RIMBUNAN SAWIT BERHAD

(Incorporated in Malaysia)
Company No: 691393-U

FINANCIAL REPORT

for the financial year ended 31 December 2011

CONTENTS

DIRECTORS' REPORT

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 2011.

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	69,712,308	25,280,738
Attributable to:-		
Owners of the Company	68,146,541	25,280,738
Non-controlling interests	1,565,767	-
	69,712,308	25,280,738

DIVIDENDS

The following dividends totaling RM6,614,416 in respect of the financial period ended 31 December 2010 was approved by the shareholders at the Annual General Meeting held on 9 May 2011 and paid on 28 June 2011:-

(a) a final dividend of 2.0 sen per ordinary share consisting of:-

- (i) franked dividend of 0.6 sen per ordinary share less 25% tax amounting to RM736,034; and
- (ii) single tier dividend of 1.4 sen per ordinary share amounting to RM2,289,884; and

(b) a final dividend of 2.0 sen per irredeemable convertible preference share consisting of:-

- (i) franked dividend of 0.6 sen per irredeemable convertible preference share less 25% tax amounting to RM872,878; and
- (ii) single tier dividend of 1.4 sen per irredeemable convertible preference share amounting to RM2,715,620.

DIVIDENDS (CONT'D)

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 1.5 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.

The financial statements for the current financial year do not reflect these proposed dividends. Such dividends, if approved by the shareholders, will be accounted for as a liability in the financial year ending 31 December 2012.

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) the Company increased its authorised share capital from RM500,000,000 comprising 700,000,000 ordinary shares and 300,000,000 irredeemable convertible preference shares of RM0.50 each to RM1,250,000,000 comprising 2,200,000,000 ordinary shares and 300,000,000 irredeemable convertible preference shares of RM0.50 each by the creation of 1,500,000,000 new ordinary shares of RM0.50 each;

(b) the Company increased its issued and paid-up share capital 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 34 to the financial statements;

ISSUES OF SHARES AND DEBENTURES (CONT'D)

During the financial year (cont'd):-

(b) the Company increased its issued and paid-up share capital 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 (cont'd):-

(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 (b)(i), 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 (b)(ii); and

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

(c) 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 that 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 the 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 43 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 except as disclosed in the financial statements.

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 in the Company during the financial year are as follows:-

	NUMBER OF ORDINARY SHARES OF RM0.50 EACH			
	AT 1.1.2011	BOUGHT	SOLD	AT 31.12.2011
DIRECT INTERESTS				
DIONG HIEW KING @ TIONG HIEW KING	300,000	2,100,000	-	2,400,000
TIONG CHIONG ONG	845,300	6,751,208	(324,900)	7,271,608
TIONG KIONG KING	1,813,600	12,695,200	-	14,508,800
TIONG CHIONG IE	200,000	1,400,000	-	1,600,000
TIONG ING MING	25,000	175,000	-	200,000
INDIRECT INTERESTS				
DIONG HIEW KING @ TIONG HIEW KING	98,125,194	668,203,144	(3,604,166)	762,724,172
TIONG CHIONG ONG	26,000	244,714	-	270,714
TIONG KIONG KING	2,027,300	14,191,100	-	16,218,400
TIONG CHIONG IE	484,000	3,388,000	-	3,872,000

DIRECTORS' INTERESTS (CONT'D)

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial year in shares in the Company during the financial year are as follows (cont'd):-

	Number Of Irredeemable Convertible Preference Shares Of RM0.50 Each			
	At 1.1.2011	Bought	Sold	At 31.12.2011
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 interest, 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 in the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial period, 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 40(b) 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 OCCURRING DURING AND AFTER THE REPORTING PERIOD

The significant events occurring during and after the reporting period are disclosed in Note 46 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 19 APR 2012

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 12 to 124 are drawn up in accordance with Financial Reporting Standards and 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 2011 and of their results and cash flows for the financial year ended on that date.

The supplementary information set out in Note 48, 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 19 APR 2012

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 12 to 124 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 19 APR 2012

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

Before me

Ling Tong Ung

Crowe Horwath *AF 1018*
Chartered Accountants
Member Crowe Horwath International

Sibu Office
1st Floor, No. 1, Lorong Pahlawan 7A2
Jalan Pahlawan
96000 Sibu, Sarawak, Malaysia
Main +6 084 211 777
Fax +6 084 216 622
www.crowehorwath.com.my
info@crowehorwath.com.my

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
RIMBUNAN SAWIT BERHAD
(Incorporated in Malaysia)
Company No: 691393-U

Report on the Financial Statements

We have audited the financial statements of Rimbunan Sawit Berhad, which comprise the statements of financial position as at 31 December 2011 of the Group and of the Company, and the statements of 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 12 to 124.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia, and 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 Company'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 Company'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.

Crowe Horwath™

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
RIMBUNAN SAWIT BERHAD (CONT'D)
(Incorporated in Malaysia)
Company No: 691393-U

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2011 and of their financial performance and cash flows for the financial year then ended.

Report on Other Legal and Regulatory Requirements

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

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

(b) 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.

(c) 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.

(d) 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.

The supplementary information set out in Note 48 on page 125 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
RIMBUNAN SAWIT BERHAD (CONT'D)
(Incorporated in Malaysia)
Company No: 691393-U

Other Matters

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

Crowe Horwath
Firm No: AF 1018
Chartered Accountants

Hudson Chua Jain
Approval No: 2538/05/12(J)
Chartered Accountant

19 APR 2012

Sibu, Sarawak

RIMBUNAN SAWIT BERHAD

(Incorporated in Malaysia)
Company No: 691393-U

STATEMENTS OF FINANCIAL POSITION AT 31 DECEMBER 2011

		The Group			The Company		
			Restated	Restated		Restated	Restated
	Note	31.12.2011 RM	31.12.2010 RM	1.9.2009 RM	31.12.2011 RM	31.12.2010 RM	1.9.2009 RM
ASSETS							
NON-CURRENT ASSETS							
Investments in subsidiaries	5	-	-	-	433,649,646	431,515,362	104,911,349
Investment in an associate	6	25,789,892	-	-	25,137,296	-	-
Property, plant and equipment	7	569,728,869	485,294,042	94,495,332	589,124	366,094	564,750
Intangible assets	9	23,262,087	23,809,047	250,034	19,185	28,147	22,907
Biological assets	10	672,785,454	683,248,353	107,999,282	-	-	-
Goodwill	11	54,044,698	53,912,569	3,090,249	-	-	-
Deferred tax assets	12	4,748,146	4,654,921	2,867,810	227,324	-	-
		1,350,359,146	1,250,918,932	208,702,707	459,622,575	431,909,603	105,499,006
CURRENT ASSETS							
Inventories	13	25,233,445	21,975,098	5,575,378	-	-	-
Trade receivables	14	17,000,550	13,795,333	6,088,707	-	-	-
Other receivables, deposits and prepayments	15	9,277,786	12,457,027	11,195,492	957,666	23,081,631	8,019,775
Amount owing by subsidiaries	16	-	-	-	256,830,789	83,087,717	37,927,712
Tax refundable		1,771,822	58,188	71,000	43,350	58,188	71,000
Short-term investments	17	118,214,526	-	-	118,214,526	-	-
Fixed deposits	18	90,141,175	4,868,156	30,073,126	40,800,000	-	3,500,000
Cash and bank balances	19	409,588	312,911	20,829,868	108,792	6,386	82,307
		262,048,892	53,466,713	73,833,571	416,955,123	106,233,922	49,600,794
TOTAL ASSETS		1,612,408,038	1,304,385,645	282,536,278	876,577,698	538,143,525	155,099,800

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

RIMBUNAN SAWIT BERHAD

(Incorporated in Malaysia)
Company No: 691393-U

STATEMENTS OF FINANCIAL POSITION AT 31 DECEMBER 2011 (CONT'D)

		THE GROUP			THE COMPANY		
			RESTATED	RESTATED		RESTATED	RESTATED
		31.12.2011	31.12.2010	1.9.2009	31.12.2011	31.12.2010	1.9.2009
	NOTE	RM	RM	RM	RM	RM	RM
EQUITY AND LIABILITIES							
EQUITY							
Share capital	20	751,238,901	175,285,529	64,133,400	751,238,901	175,285,529	64,133,400
Reserves	21	133,056,276	251,797,108	23,683,398	120,596,266	269,676,058	70,428,801
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		884,295,177	427,082,637	87,816,798	871,835,167	444,961,587	134,562,201
NON-CONTROLLING INTERESTS		81,233,917	116,354,060	-	-	-	-
TOTAL EQUITY		965,529,094	543,436,697	87,816,798	871,835,167	444,961,587	134,562,201
NON-CURRENT LIABILITIES							
Borrowings	22	254,488,294	149,920,060	119,850,000	164,829	-	-
Deferred tax liabilities	12	144,480,428	142,982,753	18,834,385	-	8,521	8,043
		398,968,722	292,902,813	138,684,385	164,829	8,521	8,043

STATEMENTS OF FINANCIAL POSITION AT 31 DECEMBER 2011 (CONT'D)

		The Group			The Company		
			Restated	Restated		Restated	Restated
	Note	31.12.2011 RM	31.12.2010 RM	1.9.2009 RM	31.12.2011 RM	31.12.2010 RM	1.9.2009 RM
CURRENT LIABILITIES							
Trade payables	25	60,181,386	51,157,115	10,045,641	-	-	-
Other payables, deposits and accruals	26	58,781,389	143,243,398	10,502,442	3,485,283	2,790,400	1,550,178
Amount owing to subsidiaries	16	-	-	-	967,508	90,358,113	18,979,378
Borrowings:-	22						
- bank overdrafts		7,532,547	19,435,493	207,673	-	24,904	-
- other borrowings		118,952,684	249,231,055	34,100,000	124,911	-	-
Provision for taxation		2,462,216	4,979,074	1,179,339	-	-	-
		247,910,222	468,046,135	56,035,095	4,577,702	93,173,417	20,529,556
TOTAL LIABILITIES		646,878,944	760,948,948	194,719,480	4,742,531	93,181,938	20,537,599
TOTAL EQUITY AND LIABILITIES		1,612,408,038	1,304,385,645	282,536,278	876,577,698	538,143,525	155,099,800

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

		THE GROUP		THE COMPANY	
	NOTE	2011 RM	2010 RM	2011 RM	2010 RM
REVENUE	27	359,568,132	291,003,978	29,333,892	39,218,000
COST OF SALES		(224,120,976)	(177,220,353)	-	-
GROSS PROFIT		135,447,156	113,783,625	29,333,892	39,218,000
OTHER INCOME		10,029,791	4,004,918	9,386,794	2,196
DISTRIBUTION COSTS		(12,296,058)	(13,479,742)	-	-
ADMINISTRATIVE AND OTHER EXPENSES		(19,447,543)	(13,010,691)	(13,351,848)	(13,584,386)
SHARE OF RESULTS IN AN ASSOCIATE		652,596	-	-	-
FINANCE COSTS	28	(19,075,362)	(13,798,527)	(3,742)	-
PROFIT BEFORE TAXATION	29	95,310,580	77,499,583	25,365,096	25,635,810
INCOME TAX EXPENSE	30	(25,598,272)	(20,075,911)	(84,358)	(63,290)
PROFIT AFTER TAXATION		69,712,308	57,423,672	25,280,738	25,572,520
OTHER COMPREHENSIVE INCOME, NET OF TAX - Fair value changes of available-for-sale financial assets		714,526	-	714,526	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR/PERIOD		70,426,834	57,423,672	25,995,264	25,572,520

STATEMENTS OF COMPREHENSIVE INCOME (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

