Paragraph 10.09 of the Main Market Listing Requirements states that with regard to related party transactions which are recurrent, of a revenue or trading nature and which are necessary for day-to-day operations ("RRPT"), a public listed company may seek a shareholder mandate.

   The proposed resolution No. 9, if passed, will authorise the Company and each of its subsidiaries to enter into RRPT with the mandated related parties as identified in point 3(b) (pages 4 to 22) of the Circular (Part A), which are necessary for day-to-day operations of the RSB Group, provided that such transactions are in the ordinary course of business and are on normal commercial terms which are not more favourable to the related parties than those generally available to the public and not detrimental to the interest of the minority shareholders.

   By obtaining the Shareholder Mandate, the necessity to convene separate meetings from time to time to seek shareholders approval as and when such RRPT occur would not arise. This would reduce substantial administrative time and costs associated with the convening of such meetings without compromising on the corporate objectives of the RSB Group or adversely affecting the business opportunities available to the RSB Group.

   Please refer to the Circular (Part A) for further information.

   (ii) Ordinary resolution in relation to proposed renewal of authority for purchase of own shares by the Company

   The proposed Resolution No. 10, if passed, will renew the authority for the Company to purchase and/or hold up to ten per cent (10%) of the issued and paid-up ordinary share capital of the Company through Bursa Securities. This authority will expire at the conclusion of the next annual general meeting, unless revoked or varied by ordinary resolution passed by shareholders at general meeting.

   Please refer to the Statement to Shareholders (Part B) for further information.

   (iii) Special resolution in relation to proposed amendments to the Company's Articles of Association

   The proposed Resolution No. 11 is to amend the Company's Articles of Association in line with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Bong Wei Leong
(Chairman / Independent Director)
Tiong Kiong King
(Non-Independent Non-Executive Director / Vice Chairman)
Tan Sri Datuk Sir Diong Hiew King @ Tiong Hiew King
(Executive Director)
Tiong Chiong Ong
(Managing Director)
Tiong Chiong Ie
(Non-Independent Non-Executive Director)
Tiong Ing Ming
(Independent Director)

COMPANY SECRETARIES

Toh Ka Soon (MAICSA 7031153)
Voon Jan Moi (MAICSA 7021367)

REGISTERED OFFICE

No. 85 & 86, Pusat Suria Permata
Jalan Upper Lanang 12A
96000 Sibu, Sarawak
Tel. No. : 084-218555
Fax No. : 084-219555

HEAD OFFICE

No. 85 & 86, Pusat Suria Permata
Jalan Upper Lanang 12A
96000 Sibu, Sarawak
Tel. No. : 084-218555
Fax No. : 084-219555
E-mail address: rsb@rsb.com.my

SHARE REGISTRAR

Symphony Share Registrars Sdn. Bhd.
Level 6, Symphony House
Block D13, Pusat Dagangan Dana 1
Jalan PJU IA/46
47301 Petaling Jaya
Selangor Darul Ehsan
Tel. No. : 03-78418000
Fax No. : 03-78418008

AUDITORS

Crowe Horwath (AF : 1018)
Chartered Accountants
1st Floor No.1
Lorong Pahlawan 7A2
Jalan Pahlawan
96000 Sibu, Sarawak

STOCK EXCHANGE LISTING

Listed on Main Market of Bursa Malaysia Securities Berhad
Stock name : RSAWIT
Stock code : 5113

PRINCIPAL BANKERS

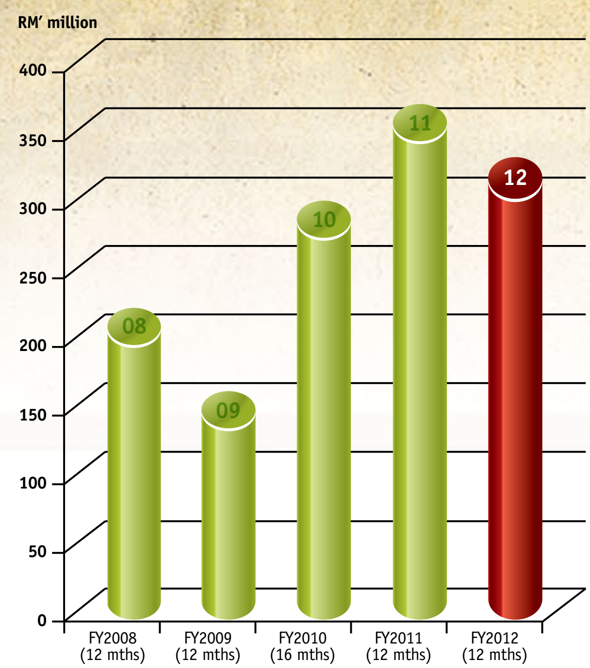
RHB Bank Berhad
Malayan Banking Berhad
OCBC Bank (Malaysia) Berhad
Hong Leong Bank Berhad
CIMB Bank Berhad
Public Bank Berhad
Agro Bank
Ambank (M) Berhad

CORPORATE STRUCTURE

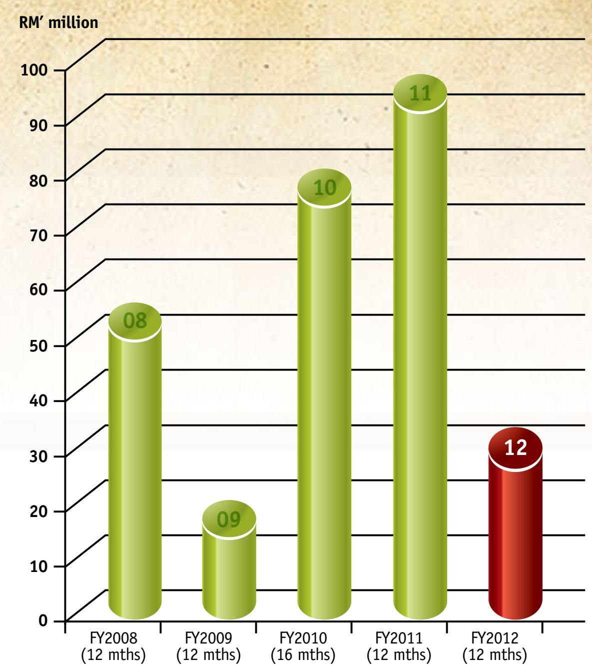
100%	Jayamax Plantation Sdn. Bhd. (Company No. 318819-W)
100%	Lumiera Enterprise Sdn. Bhd. (Company No. 376076-V)
100%	R. H. Plantation Sdn. Bhd. (Company No. 153619-A)
100%	Timrest Sdn. Bhd. (Company No. 168720-D)
100%	Nescaya Palma Sdn. Bhd. (Company No. 483804-W)
100%	Formasi Abadi Sdn. Bhd. (Company No. 382202-U)
100%	Novelpac-Puncakdana Plantation Sdn. Bhd. (Company No. 378441-K)
100%	Woodijaya Sdn. Bhd. (Company No. 448169-P)
100%	Rimbunan Sawit Holdings Berhad (Company No. 667071-H)
100%	Midas Plantation Sdn. Bhd. (Company No. 671956-A)
100%	RSB Palm Oil Mill Sdn. Bhd. (Company No. 794271-M)
85%	Baram Trading Sdn. Bhd. (Company No. 60689-U)
85%	Burung Tiong Helicopter Sdn. Bhd. (Company No. 662720-K)
85%	PJP Pelita Biawak Plantation Sdn. Bhd. (Company No. 358147-P)
70%	Pelita-Splendid Plantation Sdn. Bhd. (Company No. 398311-P)
60%	PJP Pelita Ekang-Banyok Plantation Sdn. Bhd. (Company No. 718679-H)
60%	PJP Pelita Lundu Plantation Sdn. Bhd. (Company No. 467277-W)
60%	PJP Pelita Selangau Plantation Sdn. Bhd. (Company No. 515181-X)
60%	PJP Pelita Ulu Teru Plantation Sdn. Bhd. (Company No. 358153-T)