		THE GROUP		THE COMPANY	
		2011	2010	2011	2010
	NOTE	RM	RM	RM	RM
PROFIT AFTER TAXATION ATTRIBUTABLE TO:-					
- Owners of the Company		68,146,541	54,438,973	25,280,738	25,572,520
- Non-controlling interests		1,565,767	2,984,699	-	-
		69,712,308	57,423,672	25,280,738	25,572,520
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:-					
- Owners of the Company		68,861,067	54,438,973	25,995,264	25,572,520
- Non-controlling interests		1,565,767	2,984,699	-	-
		70,426,834	57,423,672	25,995,264	25,572,520
EARNINGS PER SHARE (SEN):-	31				
- Basic		4.63	8.46		
- Diluted		Not applicable	Not applicable		

RIMBUNAN SAWIT BERHAD
(Incorporated in Malaysia)
Company No: 691393-U

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

		< ------ NON-DISTRIBUTABLE	------	------	------	------ >	DISTRI-BUTABLE	ATTRIBU-TABLE TO		
		SHARE CAPITAL								
	NOTE	ORDINARY SHARES RM	PREFERENCE SHARES RM	SHARE PREMIUM RM	MERGER RESERVE RM	FAIR VALUE RESERVE RM	RETAINED PROFITS RM	OWNERS OF THE COMPANY RM	NON-CONTROLLING INTERESTS RM	TOTAL EQUITY RM
THE GROUP										
Balance at 1.9.2009		64,133,400	-	6,865,850	(44,630,565)	-	61,448,113	87,816,798	-	87,816,798
Profit after taxation/ Total comprehensive income for the financial period		-	-	-	-	-	54,438,973	54,438,973	2,984,699	57,423,672
Contributions by and distributions to owners of the Company:-										
- issuance of shares	20, 21	14,165,700	96,986,429	177,843,405	-	-	-	288,995,534	-	288,995,534
- share issuance expenses	21	-	-	(801,665)	-	-	-	(801,665)	-	(801,665)
- acquisition of subsidiaries	33	-	-	-	-	-	-	-	113,369,361	113,369,361
- dividends	32	-	-	-	-	-	(3,367,003)	(3,367,003)	-	(3,367,003)
Balance at 31.12 2010		78,299,100	96,986,429	183,907,590	(44,630,565)	-	112,520,083	427,082,637	116,354,060	543,436,697

RIMBUNAN SAWIT BERHAD
(Incorporated in Malaysia)
Company No: 691393-U

STATEMENTS OF CHANGES IN EQUITY (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

		< ---- NON-DISTRIBUTABLE			---- >	DISTRI-	ATTRIBU-		
		SHARE CAPITAL				BUTABLE	TABLE TO	NON-	
		ORDINARY SHARES	PREFERENCE SHARES	SHARE PREMIUM	MERGER RESERVE	FAIR VALUE RESERVE	RETAINED PROFITS	OWNERS OF THE COMPANY	CONTROLLING INTERESTS	TOTAL EQUITY
	NOTE	RM	RM	RM	RM	RM	RM	RM	RM	RM
THE GROUP										
Balance at 31.12.2010/ 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		-	-	-	-	-	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

STATEMENTS OF CHANGES IN EQUITY (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

		< ---- Non-distributable ---- >					Distri-butable	Attribu-table To		
		Share Capital								
	Note	Ordinary Shares RM	Preference Shares RM	Share Premium RM	Merger Reserve RM	Fair Value Reserve RM	Retained Profits RM	Owners Of The Company RM	Non-controlling Interests RM	Total Equity RM
The Group										
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	20, 21	575,953,372	-	(167,382,577)	-	-	-	408,570,795	-	408,570,795
- share issuance expenses	21	-	-	(1,078,063)	-	-	-	(1,078,063)	-	(1,078,063)
- acquisition of subsidiaries	33	-	-	-	-	-	-	-	180,000	180,000
- disposal of a subsidiary	35	-	-	-	-	-	-	-	(18,036,187)	(18,036,187)
- dividends:-										
- by the Company	32	-	-	-	-	-	(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	34	-	-	-	(8,434,988)	-	(4,091,855)	(12,526,843)	(16,192,795)	(28,719,638)
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

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STATEMENTS OF CHANGES IN EQUITY (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

		< ---- NON-DISTRIBUTABLE	----	----	---- >	DISTRIBUTABLE	
		SHARE CAPITAL					
	NOTE	ORDINARY SHARES RM	PREFERENCE SHARES RM	SHARE PREMIUM RM	FAIR VALUE RESERVE RM	RETAINED PROFITS RM	TOTAL RM
THE COMPANY							
Balance at 1.9.2009		64,133,400	-	6,865,850	-	63,562,951	134,562,201
Profit after taxation/Total comprehensive income for the financial period		-	-	-	-	25,572,520	25,572,520
Contributions by and distributions to owners of the Company:-							
- issuance of shares	20, 21	14,165,700	96,986,429	177,843,405	-	-	288,995,534
- share issuance expenses	21	-	-	(801,665)	-	-	(801,665)
- dividends	32	-	-	-	-	(3,367,003)	(3,367,003)
Balance at 31.12.2010		78,299,100	96,986,429	183,907,590	-	85,768,468	444,961,587

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STATEMENTS OF CHANGES IN EQUITY (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

		< ---- Non-distributable ---- >				Distri-butable	
		Share Capital					
	Note	Ordinary Shares RM	Preference Shares RM	Share Premium RM	Fair Value Reserve RM	Retained Profits RM	Total RM
THE COMPANY							
Balance at 31.12.2010/1.1.2011		78,299,100	96,986,429	183,907,590	-	85,768,468	444,961,587
Profit after taxation		-	-	-	-	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
Balance carried forward		78,299,100	96,986,429	183,907,590	714,526	111,049,206	470,956,851

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STATEMENTS OF CHANGES IN EQUITY (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

		< ------------------ NON-DISTRIBUTABLE ------------------ >				DISTRI-BUTABLE	
		SHARE CAPITAL					
	NOTE	ORDINARY SHARES RM	PREFERENCE SHARES RM	SHARE PREMIUM RM	FAIR VALUE RESERVE RM	RETAINED PROFITS RM	TOTAL RM
THE COMPANY							
Balance brought forward		78,299,100	96,986,429	183,907,590	714,526	111,049,206	470,956,851
Contributions by and distributions to owners of the Company:-							
- issuance of shares	20, 21	575,953,372	-	(167,382,577)	-	-	408,570,795
- share issuance expenses	21	-	-	(1,078,063)	-	-	(1,078,063)
- dividends	32	-	-	-	-	(6,614,416)	(6,614,416)
Balance at 31.12.2011		654,252,472	96,986,429	15,446,950	714,526	104,434,790	871,835,167

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STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

		THE GROUP		THE COMPANY	
		2011	2010	2011	2010
	NOTE	RM	RM	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before taxation		95,310,580	77,499,583	25,365,096	25,635,810
Adjustments for:-					
Amortisation of biological assets		22,112,450	11,318,568	-	-
Amortisation of intangible assets		132,557	103,777	8,962	9,030
Depreciation of property, plant and equipment		23,020,433	16,926,254	214,225	239,224
Dividend income		-	-	(18,953,892)	(32,498,000)
Gain on bargain purchase		-	(2,010,134)	-	-
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		(379,227)	(963,504)	1,648	-
Intangible assets written off		-	738	-	-
Interest expense		19,075,362	13,798,527	3,742	-
Interest income		(1,802,360)	(311,182)	(1,204,981)	(2,196)
Share of results in an associate		(652,596)	-	-	-
Operating profit/(loss) before working capital changes		152,074,957	116,362,627	(2,697,865)	(6,616,132)
Increase in inventories		(4,948,666)	(4,280,137)	-	-
(Increase)/decrease in trade and other receivables		(1,676,691)	33,556,340	22,123,965	(15,061,856)
Increase/(decrease) in trade and other payables		10,245,310	(21,419,169)	19,648,775	33,738,222
CASH FROM OPERATIONS		155,694,910	124,219,661	39,074,875	12,060,234
Income tax paid		(14,338,798)	(9,102,094)	(305,365)	(50,000)
Interest paid		(1,561,696)	(521,576)	-	-
Interest received		1,790,829	821,899	1,204,981	2,196
NET CASH FROM OPERATING ACTIVITIES/ CARRIED FORWARD		141,585,245	115,417,890	39,974,491	12,012,430

STATEMENTS OF CASH FLOWS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

	NOTE	THE GROUP 2011 RM	THE GROUP 2010 RM	THE COMPANY 2011 RM	THE COMPANY 2010 RM
NET CASH FROM OPERATING ACTIVITIES/ BROUGHT FORWARD		141,585,245	115,417,890	39,974,491	12,012,430
CASH FLOWS FOR INVESTING ACTIVITIES					
Acquisition of additional equity interests from non-controlling interests	34	(12,700,326)	-	(12,700,326)	-
Acquisition of plantation estates	36	(22,111,569)	-	-	-
Acquisition of subsidiaries, net of cash and cash equivalents acquired	33	(1,017,447)	(67,120,014)	(1,020,000)	(58,594,000)
Costs incurred on biological assets	37(a)	(61,139,664)	(29,434,227)	-	-
Disposal of a subsidiary, net of cash and cash equivalents disposed	35	13,090,759	-	13,100,723	-
Proceeds from disposal of property, plant and equipment		976,212	1,787,679	-	-
Purchase of intangible assets	37(b)	(22,350)	(100,549)	-	(14,270)
Purchase of property, plant and equipment	37(c)	(76,950,157)	(35,625,259)	(118,903)	(40,568)
Subscription of shares in a subsidiary		-	-	(2,500,000)	-
NET CASH FOR INVESTING ACTIVITIES		(159,874,542)	(130,492,370)	(3,238,506)	(58,648,838)
BALANCE CARRIED FORWARD		(18,289,297)	(15,074,480)	36,735,985	(46,636,408)

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STATEMENTS OF CASH FLOWS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

		THE GROUP		THE COMPANY	
		2011	2010	2011	2010
	NOTE	RM	RM	RM	RM
BALANCE BROUGHT FORWARD		(18,289,297)	(15,074,480)	36,735,985	(46,636,408)
CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES					
(Increase)/decrease in amount owing by subsidiaries		-	-	(263,133,677)	47,204,251
Deposits and bank balances held on trust for Islamic securities investors		703,421	2,405,116	-	-
Dividend paid:-					
- by the Company	32	(6,614,416)	(3,367,003)	(6,614,416)	(3,367,003)
- by subsidiaries to non-controlling interests		(2,636,928)	-	-	-
Drawdown of Islamic securities		-	12,000,000	-	-
Drawdown of term loans		41,854,972	4,570,000	-	-
Net of drawdown/(repayment) of bankers' acceptance		4,005,000	4,937,000	-	-
Net of drawdown/(repayment) of unsecured loans		(72,410,000)	-	-	-
Payment of interest on long-term borrowings		(25,293,166)	(16,939,062)	(3,742)	-
Payment of share issuance expenses	21	(1,078,063)	(801,665)	(1,078,063)	(801,665)
Proceeds from rights issue	20	392,551,483	-	392,551,483	-
Repayment of advances from related parties		(9,100,000)	(10,400,000)	-	-
Repayment of hire purchase obligations		(916,943)	(174,537)	(30,260)	-
Repayment of Islamic securities		(53,800,000)	(37,450,000)	-	-
Repayment of term loans		(33,500,000)	(2,250,000)	-	-
NET CASH FROM/(FOR) FINANCING ACTIVITIES		233,765,360	(47,470,151)	121,691,325	43,035,583
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS/ BALANCE CARRIED FORWARD		215,476,063	(62,544,631)	158,427,310	(3,600,825)

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STATEMENTS OF CASH FLOWS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

		THE GROUP		THE COMPANY	
		2011	2010	2011	2010
	NOTE	RM	RM	RM	RM
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS/ BALANCE BROUGHT FORWARD		215,476,063	(62,544,631)	158,427,310	(3,600,825)
EFFECT OF FAIR VALUE CHANGES OF SHORT-TERM INVESTMENTS		714,526	-	714,526	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		(19,123,759)	43,420,872	(18,518)	3,582,307
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	38	197,066,830	(19,123,759)	159,123,318	(18,518)

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 19 April 2012.