FINANCIAL HIGHLIGHTS

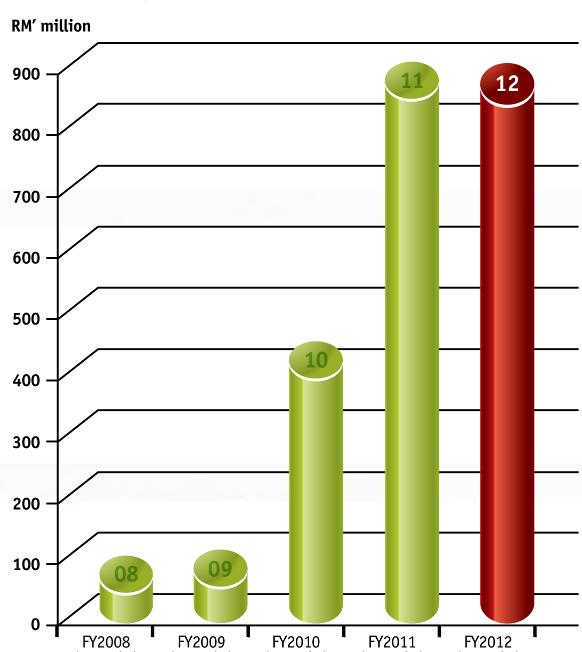
REVENUE



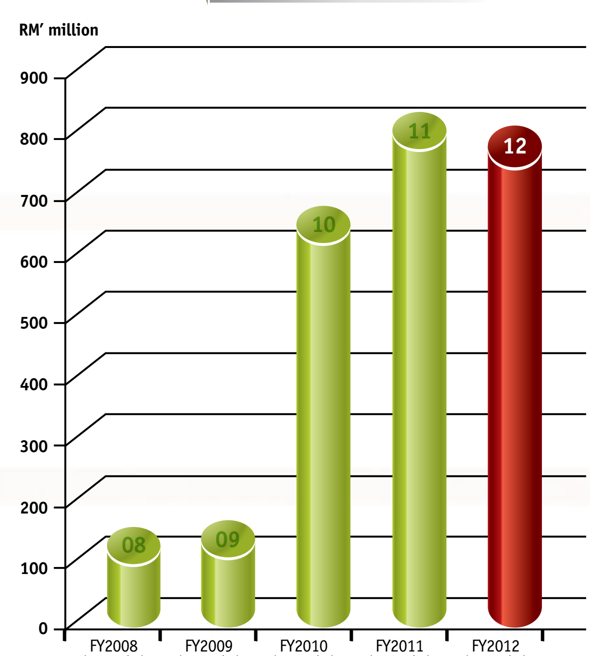
PROFIT BEFORE TAX



SHAREHOLDERS' FUND



TOTAL ASSETS



CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors of Rimbunan Sawit Berhad ("RSB" or "Company") and its subsidiaries ("the Group"), I am pleased to present to you the Annual Report and the Audited Financial Statements for the financial year ended 31 December 2012.

Bong Wei Leong
Chairman, Independent Director

FINANCIAL HIGHLIGHTS

For the financial year ended 31 December 2012, RSB registered a revenue of RM314 million which represented a decrease of 12.7% as compared to 2011. This was mainly due to the decline in the Group's overall selling price of Crude Palm Oil ("CPO") and Palm Kernel ("PK"). In fact, the average selling price per metric ton of CPO and PK had dropped from RM3,283 and RM2,300 respectively in 2011 to RM2,862 and RM1,615 respectively in 2012. This uninspiring pricing which impacted the industry as a whole was mainly due to various global factors (eg. foreign country's policies, weather) which were beyond the control of the Company.

In tandem with the reduction in revenue, the Group's pre-tax profit for the year ended 31 December 2012 was recorded at RM31 million. The increase in the cost of production, especially in the alarming rise of labour costs, had also contributed to lower profit margins.

OPERATION REVIEW

The Group's oil palm matured areas increased by 2,138 hectares to 35,128 hectares during the financial year under review as compared to the production areas of 32,990 hectares in the preceding financial year. Fresh fruit bunches ("FFB") production in the review period had increased by 8% to 459,597 metric tons from 424,502 metric tons recorded in the previous comparable period.

In 2012, the Group's palm oil mill produced 63,646 metric tons of CPO and 14,484 metric tons of PK, which represented an increase of 1% and 3% for CPO and PK, respectively, over the previous year. The Group's milling registered 20.71% and 4.71% Oil Extraction Rate and Kernel Extraction Rate, respectively, in the year under review.

The Group's commitment on persistent emphasis and stringent monitoring placed on fertilizer application over the years had paid off where full completion of manuring rounds and thorough fertilizer coverage over the designed areas in the Estates had been achieved. Measures like application of fertilizer in PVC tubing; mulching spot application with used fertilizer bags, empty fruit bunches ("EFB") utilization and fronds staking rows operations were implemented to protect the fertilizer from being washed off by heavy rainfall experienced in our Estates (average 4,000 mm per annum) especially on high terrain areas.

Good ground surface upkeep by containing the weeding rounds within the scheduled time frame with right herbicide usage had been given greater importance in order to prevent weeds from competing with the palms and to ensure full absorption of fertilizer by the palms.

Timely maintenance of roads and constant gravelling materials sourcing within Estate were undertaken to ensure unhindered traffic flow and continuous cost reduction.

Execution of harvesting between 2.5 to 3.0 rounds, implementation of timely crops delivery to the mills were prioritized uncompromisingly to eliminate wastages. This would also elevate crops quantity and quality.

Together with other good agronomic and management practices, amongst them, optimum palm stand focusing, correct and sufficient accessibility (road, terrace), drainage, water conservation, integrated pest control, cattle-oil palm integration, and human capital management, all these measures are adopted accordingly to unveil the optimum potential yield, improve cost efficiency, and realize maximum revenue for the Group.

We are pleased to report that the Management team is actively exploring rational initiatives towards cushioning the ever rising production costs by increasing efficiency and productivity throughout our operations.

CORPORATE EXERCISE

During the financial year under review, the Group embarked on corporate exercises through strategic acquisition of subsidiaries. These corporate exercises initiated and injected momentum to the Group's growth via intensifying downstream processing and increase of planting acreage.

On 2 July 2012, the Company acquired two (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. The new company is currently in progress to construct a new palm oil mill in Miri, Sarawak.

On 9 November 2012, the Group through one of its wholly-owned subsidiary, Nescaya Palma Sdn Bhd, acquired 2,400 ordinary shares each in the share capital of Formasi Abadi Sdn Bhd, representing 100% of its total issued and paid up share capital for a cash consideration of RM35.83 million. The Company is the registered proprietor of all that parcel of land situated at Sungai Tutuh, Melinau Area, containing an area of 3,386 hectares. The land is to be used for oil palm cultivation.

We are confident that the above acquisitions will fuel business growth for the Group in the foreseeable future.

CHAIRMAN'S STATEMENT (cont'd)

OUTLOOK AND PROSPECTS

The global economic outlook remains bleak despite multiple government bailouts and stimulus measures aimed to revive the once vibrant economy. The Eurozone financial crisis continues to haunt the already fragile economy. The unresolved US debt ceiling is not helping the economy which desperately needs recovery. These factors, combined with the spillover effects of expansionary monetary policies in the developed countries have also fuelled the volatility in major commodity prices and exchange rates. Nevertheless, the emerging markets are expected to continue to expand, and the demand for palm oil products is expected to remain high to meet the demand of the constantly growing world population. In view of the anticipated increase in world population, demand for the palm oil products remains optimistic.

Following the tightening supply and stock within the global edible oil market, industry experts are anticipating support for higher prices. On the other hand, downside risks still linger with the prolonged and unresolved Eurozone debt crisis and some experts even raise concern on the possibility of economic contraction in China. This would inevitably exert the downward pressure on the demand for the global edible oil consumption and the prices will be affected accordingly.

The palm oil industry lauded the move by the Malaysian government to introduce a new export tax schedule for palm oil products aimed at reducing the pressure on the high stockpile. This is made possible by Malaysia's optimistic future outlook with Bank Negara Malaysia's forecast of sustained economic growth of 5% - 6% for 2013, fueled by the government's Economic Transformation Programme. The aforementioned tax schedule implementation would help palm oil products to be resilient to weather the wavy period ahead.

We believe the CPO price will not vary significantly from the current level eventhough it may be affected by an array of factors including the global production and consumption rates of vegetable oil, biodiesel usage, crude oil price, and macro-economic conditions. We are optimistic about the long term prospect for palm oil industry particularly since it remains competitive against other vegetable oils due to its high yield and the strong growth in the worldwide consumption.

Given the favorable age profile of our plantation, we expect our FFB production to increase further over the next few years with more palm reaching maturity and the prime production age.

Moving forward, we will ensure strict enforcement of the Best Agricultural Practices in our field operation to further improve the yield per hectare and increase the percentage of Oil Extraction Rate. More palm oil mills will be built to expedite the processing activities to reap higher efficiency, productivity, and profitability within our integrated supply chain.

ACKNOWLEDGEMENTS

In conclusion, I would like to applaud the Management for their concerted efforts and valuable contributions made during the year which is vital for the future growth and well being of our Group of companies.

On behalf of the Board of Directors, I would like to place on record my sincere appreciation to all our customers, shareholders, business associates, Government authorities and emloyees for their continuing support to the Group.

Bong Wei Leong
Chairman

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Rimbunan Sawit recognizes Corporate Social Responsibilities (CSR) as an important aspect to its long term business success. In addition to being profitable, we are committed to improve the quality of life, protect the environment and make a difference for the future generation. Rimbunan Sawit fulfills its social responsibilities through the four main pillars of CSR initiatives: Environment, Workplace, Community and Marketplace.

ENVIRONMENT

Rimbunan Sawit recognizes the negative impact of global climate change and is committed to reduce greenhouse effects and implement measures to ease global warming. We emphasize alternative energy sources via recycling and reusing biomass byproducts as well as capturing released biogas from our mill processes.