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 ("FRS") and the Companies Act 1965 in Malaysia.

(a) 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 1 (Revised) First-time Adoption of Financial Reporting Standards

FRS 3 (Revised) Business Combinations

FRS 4 Insurance Contracts

FRS 7 Financial Instruments: Disclosures

FRS 101 (Revised) Presentation of Financial Statements

FRS 123 (Revised) Borrowing Costs

3. BASIS OF PREPARATION (CONT'D)

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

FRSs and IC Interpretations (including the Consequential Amendments)

FRS 127 (Revised) Consolidated and Separate Financial Statements

FRS 139 Financial Instruments: Recognition and Measurement

Amendments to FRS 1 (Revised): Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters

Amendments to FRS 1 (Revised): Additional Exemptions for First-time Adopters

Amendments to FRS 1 and FRS 127: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate

Amendments to FRS 2: Vesting Conditions and Cancellations

Amendments to FRS 2: Scope of FRS 2 and FRS 3 (Revised)

Amendments to FRS 2: Group Cash-settled Share-based Payment Transactions

Amendments to FRS 5: Plan to Sell the Controlling Interest in a Subsidiary

Amendments to FRS 7: Improving Disclosures about Financial Instruments

Amendments to FRS 101 and FRS 132: Puttable Financial Instruments and Obligations Arising on Liquidation

Amendments to FRS 132: Classification of Rights Issues and the Transitional Provision in Relation to Compound Instruments

Amendments to FRS 138: Consequential Amendments Arising from FRS 3 (Revised)

IC Interpretation 4 Determining Whether an Arrangement Contains a Lease

IC Interpretation 9 Reassessment of Embedded Derivatives

IC Interpretation 10 Interim Financial Reporting and Impairment

3. BASIS OF PREPARATION (CONT'D)

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

FRSs and IC Interpretations (including the Consequential Amendments)

IC Interpretation 12 Service Concession Arrangements

IC Interpretation 13 Customer Loyalty Programmes

IC Interpretation 14 FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

IC Interpretation 16 Hedges of a Net Investment in a Foreign Operation

IC Interpretation 17 Distributions of Non-cash Assets to Owners

IC Interpretation 18 Transfers of Assets from Customers

Amendments to IC Interpretation 9: Scope of IC Interpretation 9 and FRS 3 (Revised)

Annual Improvements to FRSs (2009)

Annual Improvements to FRSs (2010)

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, other than the following:-

(i) FRS 3 (Revised) introduces significant changes to the accounting for business combinations, both at the acquisition date and post acquisition, and requires greater use of fair values. In addition, all transaction costs, other than share and debt issue costs, will be expensed as incurred. This revised standard was applied to the acquisition of a subsidiary during the current financial year where the Group has measured the non-controlling interests at fair value of RM180,000 for this acquisition, rather than the proportionate share of net assets of RM160,181, which is also allowed by the revised standard.

3. BASIS OF PREPARATION (CONT'D)

(a) 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, other than the following (cont'd):-

(ii) The Group considers financial guarantee contracts entered into to be insurance arrangements and accounts for them under FRS 4. In this respect, the Group treats the guarantee contract as a contingent liability until such a time as it becomes probable that the Group will be required to make a payment under the guarantee. The adoption of FRS 4 has no impact on the financial statements of the Group.

(iii) FRS 7 requires additional disclosures about the financial instruments of the Group. Prior to 1 January 2011, information about financial instruments was disclosed in accordance with the requirements of FRS 132 *Financial Instruments: Disclosures and Presentation*. FRS 7 requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk.

Amendments to FRS 7 expand further the disclosure requirements in respect of fair value measurement and liquidity risk. In particular, the amendments require additional disclosures of fair value measurement by level of a fair value measurement hierarchy, as shown in Note 45(e) to the financial statements.

The Group has applied FRS 7 (including the amendments to the standard) prospectively in accordance with the transitional provisions. Accordingly, the new disclosures have not been applied to the comparatives and are included throughout the financial statements for the current financial year.

3. BASIS OF PREPARATION (CONT'D)

(a) 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, other than the following (cont'd):-

(iv) FRS 101 (Revised) introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group has elected to present this statement as one single statement.

The revised standard also separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented in the statement of comprehensive income as other comprehensive income. However, the amendments made to FRS 101 (Revised) pursuant to Annual Improvements to FRSs (2010) clarify that an entity may choose to present the analysis of the items of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements. The Group has chosen to present the items of other comprehensive income in the statement of changes in equity.

In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the classification of items in the statement.

FRS 101 (Revised) also requires the Group to make new disclosures to enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital. This new disclosure is made in Note 45(b) to the financial statements.

Comparative information has been re-presented so that it is in conformity with the requirements of this revised standard.

3. BASIS OF PREPARATION (CONT'D)

(a) 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, other than the following (cont'd):-

(v) FRS 127 (Revised) requires accounting for changes in ownership interests by the group in a subsidiary, whilst maintaining control, to be recognised as an equity transaction. When the group loses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognised in profit or loss. The revised standard also requires all losses attributable to the non-controlling interests to be absorbed by the non-controlling interests instead of by the parent.

The Group has applied FRS 127 (Revised) prospectively. Accordingly, losses of certain subsidiaries for the current financial year amounting to RM2,928,012 have been attributed to the non-controlling interests.

(vi) The adoption of FRS 139 (including the consequential amendments) has resulted in several changes to accounting policies relating to the recognition and measurement of financial instruments.

However, the adoption of FRS 139 does not have any material financial impact on the financial statements of the Group for the current financial year.

(vii) The Group has adopted the amendments made to FRS 117 *Leases* pursuant to Annual Improvements to FRSs (2009). The Group has reassessed and determined that leasehold land of the Group is in substance a finance lease and has reclassified it from "prepaid lease payments" to "property, plant and equipment". This change in accounting policy has been made retrospectively in accordance with the transitional provisions of the amendments.

3. BASIS OF PREPARATION (CONT'D)

(b) 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 124 (Revised) Related Party Disclosures	1 January 2012
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 (Revised): Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	1 January 2012
Amendments to FRS 7: Disclosures – Transfers of Financial Assets	1 January 2012
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 101 (Revised): Presentation of Items of Other Comprehensive Income	1 July 2012

3. BASIS OF PREPARATION (CONT'D)

(b) 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 (cont'd):-

FRSs and IC Interpretations (including the Consequential Amendments)	**Effective date**
Amendments to FRS 112: Recovery of Underlying Assets	1 January 2012
Amendments to FRS 132: Offsetting Financial Assets and Financial Liabilities	1 January 2014
IC Interpretation 15 Agreements for the Construction of Real Estate	Withdrawn on 19 November 2011
IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
Amendments to IC Interpretation 14: Prepayments of a Minimum Funding Requirement	1 July 2011

The above accounting standards and interpretations (including the consequential amendments) are not relevant to the Group's operations.

(c) Following the issuance of Malaysian Financial Reporting Standards ("MFRSs") (equivalent to International Financial Reporting Standards ("IFRSs")) by the MASB on 19 November 2011, the Group is allowed to defer the adoption of these new standards until and during the financial year ending 31 December 2013. The Group is currently in the process of assessing the impact of the adoption of these new accounting standards and the extent of the impact has not been determined.

4. SIGNIFICANT ACCOUNTING POLICIES

(a) 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:-

(i) 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 the 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.

(ii) 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 period in which such determination is made.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Critical Accounting Estimates and Judgements (Cont'd)

(iii) 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.

(iv) 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.

(v) 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. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 December 2011.

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 controls 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 Company's shareholders' equity, and are separately disclosed in the consolidated statement of comprehensive income. 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.

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 value of consideration paid or received is recognised directly in equity and attributed to owners of the parent.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Basis of Consolidation (Cont'd)

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 127.

<u>Business combinations from 1 January 2011 onwards</u>

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.

The Group has applied FRS 3 (Revised) in accounting for business combinations from 1 January 2011 onwards. The change in accounting policy has been applied prospectively in accordance with the transitional provisions provided by the standard.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Basis of Consolidation (Cont'd)

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.

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 as at the date of acquisition.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) 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.

<u>Business combinations from 1 January 2011 onwards</u>

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.

<u>Business combinations before 1 January 2011</u>

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.

(d) 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, which is the Company's functional and presentation currency.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) 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.

(i) 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.

- *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)

(e) Financial Instruments (Cont'd)

(i) Financial Assets (Cont'd)

- *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.

- *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.

- *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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Financial Instruments (Cont'd)

(i) Financial Assets (Cont'd)

- *Available-for-sale Financial Assets (Cont'd)*

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

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

(ii) 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.

(iii) Equity Instruments

Ordinary shares and irredeemable convertible preference shares ("ICPS") are classified as equity. 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 ICPS are recognised as liabilities when approved for appropriation.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Financial Instruments (Cont'd)

(iv) 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 Group designates corporate guarantee given to financial institutions for credit facilities granted to subsidiaries as insurance contracts as defined in FRS 4 *Insurance Contracts*. The Group recognises these corporate guarantees as liabilities when there is a present obligation, legal or constructive, as a result of 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.

(f) Investments in Subsidiaries

Investments in subsidiaries are stated at cost in the statement of financial statement 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.

(g) Investments in Associates

An associate is an entity in which the Group 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 statement 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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Investments in Associates (Cont'd)

The investment in an associate is accounted for under the equity method, based on the financial statements of the associate made up to 31 December 2011. 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.

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.

(h) Property, Plant and Equipment

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

Depreciation of property, plant and equipment 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:-

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Property, Plant and Equipment (Cont'd)

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 assets' 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.

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.

In the previous financial period, leasehold land that normally had an indefinite economic life and title was not expected to pass to the lessee by the end of the lease term was treated as an operating lease. The payment made on entering into or acquiring leasehold land that was accounted for as an operating lease represents prepaid lease payments.

During the financial year, the Group adopted the amendments made to FRS 117 *Leases* in relation to the classification of lease of land. The Group's leasehold land which in substance is a finance lease has been reclassified as property, plant and equipment and measured as such retrospectively.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Intangible Assets

(i) 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 live of 5 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.

(ii) Commercial Rights on Licence for Planted Forest

Commercial rights on Licence for Planted Forest 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. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) 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 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:-

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

(ii) Gaharu plantation – recognised in profit or loss upon harvesting of gaharu trees; and

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

(k) Impairment

(i) 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 assets' carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Impairment (Cont'd)

(i) Impairment of Financial Assets (Cont'd)

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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Impairment (Cont'd)

(ii) 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 value-in-use, which is measured by reference to discounted future cash flows.

An impairment loss is recognised in profit or loss immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset.

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, unless the asset is carried at its revalued amount. A reversal of an impairment loss on a revalued asset is credited directly to other comprehensive income. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the statements of comprehensive income, a reversal of that impairment loss is recognised as income in the statements of comprehensive income.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) 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(h) 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.

(m) 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:-

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

(ii) Nursery inventories – all costs that are directly attributable to the nursery development activities; and

(iii) 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)

(n) 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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Income Taxes (Cont'd)

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.

(o) 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.

(p) 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.

(q) Employee Benefits

(i) 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.

(ii) 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. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(r) Related Parties

A party is related to an entity if:-

(i) directly, or indirectly through one or more intermediaries, the party:-

- controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries);
- has an interest in the entity that gives it significant influence over the entity; or
- has joint control over the entity;

(ii) the party is an associate of the entity;

(iii) the party is a joint venture in which the entity is a venturer;

(iv) the party is a member of the key management personnel of the entity or its parent;

(v) the party is a close member of the family of any individual referred to in (i) or (iv);

(vi) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or

(vii) the party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity.

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(s) 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.

(t) Revenue and Other Income

(i) Sale of Goods

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

(ii) Services

Revenue is recognised upon 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.