To fully utilize renewable energy, the Group invests in the solar panels to generate electricity for walkie-talkie repeaters and streetlight usage. Clean technology have been introduced to trap and reuse methane gas, a useful byproduct of anaerobic digestion of organic waste, to power biogas generators for our palm oil mill operations. We have also constructed a Polishing Plant to treat mill effluents before discharge.

In addition, Rimbunan Sawit intends to recycle its industrial byproducts to reduce environmental waste. Empty Fruit Bunches (EFB), a useful byproduct of the palm oil mill will be used as raw material in the soon-to-be commissioned EFB Pellet Mill to produce EFB Pellets to be used as the biomass to power steam boilers for palm oil mill operations.

WORKPLACE

Rimbunan Sawit seeks to project itself as an attractive employer through its emphasis in human development in the workplace. We aim not only to attract motivated and skilled employees, but also to nurture, develop their expertise and retain them by providing new career pathways within the Group. With the country's transition into a knowledge –based economy, Rimbunan Sawit recognizes the importance to develop its human capital of all backgrounds and expertise.

In order to remain competitive in the ever changing economic climate, Rimbunan Sawit has afforded its employees the opportunity to embrace the world leading Enterprise Resource Planning (ERP) software, SAP. While providing greater ease in daily operations, cost savings, improved company performance, our staff are being trained to be knowledgeable workers and are able to make effective decisions with the available information.

CORPORATE SOCIAL RESPONSIBILITY (CSR) (cont'd)

In collaboration with various institutions, trainings and educational courses have also been conducted in the remote estates with the goal to certify our field staff and provide new career opportunities. In addition, an on-job-training programme for our field workforce has also been introduced as part of our Group's long term human capital development initiative. This programme provides both hands-on working experience and on-the-job training for SPM and STPM school leavers seeking employment in the plantation sector. Through this programme, Rimbunan Sawit aims to provide equal employment opportunity to the local community.

Rimbunan Sawit is committed to improving the working conditions and living standards of its employees. Staff quarters and offices are being constructed and upgraded progressively while basic utilities such as electricity, running water and telecommunication facilities are all provided.

CORPORATE SOCIAL RESPONSIBILITY (CSR) (cont'd)

Rimbunan Sawit also actively promotes work-life balance and healthy living lifestyle to its employees by organizing various sports activities and social gatherings. Staff of all levels are encouraged to interact and bond with each other, creating cohesion amongst the staff and a harmonious working environment that will enhance staff performance. At the same time, such activities are view as opportunities for staff to show-case their talents and unique personalities, adding diversity and excitement to the group.

COMMUNITY

Rimbunan Sawit strongly believes in maintaining fostering harmonious ties with the community it operates around. Communities surrounding our estates have benefitted from the infrastructure of roads and bridges constructed during the development of the estates. Recently a bridge in the Baram area was repaired to restore connectivity between the local communities and nearby towns. Our estates have also provided assistance to the local communities when in need. One of our estates, Nescaya Palma, assisted locals in the construction of houses and a water pond.

CORPORATE SOCIAL RESPONSIBILITY (CSR) (cont'd)

Throughout the year, donations have been given to local schools, especially in the vicinity of the estates, in recognition of the importance of education. Building supplies have also being provided to the schools for facility maintenance.

Rimbunan Sawit was also one of the main sponsors and participants for the annual Sibu Trade and Exhibition event which is held in conjunction with the Borneo Cultural Festival. The participation was aimed at sharing and educating the community of the agricultural industry, employment opportunities and the promising future ahead for the plantation industry. Staff from one of our estates, Timrest, also capped off the grand finale of the event with a stunning cultural dance to the delight of the audience.

MARKETPLACE

Rimbunan Sawit strongly believes in the importance of maintaining the highest standards of quality in company products and employee conducts whilst safeguarding environmental and social values. We are firmly committed to be in compliance with all laws and regulations, and concurrently to meet and even exceed the standards of all certifications for the markets we operate in. Rimbunan Sawit through RH Palm Oil Mill continues to maintain the ISO 9001 accreditation to ensure that its products meet the highest available standards and to meet the expectations of the market and its customers.

Enhancing stakeholder value has always been the core interest of Rimbunan Sawit. With the successful outcome of our Rights and Bonus Issues in 2011, the market capitalization of Rimbunan Sawit has increased tremendously from less than RM200 million to more than RM1 billion. In recognition of our success, Rimbunan Sawit has been inducted into The Edge Billion Ringgit Club and is also nominated the winner for the Best Performing Stock in the Plantation Sector under Highest Returns to Shareholders Over Three Years.


SGS

R. H. Plantation Sdn. Bhd.
- Palm Oil Mill (153619-A)

ISO 9001:2008


SGS

R.H. Plantation Sdn. Bhd.
- Palm Oil Mill (153619-A)

ISO 9001:2008

PROFILE OF DIRECTORS

BONG WEI LEONG

> Aged 45 / Malaysian
> Chairman / Independent Director

Mr. Bong Wei Leong was appointed to the Board of Rimbunan Sawit Berhad ("RSB") on 14 February 2006 and was subsequently appointed as Chairman of RSB on 19 December 2012. Mr. Bong Wei Leong is a businessman. He graduated with a Bachelor of Business (Accountancy) and Bachelor of Law from Queensland University of Technology, Australia in Year 1993. Mr. Bong was a Partner of a public accountants firm prior to starting his own practice in 2004. He has more than 19 years of experience in providing auditing, accounting and taxation services to various clients. He is a member of the Malaysian Institute of Accountants and the CPA Australia. Mr. Bong also sits on the boards of a public listed company, CCK Consolidated Holdings Berhad and one (1) of the subsidiaries of RSB.

Mr. Bong is the Senior Independent Director to whom concerns regarding the Company may be conveyed. He is the Chairmen of Audit Committee and Nomination Committee. He is also a member of Remuneration Committee. During the financial year ended 31 December 2012, Mr. Bong attended all the five (5) Board meetings held. He holds no share in RSB Group. He holds no share in RSB Group.

TIONG KIONG KING

> Aged 65 / Malaysian
> Non-Independent Non-Executive Director / Vice Chairman

Mr. Tiong Kiong King is a businessman and was appointed to the Board of RSB on 14 February 2006. Subsequently, he was appointed as Non-Independent Non-Executive Director / Vice Chairman on 15 February 2006. He is also the Chairman of Remuneration Committee and members of Audit Committee and Nomination Committee.

Mr. Tiong joined the RH Group in 1975 where he has held various positions including being a Director in one (1) of the subsidiaries of RSB since December 1997. He has more than 42 years of managerial experience in the timber industry in various capacities. Mr. Tiong also sits on the boards of Subur Tiasa Holdings Berhad, a public listed company and several private limited companies. Currently, Mr. Tiong also held key posts in several non-government organizations. Amongst others, he is the Honorary President for Sibu Chinese Chamber of Commerce and Industry, Vice President of World Federation of Fuzhou Association Limited, Chairman of Persekutuan Persatuan-Persatuan Foochow Sarawak, Vice President of the World Zhang Clan Association Limited and Vice President of Persekutuan Klan Zhang Negeri Sarawak.

Mr. Tiong has attended three (3) out of five (5) Board meetings held during the financial year ended 31 December 2012. His shareholdings in RSB Group as at 2 May 2013 are disclosed on page 135 of this annual report.

TAN SRI DATUK SIR DIONG HIEW KING @ TIONG HIEW KING

> Aged 78 / Malaysian > Executive Director

Tan Sri Datuk Sir Diong Hiew King @ Tiong Hiew King was appointed to the Board of RSB on 14 February 2006 and was subsequently appointed as Executive Chairman on 15 February 2006. He was redesignated as Executive Director on 19 December 2012. Tan Sri Datuk Sir Tiong is a businessman with vast and extensive experience in various business sectors including media and publishing, oil and gas, mining, fishery, manufacturing, information technology, timber, tree plantation, oil palm plantation and mills.

Over the years, Tan Sri Datuk Sir Tiong has started and built up the Rimbunan Hijau Group of Companies ("RH Group"). Currently, he is the Executive Chairman and Managing Director of RH Group, a large diversified conglomerate which has interests in various businesses in Malaysia comprising of timber harvesting, processing and manufacturing of timber products, plantations and other businesses around the world.

He is the founder of an English newspaper named The National in Papua New Guinea. He is currently the President of The Chinese Language Press Institute Limited. In June 2009, he was bestowed the Knight Commander of the Most Excellent Order of the British Empire (K.B.E.), which carries the title "SIR", by Queen Elizabeth II of the United Kingdom, in recognition of his contribution to commerce, community and charitable organisations.

In Year 2010, he was awarded "Malaysia Business Leadership Award 2010 - The Lifetime Achievement Award" by the Kuala Lumpur Malay Chamber of Commerce, in recognition of his entrepreneurship and his contribution to the country. Tan Sri Datuk Sir Tiong is the Executive Chairman of Sin Chew Media Corporation Berhad ("Sin Chew"), a wholly-owned subsidiary of Media Chinese International Limited, a company listed in Malaysia and Hong Kong. He is also the Chairman of the Board of Trustee of Yayasan Sin Chew, and currently serves as the Executive Chairman of RH Petrogas Limited, a listed company in Singapore. He also serves as a director of other private limited companies.