(iii) Interest Income

Interest income is recognised on an accrual basis.

(iv) Dividend Income

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

(v) Rental Income

Rental income is recognised on an accrual basis.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(u) 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.

(v) 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.

(w) 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	
	2011 RM	2010 RM
Unquoted shares, at cost	433,649,646	431,515,362

The details of the subsidiaries are as follows:-

Name of Company	Country of Incorporation	Effective Equity Interest 2011 %	2010 %	Principal Activities
Baram Trading Sdn Bhd	Malaysia	85	85	Cultivation of oil palm
Jayamax Plantation Sdn Bhd	Malaysia	100	100	Cultivation of oil palm
Lubuk Tiara Sdn Bhd^	Malaysia	-	65	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	85	Cultivation of oil palm
Novelpac-Puncakdana Plantation Sdn Bhd	Malaysia	100	85	Cultivation of oil palm
Pelita-Splendid Plantation Sdn Bhd^	Malaysia	70	70	Cultivation of oil palm
PJP Pelita Biawak Plantation Sdn Bhd^	Malaysia	85	70	Cultivation of oil palm
PJP Pelita Ekang-Banyok Plantation Sdn Bhd	Malaysia	60	60	Cultivation of oil palm

5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

The details of the subsidiaries are as follows (cont'd):-

Name of Company	Country of Incorporation	Effective Equity Interest 2011 %	2010 %	Principal Activities
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
Rimbunan Sawit Holdings Berhad	Malaysia	100	100	Investment holding
Timrest Sdn Bhd	Malaysia	100	100	Cultivation of oil palm
Woodijaya Sdn Bhd	Malaysia	100	85	Cultivation of oil palm
Burung Tiong Helicopter Sdn Bhd	Malaysia	85	-	Aircraft operations and services

\# This subsidiary is held through Rimbunan Sawit Holdings Sdn Bhd.

^ These subsidiaries were audited by other firms of chartered accountants.

6. INVESTMENT IN AN ASSOCIATE

	THE GROUP 2011 RM	THE GROUP 2010 RM	THE COMPANY 2011 RM	THE COMPANY 2010 RM
Unquoted shares, at cost	25,137,296	-	25,137,296	-
Share of post-acquisition profits	652,596	-	-	-
	25,789,892	-	25,137,296	-

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

Name of Company	Country of Incorporation	Effective Equity Interest 2011 %	Effective Equity Interest 2010 %	Principal Activities
Lubuk Tiara Sdn Bhd^	Malaysia	44	-	Cultivation of oil palm

^ The associate was audited by other firm of chartered accountants.

(b) The summarised financial information of the associate is as follows:-

	THE GROUP 2011 RM	THE GROUP 2010 RM
Assets and liabilities		
Total assets	109,197,911	-
Total liabilities	93,950,987	-
Results		
Revenue	5,814,405	-
Profit after taxation	1,483,172	-

7. PROPERTY, PLANT AND EQUIPMENT

THE GROUP	AS PREVIOUSLY REPORTED AT 1.1.2011 RM	EFFECTS OF FRS 117 RM	AS RESTATED AT 1.1.2011 RM	ACQUISITION OF A SUBSIDIARY (NOTE 33) RM	DISPOSAL OF A SUBSIDIARY (NOTE 35) RM	ADDITIONS RM	DISPOSALS RM	RECLASSI-FICATION RM	DEPRECIATION CHARGE RM	AT 31.12.2011 RM
NET BOOK VALUE										
Leasehold land	-	135,882,164	135,882,164	-	(7,060,036)	50,338,767	-	-	(3,174,573)	175,986,322
Land and buildings	3,048,633	-	3,048,633	-	-	-	-	-	(86,505)	2,962,128
Buildings, drainage and roads	321,820,381	-	321,820,381	-	(22,740,366)	63,838,912	-	2,961,562	(15,486,278)	350,394,211
Nursery irrigation systems	98,223	-	98,223	-	-	-	-	-	(38,958)	59,265
Motor vehicles, plant and machinery	16,713,494	-	16,713,494	-	(504,078)	17,907,959	(384,636)	466,998	(7,503,086)	26,696,651
Equipment and furniture	5,683,103	-	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	-	2,048,044	-	(92,721)	10,111,142	(908)	(3,426,072)	-	8,639,485
	349,411,878	135,882,164	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	AS PREVIOUSLY REPORTED AT 1.9.2009 RM	EFFECTS OF FRS 117 RM	AS RESTATED AT 1.9.2009 RM	ACQUISITION OF SUBSIDIARIES (NOTE 33) RM	ADDITIONS RM	DISPOSALS RM	RECLASSI-FICATION RM	RESTATED DEPRECIATION CHARGE RM	RESTATED AT 31.12.2010 RM
NET BOOK VALUE									
Leasehold land	-	13,198,397	13,198,397	124,504,601	-	-	-	(1,820,834)	135,882,164
Land and buildings	3,157,891	-	3,157,891	-	5,720	-	-	(114,978)	3,048,633
Buildings, drainage and roads	58,168,010	-	58,168,010	233,875,707	38,634,320	-	827,930	(9,685,586)	321,820,381
Nursery irrigation systems	150,167	-	150,167	-	-	-	-	(51,944)	98,223
Motor vehicles, plant and machinery	15,206,247	-	15,206,247	4,289,937	3,574,149	(812,106)	1,405,555	(6,950,288)	16,713,494
Equipment and furniture	2,786,814	-	2,786,814	2,756,515	1,032,110	(9,547)	565,703	(1,448,492)	5,683,103
Capital work-in-progress	1,827,806	-	1,827,806	599,640	2,422,308	(2,522)	(2,799,188)	-	2,048,044
	81,296,935	13,198,397	94,495,332	366,026,400	45,668,607	(824,175)	-	(20,072,122)	485,294,042

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

THE GROUP	AT COST RM	ACCUMULATED DEPRECIATION RM	NET BOOK VALUE RM
At 31.12.2011			
Leasehold land	185,992,275	(10,005,953)	175,986,322
Land and buildings	3,385,993	(423,865)	2,962,128
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

THE GROUP	RESTATED AT COST RM	RESTATED ACCUMULATED DEPRECIATION RM	RESTATED NET BOOK VALUE RM
At 31.12.2010			
Leasehold land	143,146,797	(7,264,633)	135,882,164
Land and buildings	3,385,993	(337,360)	3,048,633
Buildings, drainage and roads	383,545,402	(61,725,021)	321,820,381
Nursery irrigation systems	763,809	(665,586)	98,223
Motor vehicles, plant and machinery	70,286,176	(53,572,682)	16,713,494
Equipment and furniture	14,875,387	(9,192,284)	5,683,103
Capital work-in-progress	2,048,044	-	2,048,044
	618,051,608	(132,757,566)	485,294,042

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

THE COMPANY	AT 1.1.2011 RM	ADDITIONS RM	DISPOSALS RM	DEPRECIATION CHARGE RM	AT 31.12.2011 RM
NET BOOK VALUE					
Motor vehicles, plant and machinery	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 1.9.2009 RM	ADDITIONS RM	DEPRECIATION CHARGE RM	AT 31.12.2010 RM
NET BOOK VALUE				
Motor vehicles, plant and machinery	519,987	3,550	(211,453)	312,084
Equipment and furniture	44,763	37,018	(27,771)	54,010
	564,750	40,568	(239,224)	366,094

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

THE COMPANY	AT COST RM	ACCUMULATED DEPRECIATION RM	NET BOOK VALUE RM
At 31.12.2011			
Motor vehicles, plant and machinery	1,160,361	(665,006)	495,355
Equipment and furniture	179,481	(85,712)	93,769
	1,339,842	(750,718)	589,124

THE COMPANY	AT COST RM	ACCUMULATED DEPRECIATION RM	NET BOOK VALUE RM
At 31.12.2010			
Motor vehicles, plant and machinery	793,837	(481,753)	312,084
Equipment and furniture	109,457	(55,447)	54,010
	903,294	(537,200)	366,094

(a) Included in the depreciation charge of the Group for the financial year is an amount of RM4,752,962 (2010: RM3,145,868), 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 RM4,973,516 (2010: RM787,706) and RM340,667 (2010: NIL) 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 RM2,962,128 (2010: RM3,048,633), of which the title deed of the buildings has yet to be registered under the name of the Group.

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

(d) The net book value of property, plant and equipment pledged to licensed banks as security for banking facilities granted to the Group (Note 22) is as follows:-

	THE GROUP	
	2011 RM	2010 RM
Leasehold land	119,181,691	72,164,271
Buildings, drainage and roads	147,089,070	82,284,946
Nursery irrigation systems	51,394	89,022
Capital work-in-progress	3,727,532	912,501
	270,049,687	155,450,740

(e) The net book value of property, plant and equipment held under Ijarah arrangements (Note 24) is as follows:-

	THE GROUP	
	2011 RM	2010 RM
Leasehold land	25,974,547	33,617,729
Buildings, drainage and roads	71,782,814	97,758,390
Nursery irrigation systems	7,871	9,201
Capital work-in-progress	3,427,229	1,033,793
	101,192,461	132,419,113

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

	THE GROUP	
	2011 RM	2010 RM
Unexpired period of less than 50 years	67,204,574	26,377,012
Unexpired period of more than 50 years	108,781,748	109,505,152
	175,986,322	135,882,164

8. PREPAID LEASE PAYMENTS

	THE GROUP	
	2011 RM	2010 RM
Leasehold land, at cost:-		
- as previously reported	185,992,275	143,146,797
- effects of FRS 117	(185,992,275)	(143,146,797)
- as restated	-	-
Accumulated amortisation:-		
- as previously reported	10,005,953	7,264,633
- effects of FRS 117	(10,005,953)	(7,264,633)
- as restated	-	-
	-	-

The Group has adopted the amendments made to FRS 117 *Leases* during the financial year. The Group has reassessed and determined that the leasehold land of the Group is in substance a finance lease and has been reclassified as property, plant and equipment. This change in accounting policy has been made retrospectively in accordance with the transitional provisions of the amendments.

9. INTANGIBLE ASSETS

THE GROUP	AT 1.1.2011 RM	DISPOSAL OF A SUBSIDIARY (NOTE 35) 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 Licence for Planted Forest	23,455,077	-	-	(412,095)	23,042,982
	23,809,047	(21,294)	22,350	(548,016)	23,262,087

9. INTANGIBLE ASSETS (CONT'D)

THE GROUP	AT 1.9.2009 RM	ACQUISITION OF SUBSIDIARIES (NOTE 33) RM	ADDITIONS RM	WRITE-OFFS RM	AMORTISATION CHARGE RM	AT 31.12.2010 RM
NET BOOK VALUE						
Computer software	250,034	124,257	100,549	(738)	(120,132)	353,970
Commercial rights on Licence for Planted Forest	-	-	23,592,442	-	(137,365)	23,455,077
	250,034	124,257	23,692,991	(738)	(257,497)	23,809,047

9. INTANGIBLE ASSETS (CONT'D)

THE GROUP	AT COST RM	ACCUMULATED AMORTISATION RM	NET BOOK VALUE RM
At 31.12.2011			
Computer software	694,395	(475,290)	219,105
Commercial rights on Licence for Planted Forest	23,592,442	(549,460)	23,042,982
	24,286,837	(1,024,750)	23,262,087

THE GROUP	AT COST RM	ACCUMULATED AMORTISATION RM	NET BOOK VALUE RM
At 31.12.2010			
Computer software	704,390	(350,420)	353,970
Commercial rights on Licence for Planted Forest	23,592,442	(137,365)	23,455,077
	24,296,832	(487,785)	23,809,047

9. INTANGIBLE ASSETS (CONT'D)

	THE COMPANY 2011 RM	2010 RM
Computer software, at cost:-		
At 1 January / 1 September	45,738	31,468
Additions during the financial year/period	-	14,270
At 31 December	45,738	45,738
Accumulated amortisation:-		
At 1 January / 1 September	17,591	8,561
Amortisation for the financial year/period	8,962	9,030
At 31 December	26,553	17,591
Net book value:-		
At 31 December	19,185	28,147

(a) Included in the amortisation charge of the Group for the financial year is an amount of RM415,459 (2010: RM153,720), which is capitalised under biological assets.

(b) Commercial rights on Licence for Planted Forest are rights conferred upon the Group to plant trees under 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 19 years remaining as 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.

10. BIOLOGICAL ASSETS

THE GROUP	AT 1.1.2011 RM	DISPOSAL OF A SUBSIDIARY (NOTE 35) 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

THE GROUP	AT 1.9.2009 RM	ACQUISITION OF SUBSIDIARIES (NOTE 33) RM	ADDITIONS RM	AMORTISATION CHARGE RM	AT 31.12.2010 RM
NET BOOK VALUE					
Oil palm plantation	107,999,282	543,330,436	43,237,203	(11,318,568)	683,248,353

10. BIOLOGICAL ASSETS (CONT'D)

THE GROUP	AT COST RM	ACCUMULATED AMORTISATION RM	NET BOOK VALUE RM
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

THE GROUP	AT COST RM	ACCUMULATED AMORTISATION RM	NET BOOK VALUE RM
At 31.12.2010			
Oil palm plantation	760,824,812	(77,576,459)	683,248,353

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

	THE GROUP 2011 RM	2010 RM
Amortisation of intangible assets	415,459	153,720
Depreciation of property, plant and equipment	4,752,962	3,145,868
Finance costs:-		
- bank overdrafts	338,957	147,922
- hire purchase obligations	44,381	4,834
- obligations under Ijarah arrangements	632,924	413,947
- term loans	4,160,475	1,738,839
- unsecured loans	1,111,674	517,324
- others	1,941,841	839,245
Hiring of equipment and machinery	118,228	74,876
Management fee	370,952	365,758
Rental of premises	170,848	57,679
Staff costs:-		
- short-term benefits	5,097,238	4,464,199
- defined contribution plans	602,009	387,699

10. BIOLOGICAL ASSETS (CONT'D)

(b) The net book value of biological assets pledged to licensed banks as security for banking facilities granted to the Group (Note 22) is RM327,986,780 (2010: RM206,431,039).

(c) The net book value of biological assets held under Ijarah arrangements (Note 24) is RM129,087,309 (2010: RM243,055,918).

11. GOODWILL

	THE GROUP	
	2011	2010
	RM	RM
At 1 January / 1 September	53,912,569	3,090,249
Acquisition of subsidiaries (Note 33)	132,129	50,822,320
At 31 December	54,044,698	53,912,569

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 management covering a period of 5 years. The key assumptions used in the determination of the recoverable amount are as follows:-

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

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

(iii) Selling prices of fresh fruit bunches – an estimate based on expectations of future changes in the market; and

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

12. DEFERRED TAX

	THE GROUP		THE COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
At 1 January / 1 September	138,327,832	15,966,575	8,521	8,043
Acquisition of subsidiaries (Note 33)	-	115,199,987	-	-
Disposal of a subsidiary (Note 35)	(14,085,516)	-	-	-
Recognised in profit or loss (Note 30)	15,489,966	7,161,270	(235,845)	478
At 31 December	139,732,282	138,327,832	(227,324)	8,521

The deferred tax is attributable to the following:-

	THE GROUP		THE COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Property, plant and equipment, intangible and biological assets	232,298,527	250,278,223	12,026	8,521
Unused tax losses	(37,150,310)	(58,007,211)	(225,774)	-
Unabsorbed agriculture/ capital allowance	(55,415,935)	(53,943,180)	(13,576)	-
At 31 December	139,732,282	138,327,832	(227,324)	8,521

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

	THE GROUP		THE COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Deferred tax liabilities	144,480,428	142,982,753	-	8,521
Deferred tax assets	(4,748,146)	(4,654,921)	(227,324)	-
	139,732,282	138,327,832	(227,324)	8,521

12. DEFERRED TAX (CONT'D)

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

	THE GROUP	
	2011 RM	2010 RM
Unused tax losses	45,362	1,602,303
Unabsorbed capital allowance	98,977	-
	144,339	1,602,303

13. INVENTORIES

	THE GROUP	
	2011 RM	2010 RM
At cost:-		
Processed inventories	2,617,653	4,383,431
Goods in-transit	25,008	52,670
Nursery inventories	11,969,195	9,399,978
Sundry stores and consumables	10,621,589	8,139,019
	25,233,445	21,975,098

None of the inventories is carried at net realisable value.

14. TRADE RECEIVABLES

	THE GROUP	
	2011	2010
	RM	RM
Trade receivables:-		
Third parties	8,395,648	5,413,876
Related parties	8,604,902	8,381,457
	17,000,550	13,795,333

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

15. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	THE GROUP		THE COMPANY	
	2011	2010	2011	2010
	RM	RM	RM	RM
Other receivables:-				
Third parties	1,884,546	1,980,335	-	2,100
Related parties	3,389,830	7,459,029	61,103	22,871,695
	5,274,376	9,439,364	61,103	22,873,795
Deposits	123,671	147,911	29,000	9,000
Prepayments	3,879,739	2,869,752	867,563	198,836
	9,277,786	12,457,027	957,666	23,081,631

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

(i) an amount of RM2,463,949 (2010: RM3,571,455), which is retention amount receivable under Ijarah arrangements; and

(ii) an amount of RM44,613 (2010: RM154,016), which is repo profits receivable on the retention amount.

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

16. AMOUNT OWING BY/(TO) SUBSIDIARIES

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

17. SHORT-TERM INVESTMENTS

	THE GROUP/THE COMPANY	
	2011	2010
	RM	RM
At fair value:-		
Unquoted money market fund unit trusts in Malaysia	118,214,526	-

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

18. FIXED DEPOSITS

	THE GROUP		THE COMPANY	
	2011	2010	2011	2010
	RM	RM	RM	RM
Deposits with licensed banks	85,976,522	-	40,800,000	-
Islamic deposits	4,164,653	4,868,156	-	-
	90,141,175	4,868,156	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% per annum. The deposits have maturity periods ranging 11 to 74 days.

(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 2.60% to 3.10% (2010: 2.10% to 2.60%) per annum and have maturity period of 183 days (2010: 179 to 186 days).

19. 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 RM1,259 (2010: RM1,177), which is held on trust for the benefits of the Islamic securities investors.

20. SHARE CAPITAL

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

	THE GROUP/THE COMPANY			
	2011	2010	2011	2010
	NUMBER OF SHARES		RM	RM
AUTHORISED				
Ordinary shares of RM0.50 each	2,200,000,000	700,000,000	1,100,000,000	350,000,000
ICPS of RM0.50 each	300,000,000	300,000,000	150,000,000	150,000,000
	2,500,000,000	1,000,000,000	1,250,000,000	500,000,000
ISSUED AND FULLY PAID-UP				
Ordinary Shares of RM0.50 Each:-				
At 1 January / 1 September	156,598,200	128,266,800	78,299,100	64,133,400
Issuance of shares	1,151,906,744	28,331,400	575,953,372	14,165,700
At 31 December	1,308,504,944	156,598,200	654,252,472	78,299,100
ICPS of RM0.50 Each:-				
At 1 January / 1 September	193,972,857	-	96,986,429	-
Issuance of shares	-	193,972,857	-	96,986,429
At 31 December	193,972,857	193,972,857	96,986,429	96,986,429
	1,502,477,801	350,571,057	751,238,901	175,285,529

20. SHARE CAPITAL (CONT'D)

(a) During the 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 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 34 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.

In the previous financial period, the Company increased its issued and paid-up share capital from RM64,133,400 to RM175,285,529 by the allotment of 28,331,400 new ordinary shares of RM0.50 each and 193,972,857 new ICPS of RM0.50 each at an issue price of RM1.30 per share in satisfaction of the purchase consideration for the acquisition of subsidiaries and a plantation estate as disclosed in Note 33 and Note 36 to the financial statements respectively.

The new shares issued rank pari passu in all respects with the existing shares of the Company, except for ICPS which are subject to certain restrictions as set out in the Articles of Association of the Company.

20. 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.

21. RESERVES

	THE GROUP		THE COMPANY	
	2011	2010	2011	2010
	RM	RM	RM	RM
Non-distributable reserves:-				
Share premium	15,446,950	183,907,590	15,446,950	183,907,590
Merger reserve	(53,065,553)	(44,630,565)	-	-
Fair value reserve	714,526	-	714,526	-
	(36,904,077)	139,277,025	16,161,476	183,907,590
Distributable reserves:-				
Retained profits	169,960,353	112,520,083	104,434,790	85,768,468
	133,056,276	251,797,108	120,596,266	269,676,058

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

	THE GROUP/THE COMPANY	
	2011	2010
	RM	RM
At 1 January / 1 September	183,907,590	6,865,850
Issue of new shares	12,536,853	177,843,405
Rights issue	147,206,806	-
Bonus issue	(327,126,236)	-
Share issuance expenses	(1,078,063)	(801,665)
At 31 December	15,446,950	183,907,590

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.

21. RESERVES (CONT'D)

(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.

22. BORROWINGS

	THE GROUP		THE COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Long-term borrowings:-				
Hire purchase obligations (Note 23)	2,274,891	150,060	164,829	-
Islamic securities and obligations under Ijarah arrangements (Note 24)	38,300,000	82,300,000	-	-
Term loans, secured	213,913,403	67,470,000	-	-
	254,488,294	149,920,060	164,829	-
Short-term borrowings:-				
Bank overdrafts, secured	5,466,508	6,591,863	-	-
Bank overdrafts, unsecured	2,066,039	12,843,630	-	24,904
Bankers' acceptance, unsecured	8,942,000	4,937,000	-	-
Hire purchase obligations (Note 23)	2,040,684	354,055	124,911	-
Islamic securities and obligations under Ijarah arrangements (Note 24)	31,950,000	67,200,000	-	-
Term loans, secured	3,500,000	4,500,000	-	-
Unsecured loans	72,520,000	172,240,000	-	-
	126,485,231	268,666,548	124,911	24,904
Total borrowings	380,973,525	418,586,608	289,740	24,904

22. BORROWINGS (CONT'D)

The term loans are repayable as follows:-

	THE GROUP	
	2011	2010
	RM	RM
Current portion:-		
- not later than one year	3,500,000	4,500,000
Non-current portion:-		
- later than one year and not later than two years	18,063,114	9,000,000
- later than two years and not later than five years	114,072,603	48,500,000
- later than five years	81,777,686	9,970,000
	213,913,403	67,470,000
	217,413,403	71,970,000

The unsecured bank overdraft of the Company in the previous financial period arose as a result of the Company's current account with the bank being overdrawn due to issuance of several cheques prior to the year end and which were only presented for payment subsequent to the financial period ended 31 December 2010. The Company did not have formal banking facilities with the said bank. The unsecured bank overdrafts and bankers' acceptance 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.

22. BORROWINGS (CONT'D)

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

Term loan 1 [at COF + 1.00% per annum]	Repayable in 24 quarterly instalments, effective from July 2011, as follows:- 2011/2012 – 4 quarterly instalments of RM0.50 million each 2012/2013 – 4 quarterly instalments of RM1.25 million each 2013/2014 – 4 quarterly instalments of RM1.80 million each 2014/2015 – 4 quarterly instalments of RM2.30 million each 2015/2016 – 4 quarterly instalments of RM2.50 million each 2016/2017 – 4 quarterly instalments of RM2.65 million each
Term loan 2 [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 3 [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 4 [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

22. 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 24 quarterly instalments, effective from March 2015, as follows:- 2015 – 4 quarterly instalments of RM0.20 million each 2016 – 4 quarterly instalments of RM0.40 million each 2017 – 4 quarterly instalments of RM0.60 million each 2018 – 4 quarterly instalments of RM0.65 million each 2019 – 4 quarterly instalments of RM0.70 million each 2020 – 4 quarterly instalments of RM0.95 million each
Term loan 6 [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

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 3.00% (2010: 3.00%) per annum and are repayable on demand.