During the financial year ended 31 December 2012, Tan Sri Datuk Sir Tiong attended three (3) out of five (5) Board meetings held. His shareholdings in RSB Group as at 2 May 2013 are disclosed on page 135 of this annual report.

TIONG CHIONG ONG

> Aged 54 / Malaysian
> Managing Director

Mr. Tiong Chiong Ong is a businessman. He was appointed to the Board of RSB on 14 February 2006 and was then appointed as Managing Director of RSB on 15 February 2006. Mr. Tiong graduated with a Bachelor of Law and Economics from Monash University, Australia in 1984 and joined RH Group in 1986. He has more than 22 years of experience in various capacities in the plantation and timber industries. He is also the chairman of Risk Management Committee.

Currently, Mr. Tiong is an associate member of the CPA Australia and a member of the Victorian and Sarawak Bar and the Malaysian Institute of Accountants. He also holds directorship in several private limited companies but he holds no directorship in other public company.

During the financial year ended 31 December 2012, Mr. Tiong has attended all the five (5) Board meetings held. His shareholdings in RSB Group as at 2 May 2013 are disclosed on page 135 of this annual report.

PROFILE OF DIRECTORS (cont'd)

TIONG CHIONG IE
> Aged 42 / Malaysian
> Non-Independent Non-Executive Director

Mr. Tiong Chiong Ie, a businessman, was appointed to the Board of RSB on 14 February 2006. He graduated with a Bachelor of Business in Information System from Monash University, Australia in 1994. Mr. Tiong joined the RH Group in 1996 and has more than 17 years of managerial experience in the timber, transportation provider and shipping industry. He is also a member of Remuneration Committee.

Mr. Tiong holds directorships in Hornbilland Berhad and several private limited companies. Mr. Tiong has attended three (3) out of five (5) Board meetings held during the financial year ended 31 December 2012.

His shareholdings in RSB Group as at 2 May 2013 are disclosed on page 135 of this annual report.

TIONG ING MING
> Aged 55 / Malaysian
> Independent Director

Mr. Tiong Ing Ming is a registered quantity surveyor of the Board of Quantity Surveyors, Malaysia and a member of the Institution of Surveyors Malaysia. He was appointed to the Board of RSB on 14 February 2006. He graduated with a Bachelor of Building (Hons) from University of Melbourne, Australia in 1982 and began his career in a consulting quantity surveying practice since 1994. Mr. Tiong is members of Audit and Nomination Committees. He also sits on the board of Subur Tiasa Holdings Berhad and a private limited company.

Mr. Tiong has attended all the five (5) Board meetings held during the financial year ended 31 December 2012. His shareholdings in RSB Group as at 2 May 2013 are disclosed on page 135 of this annual report.

Notes:

a. *Tan Sri Datuk Sir Diong Hiew King @ Tiong Hiew King and Tiong Kiong King are brothers and is the father and uncle of Tiong Chiong Ong respectively. Both Tan Sri Datuk Sir Diong Hiew King @ Tiong Hiew King and Tiong Kiong King, and Tiong Chiong Ong are the uncles and cousin of Tiong Chiong Ie respectively. Apart from these, the other Directors have no family relationship with each other or the major shareholders of RSB.*

b. *None of the Directors have been convicted of offences within the past ten years.*

c. *None of the Directors has any conflict of interests with the Company.*

STATEMENT ON CORPORATE GOVERNANCE

INTRODUCTION

The Board of Directors ("Board") of Rimbunan Sawit Berhad ("RSB" or "the Company") is committed to ensure that good corporate governance is practised throughout the Group as a fundamental part of discharging its fiduciary responsibilities to protect and enhance shareholders' value and the financial performance of RSB Group. The Board fully support and is committed to apply the Principles and comply with the Recommendations as set out in the Malaysian Code on Corporate Governance 2012 ("Code").

In line with this, the Board of RSB is pleased to disclose below the manner in which it has applied the Principles as set out in the Code to its particular circumstances having regard to the Recommendations stated under each Principle. These disclosures are contained in this statement, the Statement on Risk Management and Internal Control and the Report of the Audit Committee.

THE BOARD OF DIRECTORS

1 *Composition, size and balance of the Board*

During the financial year ended 31 December 2012, the Board has six (6) members, comprising two (2) Independent Directors, two (2) Non-Independent Non-Executive Directors, one (1) Executive Director and one (1) Managing Director.

All the Independent Directors fulfil the criterias of independence as defined in the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities"). Together, the Directors have a wide range of experience in relevant fields required to successfully direct and supervise the RSB Group's business activities. The current mix of skills and experiences are vital for the effectiveness of the Board and the success of the Group. The profiles of each Director are presented on pages 18 to 20 of this annual report.

To ensure that there is balance of power and authority, the roles of the Chairman and the Managing Director are clearly separated. The Chairman heads the Board in setting values and standards of the Group and is primarily responsible for corporate affairs and development and, the orderly conduct and effectiveness of the Board, whilst the Managing Director is overall in charge of operations, organisational effectiveness and implementation of Board policies and executive decisions making.

The current size of the Board is appropriate and commensurate with the complexity, scope and operations of RSB Group. The Chairman is an Independent Director and none of the Independent Directors has served the Company exceeding a cumulative terms of nine (9) years.

The Independent Directors play an important role in ensuring impartiality of the Board's deliberations and decision-making process. The presence of Independent Directors fulfils a crucial role in corporate governance, for the provision of unbiased and independent views, advice and judgement to take account of the interests, not only of the RSB Group, but also of all shareholders including employees, customers, suppliers and the many communities in which the RSB Group conducts business.

Mr. Bong Wei Leong is the Senior Independent Director duly identified by the Board to whom concerns or queries concerning the RSB Group may be conveyed to.

STATEMENT ON CORPORATE GOVERNANCE (cont'd)

2 *Functions of the Board and Management*

The Board is currently in the midst of looking into the Board Charter and Code of Conducts which set out a list of specific functions that are reserved for the Board, Board Committee and those delegated to Management. Once they are finalized and adopted by the Board, the said charter and the code of conducts will be made available at the Company's website.

Generally, the key matters reserved for the Board's approval include corporate plans, annual budget, major capital expenditures, new ventures, material acquisitions and disposals of undertakings and assets, issuance of new securities, Group structuring and review of the financial and operating performance of the Group.

3 *Roles and responsibilities*

The Board assumes overall responsibility for the operation and performance of the Group. The Board provides stewardship and advice to the Management in monitoring and achieving the Group's goals.

In discharging its fiduciary duties, the key roles and responsibilities of the Board are as follows:

- Reviewing and approving the overall strategies plan and direction of the Group;
- Overseeing and evaluating the conduct and performance of the Group's businesses;
- Identifying and managing principal risks affecting the Group;
- Reviewing the adequacy of the Group's internal control and management information system;
- Implementing policies relating to investors relations programme and shareholders communications; and
- Succession planning for directors and key personnel.

In furtherance, the Board also delegated specific tasks to the Board Committees namely the Audit Committee, Nomination Committee, Remuneration Committee and Risk Management Committee. All the Board Committees have their own terms of reference to deal with particular issues and report back to the Board with the necessary recommendation, if any. The ultimate approval still lies with the entire Board. Certain Board functions are also delegated to the Management and the Board ensures Management is of the highest caliber.

4 *Board meetings*

The Board meets on a quarterly basis at least four (4) times in a financial year. Additional meetings are also convened as and when needs arise. Five (5) Board meetings were held during the financial year ended 31 December 2012. The details of attendance of each of the Directors at the Board meetings are outlined below:

	Numbers of meetings attended
Tan Sri Datuk Sir Diong Hiew King @ Tiong Hiew King	3 out of 5
Tiong Kiong King	3 out of 5
Tiong Chiong Ong	5 out of 5
Tiong Chiong Ie	3 out of 5
Bong Wei Leong	5 out of 5
Tiong Ing Ming	5 out of 5

All proceedings, matters arising, deliberations in terms of the issue discussed, and resolutions at the Board meetings are recorded in the minutes by the Company Secretaries, confirmed by the Board and, signed by the Chairman. All Board meetings were attended by the Company Secretaries. Upon invitation, Management representatives were present at the Board meetings to provide additional insight into matters to be discussed during the Board meetings.

5 *Supply of and Access to Information*

Every Director has ready and unrestricted access to the information pertaining to the RSB Group's business and affairs to enable them in discharging their duties and responsibilities. All Directors are provided with an agenda and a set of board papers in a timely manner prior to the Board meetings, to ensure the Directors receive sufficient relevant information and to allow sufficient time for their detailed review and consideration so as to enable them to participate effectively in the Board deliberation and decision making. All Directors have the right to make further enquiries where they consider necessary prior to the Board meetings.

All Directors have direct access to the Company Secretaries, independent external professional advisors, and internal/external auditors in appropriate circumstances for advice and services in the furtherance of their duties, at the Company's expense.

6 *Appointments to the Board*

The Nomination Committee recommends the appointment of new Directors to the Board. Thereafter upon approval by the Board, the new Directors undergo a familiarisation programme, which includes visits to the RSB Group's business, and meetings with Senior Management, as appropriate, to facilitate the new Directors' understanding of the RSB Group. The Company Secretaries will ensure that all appointments of new Director are properly carried out and all legal and regulatory obligations are met.

7 *Re-election/Re-appointment of Directors*

In accordance with RSB's Articles of Association, all Directors who are appointed by the Board are subject to election by shareholders at the ensuing annual general meeting after their appointment. Additionally, in accordance with the RSB's Articles of Association and in compliance with the Listing Requirements, one-third (1/3) of the remaining Directors, including the Managing Director, are required to submit themselves for re-election by rotation at each annual general meeting, and all Directors must submit themselves for re-election at least once every three (3) years.

Directors of or over 70 years of age are required to submit themselves for re-appointment annually in accordance with Section 129(6) of the Companies Act, 1965.

The Nomination Committee will consider and recommend to the Board for the continuation in service of those Directors who are due for re-election/re-appointment.

8 *Directors' Training*

All the Directors have attended the Mandatory Accreditation Programme as required by Bursa Securities after the Company is listed on the Main Market of Bursa Securities on 28 June 2006.

The Board acknowledges that continuous training and education are vital for the Board members to gain insight

STATEMENT ON CORPORATE GOVERNANCE (cont'd)

into the state of economy, technological advances, regulatory updates and management strategies. Directors are encouraged to attend continuous education programmes to further enhance their skills and knowledge, where relevant.

There were also technical briefings/updates on statutory and regulatory requirements from time to time at the Board meetings by the Company Secretaries. All Directors will continue to attend further training as may be required from time to time to equip themselves with the knowledge to discharge their duties more effectively and to keep abreast with regulatory and corporate governance developments in the marketplace.

During the financial year ended 31 December 2012, the Directors have attended appropriate training programmes conducted by external experts and the descriptions of the training/seminar are set out below:

Title of training/seminar	Number of day(s) spent
New Public Rulings in 2011 & 2012	1
Accounting for foreign exchange transactions	1
Specialist tax issues : Analysis of recent tax cases	1
Technical Briefing for PLCs	1
National Tax Conference 2012	1
Seminar Percukaian Kebangsaan 2012	1
50th Session of the United Nation Commission for Social Development, New York	1
St. Petersburg International Economic Forum 2012	2
Quantity Surveying International Convention 2012	2

9 *Gender diversity*

The Board has yet to adopt a gender diversity policy or target. Board membership is dependent on each candidate's skills, experience, core competencies and other qualities as well as the needs of the Company for the time being, regardless of gender. The Board does not consider gender to be a bar to Board membership, but recognizes the value of woman member of the Board. While compliance with the Code is voluntary, the Board will continue to assess the needs to adopt a gender diversity policy or target in due course.

10 *Time commitment of Directors*

The Board acknowledges that its Directors may be invited to become directors of other companies and that exposure to other organisations can broaden the experience and knowledge of its Directors which will benefit the Group. Directors are therefore at liberty to accept other board appointments so long as such appointments are not in conflict with the business of the Group and do not adversely affect the Directors' performance and contributions as a member of the Board and Board Committee.

Thus far, the Board is satisfied with the level of time commitment given by all the Directors in fulfilling their roles and responsibilities as Directors of the Company. This is evidenced by their attendance at the meetings of the Board and the Board Committees. All the Directors hold less than five (5) directorships in the public listed companies and less than 10 directorships in non-listed companies.

11 *Committees of the Board*

Where appropriate, matters have been delegated to Board Committees, all of which have written terms of reference which have been defined and approved by the Board and, where applicable, comply with the recommendations of the Code and the Listing Requirements, where applicable. All Board Committees do not have executive powers but to report to the Board on all matters considered and their recommendations thereon.

All proceedings, matters arising, deliberations in terms of the issue discussed, and recommendations made by the Board Committees at the committees' meetings are recorded in the minutes by the Company Secretaries, confirmed by the Board Committees, signed by the Chairmen of the said committees, and reported to the Board at the Board meetings. All committees' meetings were attended by the Company Secretaries. Upon invitation, Management representatives were present at the Board Committees' meetings to provide additional insight into matters to be discussed during the said committee meetings, if so required.

The following Board Committees have been established to assist the Board in discharging its duties:

i) Audit Committee

The Audit Committee, formed on 2 March 2006, reviews issues of accounting policy and presentation for external financial reporting, assess the suitability and independence of external auditors, monitors the work of the in-house internal auditors, ensures that an objective and professional relationship is maintained with the external auditors, and that conflicts of interests are avoided.

Further details can be found in the Report of the Audit Committee as set out on pages 30 to 35 of this annual report.

ii) Nomination Committee

The Board has on 7 April 2006 set up a Nomination Committee, which is mainly responsible for the assessment and recommendation of new director to the Board and the Board Committee, for the annual review of the required mix of skills and experience of the Board and for the annual assessment of the effectiveness of the Board Committees, the Board as a whole and the contribution of each Director, including independent directors, as well as the chief financial officer ("as defined in the Listing Requirements") to ensure that they have the character, experience, integrity, competence and time to effectively discharge their roles. All assessments and evaluations carried out by the Nomination Committee in the discharge of all its functions shall be properly documented. The Nomination Committee and the Board shall assess the independence of all independent directors annually.

The members of the Nomination Committee, all of whom are non-executive Directors and a majority of whom are independent, are as follows:

Chairman	:	Bong Wei Leong (Senior Independent Director)
Members	:	Tiong Kiong King (Non-Independent Non-Executive Director)
		Tiong Ing Ming (Independent Director)

During the financial year ended 31 December 2012, the Nomination Committee has met once.

STATEMENT ON CORPORATE GOVERNANCE (cont'd)

iii) Remuneration Committee

The Remuneration Committee was established on 7 April 2006 and is principally responsible for setting the policy framework and for making recommendations to the Board on remuneration packages and benefits extended to the Executive Director and Managing Director.

The members of the Remuneration Committee, the majority of whom are non-executive, are as follows:

Chairman	:	Tiong Kiong King (Non-Independent Non-Executive Director)
Members	:	Tiong Chiong Ie (Non-Independent Non-Executive Director)
		Bong Wei Leong (Independent Director)

The Remuneration Committee has met once during the financial year ended 31 December 2012.

iv) Risk Management Committee

The Risk Management Committee assists the Board in fulfilling its corporate governance responsibilities by monitoring, managing and mitigating the risks associated with the RSB Group's business with a view to the long term viability of the RSB Group. During the financial year ended 31 December 2012, the Risk Management Committee has met 3 times.

The composition of the Risk Management Committee are as follows:

Chairman	:	Tiong Chiong Ong
Members	:	Alan Nee Choong Sing
		Gopalakrishnan A/L Sengan
		Robert Ling Tong Ung
		Ngu Ming Kwong
		Setia ak Uliek
		Hii Jung Mee

12 Company Secretaries

The Company Secretaries are qualified secretaries as required pursuant to the Malaysian Companies Act 1965. Both of the Company Secretaries are the members of the Malaysian Association of Institute of Chartered Secretaries and Administrators (MAICSA). They are competent in carrying out their work and play supporting and advisory roles to the Board. They ensure adherence and compliance to the procedures and regulatory requirements from time to time. They also ensure that meetings are properly convened and deliberations at meetings are accurately captured and minuted.

DIRECTORS' REMUNERATION

RSB recognises the need to ensure that remuneration of Directors is appreciative and reflective of the responsibility and commitment that goes with Board membership. The Remuneration Committee recommends to the Board the remuneration package of the Directors. The fees for Non-Executive Directors are determined by the Board as a whole. Each individual Director abstained from the Board discussion and decision on his own remuneration. The remuneration package is determined in accordance to fair and equitable criteria based on the performance of the Directors.

The Board is of the opinion that matters pertaining to Directors' remuneration are of a personal nature. However, in compliance with the Listing Requirements, the fees and remuneration paid to Directors of the RSB Group during the financial year ended 31 December 2012, in aggregate and analysed into bands of RM50,000, were as follows:

	Executive Directors RM	Non-Executive Directors RM
Fee	47,600	205,600
Salary	1,920,000	-
Bonus	1,920,000	-
Allowances	1,800	5,800
Defined contribution retirement plan	115,200	-
Benefits-in-kind	12,971	-

	Executive Directors No.	Non-Executive Directors No.
RM2,050,000 to RM2,100,000	1	-
RM1,900,000 to RM1,950,000	1	-
RM50,001 to RM100,000	-	1
RM50,000 and below	-	3

CORPORATE DISCLOSURES

The Company recognizes the importance of transparency and accountability in the disclosure of the Group's business activities to its shareholders and investors. RSB disseminates information that is material for shareholders' information via announcements made through Bursa LINK. In compliance with the Listing Requirements, the Company also releases timely financial information on a quarterly basis, which includes an overview of the performance and operations of RSB Group.