23. HIRE PURCHASE OBLIGATIONS

	THE GROUP		THE COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Minimum hire purchase payments:-				
- not later than one year	2,223,687	370,604	136,008	-
- later than one year and not later than two years	1,988,847	130,094	136,008	-
- later than two years and not later than five years	359,640	24,591	33,982	-
	4,572,174	525,289	305,998	-
Less: future finance charges	(256,599)	(21,174)	(16,258)	-
Present value of hire purchase obligations	4,315,575	504,115	289,740	-
Current portion:-				
- not later than one year	2,040,684	354,055	124,911	-
Non-current portion:-				
- later than one year and not later than two years	1,919,012	125,792	131,105	-
- later than two years and not later than five years	355,879	24,268	33,724	-
	2,274,891	150,060	164,829	-
	4,315,575	504,115	289,740	-

24. ISLAMIC SECURITIES AND OBLIGATIONS UNDER IJARAH ARRANGEMENTS

ISLAMIC SECURITIES	CLASS	RATING	MATURITY DATE	EFFECTIVE INTEREST RATE % pa	AMOUNT OUTSTANDING 2011 RM	2010 RM
Sukuk Ijarah	Class A	AAA	27 June 2013	6.40	25,208,000	26,680,000
	Class A	AAA	27 June 2012	6.20	20,620,000	21,860,000
	Class B	AA2	27 June 2012	6.60	10,330,000	10,990,000
	Class B	AA2	27 June 2011	6.40	-	10,320,000
	Class C	A2	27 June 2011	7.90	-	10,395,000
					56,158,000	80,245,000
Sukuk Ijarah CP	CP	P1(s)	23 June 2011	3.80	-	10,000,000
	CP	P1(s)	25 February 2011	3.40	-	5,000,000
					56,158,000	95,245,000
Less: Future finance charges					(3,158,000)	(7,245,000)
					53,000,000	88,000,000

24. ISLAMIC SECURITIES AND OBLIGATIONS UNDER IJARAH ARRANGEMENTS (CONT'D)

OBLIGATIONS UNDER IJARAH ARRANGEMENTS	CLASS	RATING	MATURITY DATE	EFFECTIVE INTEREST RATE % pa	AMOUNT OUTSTANDING 2011 RM	2010 RM
Sukuk Ijarah	Class A	AAA	23 December 2014	6.70	9,187,300	16,484,000
	Class A	AAA	23 December 2013	6.40	8,629,400	15,496,000
	Class B	AA2	23 December 2012	6.60	2,078,600	3,735,600
	Class B	AA2	23 December 2011	6.40	-	6,916,000
	Class C	A2	23 December 2011	7.90	-	7,013,500
					19,895,300	49,645,100
Sukuk Ijarah CP	CP	P1(s)	23 June 2011	3.80	-	19,200,000
					19,895,300	68,845,100
Less: Future finance charges					(2,645,300)	(7,345,100)
					17,250,000	61,500,000
Total					70,250,000	149,500,000

24. 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 2011 RM	THE GROUP 2010 RM
Current portion:-		
- not later than one year	31,950,000	67,200,000
Non-current portion:-		
- later than one year and not later than two years	30,650,000	33,300,000
- later than two years and not later than five years	7,650,000	49,000,000
	38,300,000	82,300,000
	70,250,000	149,500,000

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 payment of the full nominal value of Sukuk Ijarah CP is to be made on the maturity date.

(c) 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.

24. ISLAMIC SECURITIES AND OBLIGATIONS UNDER IJARAH ARRANGEMENTS (CONT'D)

(d) 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.

25. TRADE PAYABLES

	THE GROUP	
	2011 RM	2010 RM
Trade payables:-		
Third parties	17,391,875	13,230,472
Related parties	42,789,511	37,926,643
	60,181,386	51,157,115

The normal trade credit terms granted to the Group range from 30 to 120 days.

26. OTHER PAYABLES, DEPOSITS AND ACCRUALS

	THE GROUP		THE COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Other payables:-				
Third parties	4,092,532	3,455,718	17,670	9,319
Related parties	39,969,714	132,498,768	34,201	35,271
	44,062,246	135,954,486	51,871	44,590
Deposits	156,400	-	-	-
Accruals	14,562,743	7,288,912	3,433,412	2,745,810
	58,781,389	143,243,398	3,485,283	2,790,400

26. OTHER PAYABLES, DEPOSITS AND ACCRUALS (CONT'D)

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

(i) an amount of RM1,781,600 (2010: RM2,618,600), which is directors' fees and other emoluments;

(ii) an amount of NIL (2010: RM29,970,006), which is an unsecured advance granted to a subsidiary. The advance carried interest at rates ranging from 4.00% to 5.17% (2010: 4.56% to 7.30%) per annum and is repayable on demand; and

(iii) an amount of RM11,450,000 (2010: RM43,500,000), which is unsecured advances granted to two subsidiaries. The advances carry interest at rates ranging from 6.25% to 7.10% (2010: 4.30% to 6.84%) per annum and are repayable on demand.

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

27. REVENUE

	THE GROUP		THE COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Dividend income	-	-	18,953,892	32,498,000
Management fee	-	-	10,380,000	6,720,000
Sale of – crude palm oil	201,285,086	200,019,846	-	-
– fresh fruit bunches	124,443,875	60,275,650	-	-
– palm kernel	29,306,276	26,751,394	-	-
– palm kernel shell	599,519	533,425	-	-
– empty bunch ash	13,436	38,128	-	-
– empty fruit bunch	-	572	-	-
– sludge oil	1,191,278	168,930	-	-
Transportation income	2,728,662	3,216,033	-	-
	359,568,132	291,003,978	29,333,892	39,218,000

28. FINANCE COSTS

	THE GROUP		THE COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Interest expense on:-				
Bank overdrafts	1,104,968	350,004	-	-
Bankers' acceptance	456,728	171,572	-	-
Hire purchase obligations	114,403	9,448	3,742	-
Islamic securities and obligations under Ijarah arrangements	7,407,588	10,543,610	-	-
Term loans	5,944,734	3,102,559	-	-
Unsecured loans	4,754,742	2,113,459	-	-
Other financial liabilities	7,522,451	1,169,986	-	-
	27,305,614	17,460,638	3,742	-
Less: Amount capitalised under biological assets (Note 10)	(8,230,252)	(3,662,111)	-	-
	19,075,362	13,798,527	3,742	-

29. PROFIT BEFORE TAXATION

	THE GROUP		THE COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Profit before taxation is arrived at after charging/ (crediting):-				
Amortisation of biological assets	22,112,450	11,318,568	-	-
Amortisation of intangible assets	132,557	103,777	8,962	9,030
Audit fee:-				
- current financial year/period	282,075	136,000	50,000	20,000
- under/(over) provision in the previous financial period	17,000	(3,600)	20,000	-
- other services	166,000	252,200	165,000	169,000

29. PROFIT BEFORE TAXATION (CONT'D)

	THE GROUP		THE COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Profit before taxation is arrived at after charging/ (crediting) (cont'd):-				
Depreciation of property, plant and equipment	23,020,433	16,926,254	214,225	239,224
Directors' fee:-				
- directors of the Company	246,766	185,125	160,000	133,000
- directors of subsidiaries	150,051	126,621	-	-
Directors' non-fee emoluments	3,428,220	3,716,620	3,428,220	3,716,620
Finance costs (Note 28)	19,075,362	13,798,527	3,742	-
Gain on bargain purchase	-	(2,010,134)	-	-
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	(379,227)	(963,504)	1,648	-
Hiring of equipment and machinery	747,416	10,868	-	-
Intangible assets written off	-	738	-	-
Interest income	(1,802,360)	(311,182)	(1,204,981)	(2,196)
Management fee	3,892,020	4,083,894	-	-
Rental income	(531,564)	(70,100)	-	-
Rental of premises	361,738	117,614	21,600	16,300
Share of results in an associate	(652,596)	-	-	-
Staff costs (excluding directors):-				
- short-term benefits	16,378,921	12,000,991	6,011,423	2,950,833
- defined contribution plans	1,957,171	1,208,131	728,167	350,006

30. INCOME TAX EXPENSE

	THE GROUP		THE COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Current tax:-				
- current financial year/period	9,498,606	13,044,335	156,000	600
- real property gain tax	164,203	-	164,203	-
- under/(over) provision in the previous financial period	445,497	(129,694)	-	62,212
	10,108,306	12,914,641	320,203	62,812
Deferred tax (Note 12):-				
- origination and reversal of temporary differences	16,094,356	7,743,245	(8,085)	75
- (over)/underprovision in the previous financial period	(604,390)	(581,975)	(227,760)	403
	15,489,966	7,161,270	(235,845)	478
	25,598,272	20,075,911	84,358	63,290

30. INCOME TAX EXPENSE (CONT'D)

A reconciliation of income tax expense applicable to 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	
	2011 RM	2010 RM	2011 RM	2010 RM
Profit before taxation	95,310,580	77,499,583	25,365,096	25,635,810
Tax at the statutory tax rate of 25%	23,827,645	19,374,896	6,341,274	6,408,953
Tax effects of:-				
Non-taxable income	(1,254,178)	(483,907)	(6,538,528)	(8,042,200)
Non-deductible expenses	5,048,657	2,733,965	509,169	1,633,865
Control transfers	(51,596)	(109,585)	-	-
Deferred tax assets not recognised during the financial year	144,339	-	-	-
Utilisation of deferred tax assets previously not recognised	(1,602,303)	(571,797)	-	-
Under/(over) provision in the previous financial period:-				
- income tax	445,497	(129,694)	-	62,212
- deferred tax	(604,390)	(581,975)	(227,760)	403
Others	(355,399)	(155,992)	203	57
Income tax expense for the financial year/period	25,598,272	20,075,911	84,358	63,290

31. EARNINGS PER SHARE

	THE GROUP	
		RESTATED
	2011	2010
Profit attributable to equity holders of the Company (RM)	68,146,541	54,438,973
Weighted average number of ordinary shares:-		
Issued shares at 1 January / 1 September	350,571,057	128,266,800
Effect of new ordinary shares issued	4,217,115	5,352,133
Effect of conversion of ICPS	-	36,643,743
Effect of rights issue	381,002,991	151,533,782
Effect of bonus issue	735,791,163	321,796,457
Weighted average number of ordinary shares at 31 December	1,471,582,326	643,592,915
Basic earnings per share (sen)	4.63	8.46

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

32. DIVIDENDS

	THE GROUP/THE COMPANY			
	2011		2010	
	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 period 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	-	-
Dividend paid in respect of the financial year ended 31 August 2009:-				
- First and final dividend, net of tax of 25%	-	-	2.62	3,367,003
	1.85	6,614,416	2.62	3,367,003

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 1.5 sen per ordinary share amounting to RM19,627,574; and

(b) a final single tier dividend of 1.5 sen per ICPS amounting to RM2,909,593.

The financial statements for the current financial year do not reflect these proposed dividends. Such dividends, if approved by the shareholders, will be accounted for as a liability in the financial year ending 31 December 2012.

33. ACQUISITION OF SUBSIDIARIES

During the financial year, the Group acquired an 85% equity interest in Burung Tiong Helicopter Sdn Bhd. In the previous financial period, the Group acquired the following companies:-

- 100% equity interest in Lumiera Enterprise Sdn Bhd;
- 85% equity interest in Woodijaya Sdn Bhd;
- 100% equity interest in Jayamax Plantation Sdn Bhd;
- 65% equity interest in Lubuk Tiara Sdn Bhd;
- 85% equity interest in Novelpac-Puncakdana Plantation Sdn Bhd;
- 70% equity interest in Pelita-Splendid Plantation Sdn Bhd;
- 70% equity interest in PJP Pelita Biawak Plantation Sdn Bhd;
- 60% equity interest in PJP Pelita Ekang-Banyok Plantation Sdn Bhd;
- 60% equity interest in PJP Pelita Lundu Plantation Sdn Bhd;
- 60% equity interest in PJP Pelita Selangau Plantation Sdn Bhd; and
- 60% equity interest in PJP Pelita Ulu Teru Plantation Sdn Bhd.