In addition, the Company also put in place electronic facility to enable communication with shareholders via its website www.rsb.com.my. Shareholders can access to and obtain all information (operational, financial, corporate governance and investor relations aspects) on RSB Group by accessing this website. All announcements made by the Company and information that are relevant to the shareholders and investors are available in this website.

RELATIONSHIP WITH SHAREHOLDERS

The Company uses the general meetings as principal forums for communication and dialogue with shareholders. The general meetings provide the opportunity for interaction amongst shareholders, Directors and Management. Shareholders are encouraged to participate in the questions and answers session. Members of the Board as well as the external auditors and/or advisers of the Company are present to answer queries raised at the general meetings.

STATEMENT ON CORPORATE GOVERNANCE (cont'd)

The Board is of the view that with the current level of shareholders' attendance at general meetings, voting by show of hands continues to be efficient. The shareholders were informed of their rights to demand a poll vote at the commencement of the general meetings. The Board will evaluate the feasibility of carrying out electronic polling at its general meetings in future.

FINANCIAL REPORTING

The Directors aim to present a balanced and understandable assessment of the RSB Group's position and prospects in presenting its annual financial statements and quarterly announcements to shareholders. These financial statements are drawn-up in accordance with the provisions of the Companies Act, 1965, Listing Requirements and the Malaysian Financial Reporting Standards. The Board is responsible to ensure that the financial statements of the Company give a true and fair view of the state of affairs of the Company. Accordingly, the Board has prepared the responsibility statement pursuant to the Listing Requirements as outlined on page 39 of this annual report.

In compliance with statutory requirements, the annual financial statements are subjected to audit by an independent external auditor. The quarterly results and annual financial statements are reviewed by the Audit Committee prior to approval by the Board.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges its responsibility for the RSB Group's system of internal control and risk assessment as well as risk management, which is designed to identify, evaluate and manage the risks of the businesses of the RSB Group, in pursuit of its objectives. In addition, the system of internal control practised by the RSB Group spans over financial, operational and compliance aspects, particularly to safeguard the RSB Group's assets and hence shareholders' investments. The system of internal control, by its nature, can only provide reasonable but not absolute assurance against misstatement or loss.

In executing the responsibility for the internal control system, the Board via the internal auditors and Risk Management Committee, has adopted procedures to monitor the ongoing adequacy and integrity of the system of risk management and internal control. The effectiveness of the RSB Group's system of risk management and internal control is reviewed on a regular basis by the Internal Auditors and Risk Management Committee.

Further details of the state of the risk management and system of internal control of the RSB Group are presented on pages 36 to 38 of this annual report.

RELATIONSHIP WITH THE AUDITORS

Through the Audit Committee, the RSB Group has established a formal and transparent relationship with the external auditors. The Audit Committee meets with the external auditors excluding the attendance of the other Directors and employees at least twice a year.

The Audit Committee has been explicitly accorded the power to communicate directly with both external auditors and internal auditors. The auditors may from time to time throughout the financial year, highlight to the Audit Committee and the Board on matters that require the Board's attention.

In the absence of the policies and procedures to assess the suitability and independence of external auditors, the Audit Committee has assessed the suitability and independence of external auditors by obtaining written confirmation from the external auditors, Messrs. Crowe Horwath that they have complied with the ethical requirements regarding independence with respect to the audit of RSB in accordance with the International Federation of Accountants' Code of Ethics for Professional Accountants and the Malaysian Institute of Accountants' By-Laws (On Professional Ethics, Conduct and Practice). Messrs. Crowe Horwath have reviewed the non-audit services provided to RSB during the financial year ended 31 December 2012 and are not aware of any non-audit services that have compromised their independence as external auditors of RSB.

In addition, Messrs. Crowe Horwath and the audit team are competent in carrying out their work and they have the necessary audit experience in the industry in which RSB Group operates. Messrs. Crowe Horwath are registered with Audit Oversight Board.

SUSTAINABILITY

Despite the absence of sustainability policy, the Group is committed to operate its business in accordance with environmental, social and economic responsibility. These include working within the law in order to be innovative and demonstrate initiative to meet the requirements of various stakeholders.

The Company strives to achieve a sustainable long term balance between meeting its business goals and preserving the environment. It recognizes the negative impact of global climate change and is committed to reduce greenhouse effects. Further details can be found in the Corporate Social Responsibility Statement as outlined on page 13 of this annual report. The strategies to promote sustainability and its implementation will be put in place in future.

COMPLIANCE STATEMENT

With the introduction of the new Code, the Board remains committed to inculcating good corporate governance for the Group. As the Code has only been recently issued during the financial year ended 31 December 2012, the Group has partially complied with the Code except for those disclosed in this statement. The Group will continue to endeavour to comply with all the key principles and recommendations of the Code in its effort to observe high standards of transparency, accountability and integrity.

This statement is made in accordance with the resolution of the Board of Directors dated 26 April 2013.

REPORT OF THE AUDIT COMMITTEE

COMPOSITION OF THE AUDIT COMMITTEE

The Audit Committee of Rimbunan Sawit Berhad ("RSB" or "the Company") was established on 2 March 2006 and comprises the following Directors:

Chairman	:	Bong Wei Leong *(Independent Director)*
Members	:	Tiong Kiong King *(Non-Independent Non-Executive Director)*
		Tiong Ing Ming *(Independent Director)*

Mr. Bong Wei Leong is a member of the Malaysian Institute of Accountants, one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act 1967. All members of the Audit Committee are financially literate.

SUMMARY OF THE TERMS OF REFERENCE

(1) Membership

The Audit Committee shall be appointed by the Board of Directors from amongst their number and shall consist of not less than three (3) members. All members of the Audit Committee must be non-executive directors, with a majority of them being independent directors. No alternate director shall be appointed as a member of the Audit Committee.

At least one (1) member of the Audit Committee:

- must be a member of the Malaysian Institute of Accountants ("MIA"); or
- must have at least three (3) years' working experience if he is not a member of MIA and :
  - must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or
  - must be a member of one (1) of the associations of accountants specified in Part II of the First Schedule of the Accountants Act 1967; or
- fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad ("Bursa Securities").

If membership of the Audit Committee for any reason falls below three (3) members, the Board of Directors shall, within three (3) months of that event, appoint such number of new members as may be required to fulfil the minimum requirement.

The term of office and performance of the Audit Committee and each of the members shall be reviewed by the Board of Directors at least once every three (3) years to determine whether the Audit Committee and its members have carried out their duties in accordance with their terms of reference.

The Audit Committee shall hold at least four (4) meetings a year. Additional meeting may be held as and when necessary, upon request by any Audit Committee member, the Management, internal or external auditors. The Internal Audit Manager and the Senior Manager, Group Accounts are normally invited to attend the meetings. Other members of the Board of Directors, employees and representative of external auditors shall attend the meetings upon the invitation of the Audit Committee.

A resolution in writing signed by all Audit Committee members shall be deemed to have been passed at a meeting held on the date on which it was signed by the last member.

The Audit Committee shall meet with the external auditors, excluding the attendance of other Directors and employees of the Company and the Group, at least twice a year.

The Audit Committee may also meet with the internal auditors, excluding the attendance of other Directors and employees of the Company and the Group, whenever deemed necessary.

Minutes of meetings shall be kept and distributed to each member of the Audit Committee and the Board of Directors. The Chairman of the Audit Committee shall report on each meeting to the Board of Directors.

(2) Authority

The Audit Committee is authorised by the Board of Directors to:

(a) investigate any activity/matter within its terms of reference and shall have unrestricted access to all employees of the Company and the Group;

(b) have the resources in order to perform its duties as set out in its terms of reference;

(c) have full and unrestricted access to any information pertaining to the Company and the Group;

(d) have direct communication channels with the internal and external auditors;

(e) obtain external legal or other independent professional advice as necessary; and

(f) convene meetings with the internal auditors, external auditors or both, excluding the attendance of other Directors and employees of the Company and the Group.

Notwithstanding anything to the contrary herein before stated, the Audit Committee does not have executive powers and shall report to the Board of Directors on matters considered and its recommendations thereon, pertaining to the Company and the Group.

(3) Responsibility

Where the Audit Committee is of the view that a matter reported by it to the Board of Directors has not been satisfactorily resolved resulting in a breach of the Main Market Listing Requirements of Bursa Securities ("Listing Requirements"), the Audit Committee has the responsibility to promptly report such matter to Bursa Securities.

(4) Functions and Duties

The duties of the Audit Committee are to:

(a) consider the nomination, appointment, re-appointment, resignation and dismissal of external auditors, the auditors' remuneration and any questions of resignation or dismissal;

REPORT OF THE AUDIT COMMITTEE (cont'd)

(b) consider whether there is reason (supported by grounds) to believe that the external auditors of the Company and the Group are not suitable for re-appointment;

(c) review the nature and scope of audit plans prepared by the internal and external auditors before the audit commence, and ensure co-ordination where more than one (1) audit firm is involved;

(d) review the audit reports prepared by the external auditors, the major findings and the Management's responses thereto;

(e) establish policies governing the circumstances under which contracts for provision non-audit services can be entered into and procedures thereto;

(f) discuss problems and reservations arising from the interim and final audits, and any matter the external auditors may wish to bring up;

(g) review the quarterly and annual financial statements of the Company and the Group primarily focusing on the matters set out below, before submission to the Board of Directors for approval:

- any changes in or implementation of major accounting policies and practices, where applicable;
- significant and unusual events;
- significant adjustments arising from the audit;
- the going concern assumption; and
- compliance with accounting standards and other regulatory/legal requirements.

(h) consider the internal audit reports, major findings and the Management's responses thereto on any internal investigations carried out by the internal auditors and ensure that appropriate action is taken by the Management in respect of the audit observations and the Audit Committee's recommendations;

(i) review the auditors' evaluation of the systems of internal controls;

(j) review the adequacy of the scope, functions, competency and resources of the internal audit functions and whether it has the necessary authority to carry out its work;

(k) review any appraisal or assessment of the performance of the members of the internal audit function;

(l) approve any appointment or termination of senior staff members of the internal audit function;

(m) be informed of any resignation of the internal audit staff members and to provide the resigning staff member an opportunity to submit his or her reasons for resigning;

(n) review the assistance given by the Company's and the Group's employees to the internal and external auditors;

(o) review any related party transaction and conflict of interests situation that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of the Management integrity; and

(p) perform such other functions as may be agreed to by the Audit Committee and the Board of Directors.

(5) Quorum, meetings and attendance

A quorum shall consist of a majority of independent directors and shall not less than two (2) independent directors.

MEETINGS AND ATTENDANCE

During the financial year ended 31 December 2012, five (5) Audit Committee meetings were held. The details of attendance of each of the Audit Committee members are outlined as follows:

	Number of meetings attended
Bong Wei Leong	5 out of 5
Tiong Kiong King	4 out of 5
Tiong Ing Ming	5 out of 5

All proceedings, matters arising, deliberations, in terms of the issue discussed, and resolutions at the committee meetings are recorded in the minutes by the Company Secretaries, confirmed by the Audit Committee, signed by the Chairman of the Audit Committee and reported to the Board at the Board meetings. All committee meetings were attended by the Company Secretaries. Upon invitation, the Internal Audit Manager, Senior Manager, Group Accounts and Senior Operation Manager were present at the committee meetings to provide additional insight into matters to be discussed during the committee meetings.

TRAINING

The details of training/seminar attended by the members of the Audit Committee during the financial year are as follows:

Title of training/seminar	Number of day(s) spent
New Public Rulings in 2011 & 2012	1
Accounting for foreign exchange transactions	1
Specialist tax issues : Analysis of recent tax cases	1
Technical Briefing for PLCs	1
National Tax Conference 2012	1
Seminar Percukaian Kebangsaan 2012	1
50th Session of the United Nation Commission for Social Development, New York	1
St. Petersburg International Economic Forum 2012	2
Quantity Surveying International Convention 2012	2

REPORT OF THE AUDIT COMMITTEE (cont'd)

SUMMARY OF ACTIVITIES OF AUDIT COMMITTEE

The following activities were carried out by the Audit Committee during the financial year ended 31 December 2012 in the discharge of its functions and duties:

(a) reviewed and approved the audit plans including scope and coverage of audit of the RSB Group with the internal and external auditors;

(b) reviewed and deliberated the audit reports for the RSB Group and consideration of the major findings and recommendations made by the internal and external auditors, and Management's responses thereof;

(c) reviewed and deliberated the unaudited quarterly results and audited financial statements for the year ended 31 December 2011 of the Company and RSB Group focusing on the accounting policy and financial reporting standards as well as the Group's performance, prior to submission to the Board of Directors for consideration and approval;

(d) review of any related party transactions and conflict of interests situation that may arise in the Company and the RSB Group including any transaction, procedure or course of conduct that raises questions of management integrity, prior to submission to the Board of Directors for consideration and approval;

(e) reviewed adequacy of the disclosure on related party transactions entered into by the Company and the RSB Group in the quarterly and annual reports of the Company;

(f) met with the internal and external auditors twice without the presence of the other Directors and employees of RSB Group;

(g) considered and recommended to the Board of Directors the appointment of external auditors and their fees;

(h) reviewed the draft Statement on Internal Control and draft Report of the Audit Committee prior to recommending to the Board of Directors for approval;

(i) reviewed the adequacy of the scope, functions, competency and resources of the internal audit function;

(j) reviewed the report on the recurrent related party transactions of a revenue or trading nature ("RRPTs") entered into by the RSB Group pursuant to the shareholder mandate obtained at the general meetings; and

(k) review the draft Circular to Shareholders in relations to the proposed shareholders mandate for the RRPTs, prior to recommending to the Board of Directors for approval.

INTERNAL AUDIT FUNCTION

RSB Group has an in-house internal audit function to assist the Audit Committee in the discharge of its duties and responsibilities and is principally responsible for the independent assessment of the adequacy, effectiveness and efficiency of the internal control systems in place, through a systematic and regular reviews of management, control and governance processes so as to provide reasonable independent assurance that such systems continue to operate satisfactorily and effectively.

The Group internal audit function adopts a risk-based auditing approach in planning and conducting audits by focusing on key risk areas. The internal audit function is independent of the activities it audits, and is responsible for the regular review and/or appraisal of the internal control, management and governance processes within the RSB Group. It operates and performs in accordance to the principles of the Internal Audit Charter.

The internal audit reports were deliberated by the Audit Committee and recommendations were duly acted upon by the Management. Currently, the Internal Audit Manager reports directly to the Audit Committee on the activities carried out by the internal audit department based on the annual audit plan duly approved by the Audit Committee.

During the financial year ended 31 December 2012, the internal audit department had undertaken the following activities:

- prepare the annual audit plan for approval by the Audit Committee;
- conducted follow-up visits on the recommendations and action plans agreed by the Management;
- reviewing and appraising the soundness and adequacy of operational and other controls of the RSB Group; and
- identifying ways and opportunities to improve the effectiveness and efficiency of the operations of and processes within the RSB Group.

The total costs incurred for the internal audit functions in respect of the financial year ended 31 December 2012 was RM516,881.17.

This report is made in accordance with the resolution of the Board of Directors dated 26 April 2013.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Company and its subsidiaries (the "Group") continuously identify, evaluate, monitor and manage key controls and risks that could affect the Group, using certain well-established procedures. The Group has formalized those procedures by setting up a formal framework for the purpose of reporting to the Audit and Risk Management Committee.

BOARD RESPONSIBILITY

The Board acknowledges its responsibility for maintaining a sound system of risk and internal control processes and the need to review its adequacy and effectiveness on a regular basis. The system of internal control is meant to effectively manage business risk towards the achievement of objectives so as to enhance the value of shareholders' investments and to safeguard the Group's assets.

However, as in any system of internal control, it is designed to manage rather than eliminate the risk of failure to achieve business objectives and therefore, it can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has received assurance from the Managing Director and Chief Financial Controller that the Group's risk management and internal control system is operating adequately and effectively based on the risk management and internal control system of the Group.

The key elements of the Group's system of internal control are summarized as follows:

RISK MANAGEMENT FRAMEWORK

The Board recognizes that an effective risk management framework will allow the Group to identify, evaluate and manage risks that affect the Group's business objectives within defined risk parameters in a timely and effective manner. The Board with the assistance of the Audit Committee and the Risk Management Committee continuously review existing risks and identify new risks that the Group faces. To further enhance the risk management process within the Group, review of existing risks and identification of new risks is also conducted periodically with involvement of selected management staff. In addition, manager in each business unit have prepared action plans to address key risks and control issues highlighted by the internal auditors.

Risk Management Function

The Group Risk Manager is responsible for:

1. Implementing the risk management framework and ensuring that there are adequate processes in place to identify, evaluate and manage material risks across the organization. Such ongoing processes have been in place for the financial year 2012 under review.

2. Communicating material risks to the Board via the Audit and Risk Management Committee.

The Group Risk Management Committee is dedicated to review the principal operational, financial and compliance risks of the Group on an ongoing basis. This will involve the assessment of the principal risks of all the Group's operating units on a periodic basis and confirmation that necessary actions have been or are being taken to remedy any significant weaknesses identified from the review.

Internal Audit Function

Internal Audit provides assurance over the effective operation of risk management processes, methodologies and internal controls. Periodic appraisal on the adequacy and effectiveness of the risk management and internal control system has been undertaken. In this respect, grading of the operating units performance and risk management has been conducted.

CONTROL STRUCTURE AND ENVIRONMENT

The Board is fully committed to ensuring that a proper control environment is maintained within the organization to govern the manner in which the Group and its employees conduct themselves.