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

	2011		2010	
	CARRYING AMOUNT RM	FAIR VALUE RECOGNISED RM	CARRYING AMOUNT RM	FAIR VALUE RECOGNISED RM
Property, plant and equipment	1,946	1,946	156,565,988	366,026,400
Intangible assets	-	-	124,257	124,257
Biological assets	-	-	250,458,452	543,330,436
Deferred tax assets	-	-	-	12,544,518
Inventories	-	-	9,421,600	9,421,600
Trade and other receivables	2,380,170	2,380,170	43,035,218	43,035,218
Cash and bank balances	2,553	2,553	137,264	137,264
Borrowings:-				
- bank overdrafts	-	-	(5,153,178)	(5,153,178)
- other borrowings	-	-	(263,393,602)	(263,393,602)
Deferred tax liabilities	-	-	(2,161,408)	(127,744,505)
Trade and other payables	(1,316,798)	(1,316,798)	(184,457,120)	(184,457,120)
Net identifiable assets and liabilities	1,067,871	1,067,871	4,577,471	393,871,288
Less: Non-controlling interests		(180,000)		(113,369,361)
Add: Goodwill		132,129		50,822,320
Less: Negative goodwill		-		(2,010,134)
Total cost of business combination		1,020,000		329,314,113

33. ACQUISITION OF SUBSIDIARIES (CONT'D)

The total cost of business combination is analysed as follows:-

	2011 RM	2010 RM
Total purchase consideration is satisfied via:-		
- cash	1,020,000	58,594,000
- 28,331,400 ordinary shares issued at RM1.30 each	-	36,830,820
- 177,214,764 ICPS issued at RM1.30 each	-	230,379,193
Directly attributable costs	-	3,510,100
	1,020,000	329,314,113

As part of the cost of business combination in the previous financial period, the Company issued 28,331,400 ordinary shares and 177,214,764 ICPS with a fair value of RM1.30 each, being the five-day weighted average market price of the Company's ordinary shares prior to the signing of Share Sale Agreements.

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

	2011 RM	2010 RM
Total cost of business combination	1,020,000	329,314,113
Less: Non-cash consideration	-	(267,210,013)
Consideration settled in cash	1,020,000	62,104,100
(Less)/add: Cash and cash equivalents of subsidiaries acquired	(2,553)	5,015,914
Net cash outflows for acquisition of subsidiaries	1,017,447	67,120,014

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

	2011 RM	2010 RM
Revenue	-	27,952,958
(Loss)/profit after taxation	(577,340)	9,175,813

34. ACQUISITION FROM NON-CONTROLLING INTERESTS

During the financial year, the Group 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 Group; and Biawak became an 85%-owned subsidiary of the Group.

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

35. DISPOSAL OF A SUBSIDIARY

During the 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 as 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 inflows for disposal of a subsidiary	13,090,759

36. PURCHASE OF PLANTATION ESTATES

During the 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.

In the previous financial period, the Group acquired from a company in which certain directors of the Company have substantial financial interests commercial rights of a plantation estate, which was then assigned to a subsidiary, with a market value of RM43,000,000. The purchase consideration (after assumption of all liabilities arising from the acquisition of RM21,214,479) was RM21,785,521 and satisfied via the issuance of 16,758,093 ICPS of RM0.50 each in the Company at an issue price of RM1.30 per share.

The costs of plantation estates as at the dates of acquisition were recognised in the financial statements as follows:-

	2011 RM	2010 RM
Property, plant and equipment	59,540,317	9,868,298
Intangible assets	-	23,592,442
Biological assets	58,459,683	6,841,277
Inventories	-	2,697,983
Cost of plantation estates	118,000,000	43,000,000
Less: Liabilities assumed on the acquisition	(95,888,431)	(21,214,479)
Total purchase consideration	22,111,569	21,785,521
Less: Non-cash consideration	-	(21,785,521)
Cash outflows for acquisition of plantation estates	22,111,569	-

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

(a) Costs Incurred on Biological Assets

	THE GROUP 2011 RM	THE GROUP 2010 RM
Total additions of biological assets	132,998,020	43,237,203
Less: Acquisition of plantation estates (Note 36)	(58,459,683)	(6,841,277)
	74,538,337	36,395,926
Less:-		
Non-cash items and finance costs capitalised under biological assets	(13,398,673)	(6,961,699)
	61,139,664	29,434,227

(b) Purchase of Intangible Assets

	THE GROUP 2011 RM	THE GROUP 2010 RM	THE COMPANY 2011 RM	THE COMPANY 2010 RM
Cost of intangible assets purchased	22,350	23,692,991	-	14,270
Less: Acquisition of plantation estates (Note 36)	-	(23,592,442)	-	-
Cash disbursed for purchase of intangible assets	22,350	100,549	-	14,270

37. COSTS INCURRED ON BIOLOGICAL ASSETS, PURCHASE OF INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(c) Purchase of Property, Plant and Equipment

	THE GROUP		THE COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Cost of property, plant and equipment purchased	143,647,988	45,668,607	438,903	40,568
Less: Acquisition of plantation estates (Note 36)	(59,540,317)	(9,868,298)	-	-
	84,107,671	35,800,309	438,903	40,568
Less:-				
Amount financed through hire purchase	(4,777,344)	(175,050)	(320,000)	-
Deposits paid in the previous financial period	(2,380,170)	-	-	-
Cash disbursed for purchase of property, plant and equipment	76,950,157	35,625,259	118,903	40,568

38. CASH AND CASH EQUIVALENTS

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

	THE GROUP		THE COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Cash and bank balances	409,588	312,911	108,792	6,386
Deposits with licensed banks	85,976,522	-	40,800,000	-
Islamic deposits	4,164,653	4,868,156	-	-
Short-term investments	118,214,526	-	118,214,526	-
Bank overdrafts	(7,532,547)	(19,435,493)	-	(24,904)
	201,232,742	(14,254,426)	159,123,318	(18,518)
Less:-				
Bank balances held on trust for Islamic securities investors (Note 19)	(1,259)	(1,177)	-	-
Islamic deposits held on trust for Islamic securities investors (Note 18)	(4,164,653)	(4,868,156)	-	-
	197,066,830	(19,123,759)	159,123,318	(18,518)

39. 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	
	2011 RM	2010 RM	2011 RM	2010 RM
Executive directors:-				
- fee	47,383	34,062	-	-
- non-fee emoluments	3,421,620	3,708,420	3,421,620	3,708,420
	3,469,003	3,742,482	3,421,620	3,708,420
Non-executive directors:-				
- fee	199,383	151,063	160,000	133,000
- allowance	6,600	8,200	6,600	8,200
	205,983	159,263	166,600	141,200
	3,674,986	3,901,745	3,588,220	3,849,620
Benefits-in-kind	11,189	30,163	11,189	30,163

(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	
	2011	2010
Executive directors:-		
RM1,500,001 to RM1,550,000	1	-
RM1,800,001 to RM1,850,000	-	1
RM1,900,001 to RM1,950,000	1	1
Non-executive directors:-		
RM50,000 and below	3	3
RM50,001 to RM100,000	1	1

40. SIGNIFICANT RELATED PARTY DISCLOSURES

(a) Identities of related parties

The Group has related party relationships with its directors, key management personnel, entities within the same group of companies, and entities controlled, or significantly influenced by the directors or their close family members.

(b) In addition to the information detailed elsewhere in the financial statements, the Group and the Company carried out the following significant transactions with the related parties during the financial year:-

	THE GROUP		THE COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Subsidiaries:-				
- Dividend income	-	-	18,953,892	32,498,000
- Management fee	-	-	10,380,000	6,720,000
Companies in which the directors and their close family members have substantial financial interests:-				
- Computer software, printing and stationery	323,593	262,266	52,266	55,915
- Contract charges	35,471,801	14,799,670	-	-
- Fertiliser testing charges	151,439	65,314	-	-
- Insurance paid	897,443	2,266,915	30,879	25,631
- Interest paid	9,747,155	4,708,205	-	-
- Interest received	91,663	76,728	-	-
- Management fee	2,162,500	3,281,966		
- Purchase of fertilisers and chemicals	50,151,347	25,831,646	-	-
- Purchase of fresh fruit bunches	7,417,835	24,316,463	-	-
- Purchase of property, plant and equipment	3,253,632	1,445,098	5,516	3,910
- Purchase of seedlings	1,339,032	131,916	-	-
- Purchase of sundry stores and consumables	25,611,835	13,556,992	42,594	70,037
- Recruitment charges	1,336,673	427,227	-	-
- Rental paid	2,720,586	1,542,773	21,600	16,300
- Rental received	66,100	40,400	-	-

40. SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D)

(b) In addition to the information detailed elsewhere in the financial statements, the Group and the Company carried out the following significant transactions with the related parties during the financial year (cont'd):-

	THE GROUP		THE COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Companies in which the directors and their close family members have substantial financial interests (cont'd):-				
- Repairs and maintenance	818,500	370,064	18,690	8,947
- Road maintenance	1,986,235	5,466,391	-	-
- Sale of empty bunch ash	-	339	-	-
- Sale of fresh fruit bunches	103,327,680	46,478,979	-	-
- Sale of property, plant and equipment	247,400	6,343,460	-	-
- Sale of seedlings	91,200	-	-	-
- Secretarial services	9,270	11,480	-	-
- Staff training expenses	76,600	399,945	13,600	53,360
- Staff welfare	741	154,150	29,458	152,937
- Store issues	911,982	5,050,458	-	-
- Transportation and accommodation charges	6,097,149	7,627,015	179,977	59,425
Key management personnel compensation (excluding directors):-				
- Short-term benefits	4,766,159	2,970,379	2,045,986	2,793,984
- Defined benefit plans	590,854	183,685	268,142	162,565

41. 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	
	2011 RM	2010 RM
Customer A*	108,127,205	141,999,142
Customer B*	125,192,818	87,988,132
Customer C*	59,506,788	-
Customer D*	43,792,993	-

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

42. CAPITAL COMMITMENTS

	THE GROUP	
	2011 RM	2010 RM
Property, plant and equipment:-		
- Approved and contracted for	8,186,941	4,669,500
- Approved but not contracted for	1,005,804	-
	9,192,745	4,669,500

43. CONTINGENT LIABILITIES

(a) Legal Claim

A claim for damages was lodged by a contractor during the financial year ended 31 August 2009 against two subsidiaries of the Group in respect of damages allegedly caused by the termination of harvesting and transporting contracts. The estimated payout is RM800,000 should the action be successful. The Group has been advised by its legal counsel that it is possible, but not probable, that the action will succeed and accordingly, no provision for any liability has been made in the financial statements

(b) Corporate Guarantee

	THE COMPANY	
	2011	2010
	RM	RM
Unsecured:-		
Corporate guarantee given to licensed banks for credit facilities granted to subsidiaries	464,950,000	212,350,000

44. CONTINGENT ASSETS

During the financial year ended 31 August 2008, two subsidiaries of the Company were awarded a compensation totaling RM1,327,684 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 further claims were lodged on 5 July 2008 and 22 August 2008 respectively by the two subsidiaries. The High Court allowed the applications and awarded a further sum totaling RM852,180. 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.

45. FINANCIAL INSTRUMENTS

(a) Financial Risk Management Policies

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.

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

(i) Market Risk

(i) Foreign Currency Risk

The Group does not have any transactions or balances denominated in foreign currency 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 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 45(a)(iii) to the financial statements.

45. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(i) Market Risk (Cont'd)

(ii) Interest Rate Risk (Cont'd)

Interest rate risk sensitivity analysis

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

	THE GROUP 2011 Increase/ (Decrease) RM	THE COMPANY 2011 Increase/ (Decrease) RM
Effects on profit after taxation		
Increase of 50 basis points	(1,105,000)	-
Decrease of 50 basis points	1,105,000	-
Effects on equity		
Increase of 50 basis points	(514,000)	591,000
Decrease of 50 basis points	514,000	(591,000)

(iii) Equity Price Risk

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

45. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(ii) 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.

Credit risk concentration profile

The Group's major concentration of credit risk relates to the amounts owing by three (3) customers which constituted approximately 77% of its trade receivables as 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.

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.

Ageing analysis

The ageing analysis of the Group's trade receivables as at 31 December 2011 is as follows:-

THE GROUP	GROSS AMOUNT RM	INDIVIDUAL IMPAIRMENT RM	COLLECTIVE IMPAIRMENT RM	CARRYING VALUE RM
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

45. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(ii) Credit Risk (Cont'd)

<u>Ageing analysis (cont'd)</u>

Trade receivables that are neither past due nor impaired

The trade receivables that are neither past due nor impaired are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the trade receivables.

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.

(iii) 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.

45. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(iii) Liquidity Risk (Cont'd)

The following table sets out the maturity profile of the financial liabilities as 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
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

45. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(iii) Liquidity Risk (Cont'd)

The following table sets out the maturity profile of the financial liabilities as 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
2010							
Trade and other payables:-							
- interest-bearing	6.02	73,470,006	73,470,006	73,470,006	-	-	-
- non interest-bearing	-	120,930,507	120,930,507	120,930,507	-	-	-
Borrowings:-							
- bank overdrafts	7.73	19,435,493	19,435,493	19,435,493	-	-	-
- bankers' acceptance	3.85	4,937,000	4,937,000	4,937,000	-	-	-
- hire purchase obligations	5.47	504,115	525,289	370,604	130,094	24,591	-
- Islamic securities and obligations under Ijarah arrangements	5.97	149,500,000	164,090,100	68,844,500	36,585,600	58,660,000	-
- term loans	4.79	71,970,000	83,374,000	7,616,000	12,078,000	53,985,000	9,695,000
- unsecured loans	3.00	172,240,000	172,240,000	172,240,000	-	-	-
		612,987,121	639,002,395	467,844,110	48,793,694	112,669,591	9,695,000

45. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(iii) Liquidity Risk (Cont'd)

The following table sets out the maturity profile of the financial liabilities as 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
2011						
Trade and other payables	-	4,452,791	4,452,791	4,452,791	-	-
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
2010						
Trade and other payables	-	93,148,513	93,148,513	93,148,513	-	-
Bank overdraft	-	24,904	24,904	24,904	-	-
		93,173,417	93,173,417	93,173,417	-	-

45. FINANCIAL INSTRUMENTS (CONT'D)

(b) 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 period. 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.

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

	THE GROUP	
	2011 RM	2010 RM
Borrowings:-		
- bank overdrafts	7,532,547	19,435,493
- other borrowings	373,440,978	399,151,115
	380,973,525	418,586,608
Less: Short-term investments	(118,214,526)	-
Less: Fixed deposits	(90,141,175)	(4,868,156)
Less: Cash and bank balances	(409,588)	(312,911)
Net debts	172,208,236	413,405,541
Total equity	884,295,177	427,082,637
Debt-to-equity ratio	0.19	0.97

45. FINANCIAL INSTRUMENTS (CONT'D)

(b) Capital Risk Management (Cont'd)

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.

(c) Classification of Financial Instruments

	THE GROUP 2011 RM	THE COMPANY 2011 RM
Financial assets		
Available-for-sale financial assets		
Short-term investments, at fair value	118,214,526	118,214,526
Loans and receivables financial assets		
Trade receivables	17,000,550	-
Other receivables and deposits	5,398,047	90,103
Amount owing by subsidiaries	-	256,830,789
Fixed deposits	90,141,175	40,800,000
Cash and bank balances	409,588	108,792
	112,949,360	297,829,684
Financial liabilities		
Other financial liabilities		
Trade payables	60,181,386	-
Other payables, deposits and accruals	58,781,389	3,485,283
Amount owing to subsidiaries	-	967,508
Borrowings:-		
- bank overdrafts	7,532,547	-
- other borrowings	373,440,978	289,740
	499,936,300	4,742,531

45. FINANCIAL INSTRUMENTS (CONT'D)

(d) Fair Values of Financial Instruments

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

THE GROUP	2011 Carrying Amount RM	2011 Fair Value RM	2010 Carrying Amount RM	2010 Fair Value RM
Hire purchase obligations	4,315,575	4,158,000	504,115	496,000
Islamic securities and obligations under Ijarah arrangements	70,250,000	69,801,000	149,500,000	149,246,000
	74,565,575	73,959,000	150,004,115	149,742,000

THE COMPANY	2011 Carrying Amount RM	2011 Fair Value RM	2010 Carrying Amount RM	2010 Fair Value RM
Hire purchase obligations	289,740	194,000	-	-

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

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

(ii) The fair value of short-term investments is based on the banker's quotes.

45. FINANCIAL INSTRUMENTS (CONT'D)

(d) Fair Values of Financial Instruments (Cont'd)

(iii) The fair values of hire purchase obligations, and Islamic securities and obligations under Ijarah arrangements are determined by discounting the relevant cash flows using current interest rates for similar instruments as 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	
	2011	2010	2011	2010
	%	%	%	%
Hire purchase obligations	6.50	7.39	6.69	-
Islamic securities and obligations under Ijarah arrangements	6.59	6.33	-	-

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

(e) Fair Value Hierarchy

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.

46. SIGNIFICANT EVENTS OCCURRING DURING AND AFTER THE REPORTING PERIOD

The significant events occurring during and after the reporting period are as follows:-

(a) On 19 January 2011, the Company entered into a Share Sale Agreement ("SSA") with Lembaga Amanah Kebajikan Masjid Negeri Sarawak ("LAKMNS") to dispose 1,680,000 ordinary shares of RM1.00 each in LTSB, representing 21% of its total issued and paid-up share capital, for a total cash consideration of RM13,100,723.

On the same date, the Company entered into a SSA with LAKMNS to acquire 601,735 ordinary shares of RM1.00 each in Biawak, representing 15% of its total issued and paid-up share capital, for a total cash consideration of RM12,700,326.

On 10 June 2011, the Company entered into two supplemental agreements with LAKMNS to incorporate and amend certain terms of the SSAs dated 19 January 2011 in relation to the above transactions.

The transactions were completed on 19 September 2011; and as a result, LTSB ceased as a subsidiary of the Company, and the Company's shareholding in Biawak increased from 70% to 85%.

(b) On 2 February 2011, the Company entered into three Conditional SSAs with State Financial Secretary to acquire the remaining equity interest in the following companies for a total purchase consideration of RM16,019,312:-

- 375,000 ordinary shares of RM1.00 each in NPSB, representing 15% of its total issued and paid-up share capital;

- 187,500 ordinary shares of RM1.00 each in Novelpac, representing 15% of its total issued and paid-up share capital; and

- 1,800 ordinary shares of RM1.00 each in Woodijaya, representing 15% of its total issued and paid-up share capital.

The purchase consideration was satisfied via the issuance of 6,964,918 ordinary shares of RM0.50 each in the Company at an issue price of RM2.30 per share.

The acquisitions were completed on 11 May 2011 and the new ordinary shares issued were listed on the Main Market of Bursa Malaysia Securities Berhad ("BMSB") on 30 May 2011.

46. SIGNIFICANT EVENTS OCCURRING DURING AND AFTER THE REPORTING PERIOD (CONT'D)

The significant events occurring during and after the reporting period are as follows (cont'd):-

(c) On 11 February 2011, R.H. Plantation Sdn Bhd ("RHP"), a subsidiary of the Company, entered into a Memorandum with Sheba Resources Sdn Bhd ("Sheba Resources") with an intention to purchase all that parcel of land with oil palm plantation thereon containing an area of 4,857 hectares, more or less and described as Lot 56, Sawai Land District ("the said Land") for a total consideration of RM118,000,000 free from all encumbrances.

On 3 June 2011, RHP entered into a Conditional Sale and Purchase Agreement with Sheba Resources to purchase the said Land for a total cash consideration of RM22,111,569 (after assumption of liabilities of RM95,888,431).

The transaction was completed on 30 December 2011.

(d) On 23 May 2011, the Company subscribed 1,020,000 ordinary shares of RM1.00 each in the share capital of Burung Tiong Helicopter Sdn Bhd ("BTH") for a total cash consideration of RM1,020,000. Subsequent to the subscription, BTH became an 85%-owned subsidiary of the Company.

(e) On 27 May 2011, the Company announced to undertake the following corporate exercises:-

(i) renounceable rights issue of up to 490,689,354 new ordinary shares of RM0.50 each in the Company ("Rights Shares") on the basis of three (3) Rights Shares for every one (1) existing ordinary share of RM0.50 each in the Company, at an issue price of RM0.80 per Rights Share ("Rights Issue"); and

The Rights Issue was completed on 27 October 2011 following the listing of and quotation for the Rights Shares on the Main Market of BMSB.

(ii) bonus issue of up to 654,252,472 new ordinary shares of RM0.50 each in the Company ("Bonus Shares") on the basis of one (1) Bonus Share for every one (1) existing ordinary share of RM0.50 each in the Company held after the Rights Issue ("Bonus Issue").

The Bonus Issue was completed on 14 November 2011 following the listing of and quotation for the Bonus Shares on the Main Market of BMSB.

46. SIGNIFICANT EVENTS OCCURRING DURING AND AFTER THE REPORTING PERIOD (CONT'D)

The significant events occurring during and after the reporting period are as follows (cont'd):-

(e) On 16 April 2012, NPSB, a subsidiary of the Company, entered into a SSA 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 acquisition is expected to be completed by December 2012.

Details of items (a) to (d) above are disclosed in Notes 33 to 36 to the financial statements.

47. COMPARATIVE FIGURES

The Company changed its accounting year end from 31 August to 31 December in the previous financial period. Accordingly, the comparative figures (which cover a period of sixteen months from 1 September 2009 to 31 December 2010) for the statements of comprehensive income, statements of changes in equity, statements of cash flows and the related notes to the financial statements are not comparable with those of the current financial year.

The following figures have been reclassified to conform with the adoption of the amendments to FRS 117 *Leases* as disclosed in Note 3(a)(vii) to the financial statements, and the presentation of the current financial year:-

	THE GROUP		THE COMPANY	
	AS RESTATED RM	AS PREVIOUSLY REPORTED RM	AS RESTATED RM	AS PREVIOUSLY REPORTED RM
Statements of Financial Position (Extract):-				
Property, plant and equipment	485,294,042	349,411,878	-	-
Prepaid lease payments	-	135,882,164	-	-
Other receivables, deposits and prepayments	-	-	23,081,631	214,348
Amount owing by subsidiaries	-	-	83,087,717	105,955,000

48. SUPPLEMENTARY INFORMATION – DISCLOSURE OF REALISED AND UNREALISED PROFITS OR LOSSES

The breakdown of the retained profits of the Group and of the Company as at the end of the reporting period into realised and unrealised profits or 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	
	2011 RM	2010 RM	2011 RM	2010 RM
Total retained profits:-				
- realised	202,674,627	121,849,990	104,207,466	85,776,989
- unrealised	(42,491,972)	(25,377,592)	227,324	(8,521)
	160,182,655	96,472,398	104,434,790	85,768,468
Total share of retained profits of associate:-				
- realised	893,963	-	-	-
- unrealised	(241,367)	-	-	-
	160,835,251	96,472,398	104,434,790	85,768,468
Add: Consolidation adjustments	9,125,102	16,047,685	-	-
At 31 December	169,960,353	112,520,083	104,434,790	85,768,468