Independence of the Audit Committee

The Audit Committee comprises non-executive Directors, a majority of them are independent and all of whom bring with them a wide variety of experience. The Audit Committee has full and unimpeded access to both the internal as well as external auditors.

Internal and External Audit

The Group has an internal audit function whose primary responsibility is to independently assure the Board, through the Audit Committee, that the system of internal controls functions as intended. The internal Auditors regularly audit the internal control practices and report significant findings to the Audit Committee with proposed recommendations. The core function of the internal auditors is to perform an independent appraisal of the Group's activity, to provide assurance and to help management to maintain the best internal control system. The management is responsible to ensure that corrective actions on reported weaknesses are undertaken within an appropriate time frame.

In addition, the activities of the Audit Committee in reviewing the results and work of the internal auditor and the findings arising from the external auditors' audit of the statutory financial statements, will assist them in promoting good corporate governance.

Financial authority and operational information

The Company has implemented a system of controls as set out in the Operations Manual. The Board will review from time to time and update the financial authority limits set out therein as and when necessary.

A detailed budgeting process takes place annually, where each business unit prepares its budget for the following financial year and the budget is then reviewed by the Managing Director, after which the budget is submitted to the Board for formal approval. The budgets were then reviewed on a regular basis, with performance monitored against them and explanation sought for significant variances.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (cont'd)

At each Board meeting, the Board is furnished with timely and detailed Board papers, endorsed by the Managing Director and the Board is further briefed on all significant matters for their consideration and deliberation.

MONITORING AND REVIEW

Monitoring the Group's business risks is one of the primary processes of the internal audit function, which then reviews and reports its findings on any significant changes in the risk profile of the Group to the Audit Committee periodically.

The system of internal controls described in this statement is considered by the Board to be adequate and there was no material internal control failure resulting in material losses during the financial year ended 2012 that would require separate disclosure in the Group's Annual Report.

This statement is made in accordance with the resolution of the Board of Directors dated 26 April 2013.

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR PREPARING THE ANNUAL FINANCIAL STATEMENTS

The Directors are required under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements"), to issue a statement explaining their responsibility for preparing the annual financial statements.

The Directors are also required by the Companies Act, 1965 ("the Act") to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the Company as at the financial year end and of the results and cash flows of the Group and of the Company for the financial year then ended.

As required by the Act and the Listing Requirements, the financial statements have been prepared in accordance with the provisions of the Act, applicable Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Main Market Listing Requirements.

In preparing these financial statements, the Directors have:

- adopted and consistently applied the appropriate and relevant accounting policies;
- made reasonable and prudent judgements and estimates; and
- prepared the financial statements on a going concern basis.

The Directors have responsibility to ensure the Group and the Company maintain proper accounting records which disclose with reasonable accuracy at any time, the financial position and performance of the Group and the Company, and to enable them to ensure the financial statements comply with the provisions of the Act and the Listing Requirements.

The Directors have overall responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and the Company and to prevent and detect fraud and other irregularities.

This statement is made in accordance with the resolution of the Board of Directors dated 26 April 2013.

ADDITIONAL COMPLIANCE INFORMATION

The following information is presented in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements"):

1. **Utilisation of proceeds from corporate proposal**
   During the financial year ended 31 December 2012, there were no proceeds raised from any corporate proposal.

2. **Share buy-backs**
   During the financial year ended 31 December 2012, the Company did not enter into any share buy-back transaction.

3. **Options and convertible securities**
   There were no exercise of options and convertible securities during the financial year ended 31 December 2012.

4. **Depository receipt programme**
   During the financial year under review, the Company did not sponsor any depository receipt programme.

5. **Sanctions and/or penalties**
   There were no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or Management by the relevant regulatory bodies during the financial year ended 31 December 2012.

6. **Non-audit fees**
   The total amount of non-audit fees incurred for services rendered to the Company and its subsidiaries for the financial year ended 31 December 2012 by the Company's external auditors and a firm or corporation affiliated to them amounted to RM99,692.00.

7. **Variation in profit estimate, forecast or projection**
   There were no profit estimate, forecast or projection been announced by the Company during the financial year ended 31 December 2012.

8. **Variation in results**
   There were no significant variances between the results for the financial year under review and the unaudited results previously released by the Company.

9. **Profit guarantee**
   No profit guarantee had been received by the Company in respect of the financial year under review.

10. **Material contracts**
    There were no material contracts of the Company or its subsidiaries involving Directors and major shareholders subsisting at the end of the financial year under review or entered into since the end of the financial year under review or entered into since the end of the previous financial year.

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

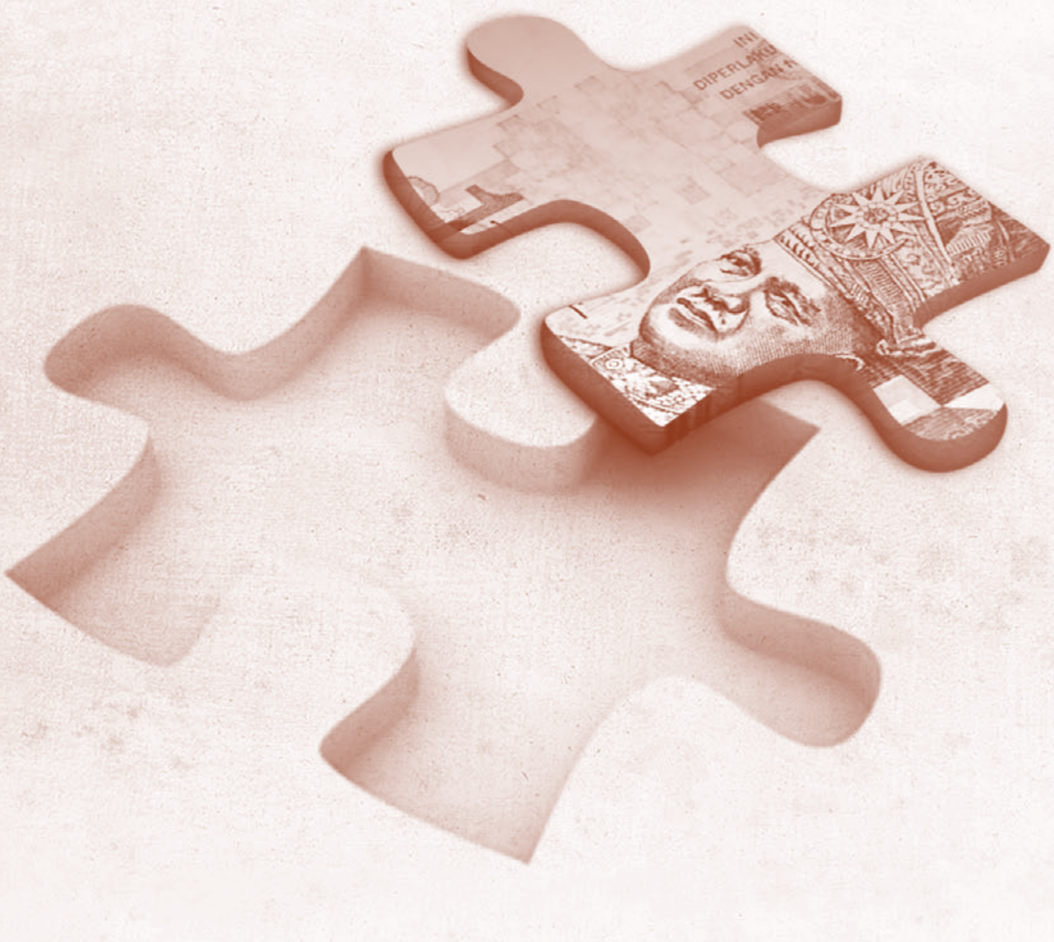
(N) Connected with Tan Sri Tiong, TTSH, TSL, TTSE, PAA, Tiong Kiong King , Tiong Chiong Ie, Tiong Chiong Ong, RHSA, KOPP

(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

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

Crowe Horwath
Firm No: AF 1018
Chartered Accountants

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

2 6 APR 2013

Sibu

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.

		The Group		The Company	
		2012	2011	2012	2011
	Note	RM	RM	RM	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

		The Group		The Company	
		2012	2011	2012	2011
	Note	RM	RM	RM	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	Share Capital Ordinary Shares RM	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 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	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 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.

The Group	note	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 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				Distributable	
		Share Capital					
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				Distributable	
		Share Capital					
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.

		The Group		The Company	
		2012	2011	2012	2011
	Note	RM	RM	RM	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.

		The Group		The Company	
		2012	2011	2012	2011
	Note	RM	RM	RM	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	The Company 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 2012 %	Interest 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 RM	The Group 2011 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 2012 RM	The Group 2011 RM	The Company 2012 RM	The Company 2011 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 2012 RM	The Group 2011 RM	The Company 2012 RM	The Company 2011 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 2012 RM	The Group 2011 RM	The Company 2012 RM	The Company 2011 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 2012 RM	The Group 2011 RM	The Company 2012 RM	The Company 2011 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 RM	The Group/The Company 2011 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	The Group 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):-

The Company	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
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)

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