RIMBUNAN SAWIT BERHAD

(Incorporated in Malaysia)

Company No: 691393 - U

FINANCIAL REPORT
for the financial year ended 31 December 2012

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

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 2012.

PRINCIPAL ACTIVITIES

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

RESULTS

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

DIVIDENDS

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

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

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

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

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

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

RESERVES AND PROVISIONS

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

ISSUES OF SHARES AND DEBENTURES

During the financial year:-

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

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

OPTIONS GRANTED OVER UNISSUED SHARES

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

BAD AND DOUBTFUL DEBTS

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

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

CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that any current assets other than debts, which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records of the Group and of the Company, have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements misleading.

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

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

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

No contingent or other liability of the Group and of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations when they fall due.

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

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

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

DIRECTORS

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

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

DIRECTORS' INTERESTS

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

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

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

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

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

DIRECTORS' BENEFITS

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

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

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

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

AUDITORS

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

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

Diong Hiew King @ Tiong Hiew King

Tiong Chiong Ong

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

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 11 to 100 are drawn up in accordance with Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 December 2012 and of their results and cash flows for the financial year ended on that date.

The supplementary information set out in Note 46, which is not part of the financial statements, is prepared in all material respects, in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

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

Diong Hiew King @ Tiong Hiew King

Tiong Chiong Ong

STATUTORY DECLARATION

I, Ling Tong Ung, being the officer primarily responsible for the financial management of Rimbunan Sawit Berhad, do solemnly and sincerely declare that the financial statements set out on pages 11 to 100 are, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by
Ling Tong Ung, at Sibu
on this 26 APR 2013

Ling Tong Ung

Before me

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

Crowe Horwath™

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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 statements of financial position as at 31 December 2012 of the Group and of the Company, and statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 11 to 100.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

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 give a true and fair view of the financial position of the Group and of the Company as of 31 December 2012 and of their financial performance and cash flows for the financial year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

Report on Other Legal and Regulatory Requirements

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

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

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

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

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

Other Reporting Requirements

The supplementary information set out in Note 46 on page 101 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.

Crowe Horwath

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RIMBUNAN SAWIT BERHAD (COND'T)
(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

Crowe Horwath
Firm No: AF 1018
Chartered Accountants

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

2 6 APR 2013

Sibu

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

STATEMENTS OF FINANCIAL POSITION AT 31 DECEMBER 2012

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

RIMBUNAN SAWIT BERHAD

(Incorporated in Malaysia)
Company No: 691393 - U

STATEMENTS OF FINANCIAL POSITION AT 31 DECEMBER 2012 (CONT'D)

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

RIMBUNAN SAWIT BERHAD
(Incorporated in Malaysia)
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STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

		The Group		The Company	
		2012	**2011**	**2012**	**2011**
	Note	RM	RM	RM	RM
REVENUE	26	313,866,522	359,568,132	31,198,500	29,333,892
COST OF SALES		(248,509,554)	(224,120,976)	-	-
GROSS PROFIT		65,356,968	135,447,156	31,198,500	29,333,892
OTHER INCOME		6,037,677	10,029,791	3,305,900	9,386,794
DISTRIBUTION COSTS		(10,447,384)	(12,296,058)	-	-
ADMINISTRATIVE AND OTHER EXPENSES		(19,344,630)	(19,447,543)	(14,768,913)	(13,351,848)
SHARE OF RESULTS IN AN ASSOCIATE		597,927	652,596	-	-
FINANCE COSTS	27	(11,478,084)	(19,075,362)	(11,097)	(3,742)
PROFIT BEFORE TAXATION	28	30,722,474	95,310,580	19,724,390	25,365,096
INCOME TAX EXPENSE	29	(10,740,782)	(25,598,272)	20,107	(84,358)
PROFIT AFTER TAXATION		19,981,692	69,712,308	19,744,497	25,280,738
OTHER COMPREHENSIVE INCOME					
Available-for-sale financial assets:-					
- fair value changes		2,197,825	714,526	2,197,825	714,526
- transfer to profit or loss upon reinvestment		(2,912,351)	-	(2,912,351)	-
		(714,526)	714,526	(714,526)	714,526
TOTAL COMPREHESIVE INCOME FOR THE FINANCIAL YEAR		19,267,166	70,426,834	19,029,971	25,995,264

RIMBUNAN SAWIT BERHAD
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STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

		The Group		The Company	
		2012	2011	2012	2011
	Note	RM	RM	RM	RM
PROFIT AFTER TAXATION ATTRIBUTABLE TO:-					
Owners of the Company		21,326,710	68,146,541	19,744,497	25,280,738
Non-controlling interests		(1,345,018)	1,565,767	-	-
		19,981,692	69,712,308	19,744,497	25,280,738
TOTAL COMPREHESIVE INCOME ATTRIBUTABLE TO:-					
Owners of the Company		20,612,184	68,861,067	19,029,971	25,995,264
Non-controlling interests		(1,345,018)	1,565,767	-	-
		19,267,166	70,426,834	19,029,971	25,995,264
EARNINGS PER SHARE (SEN)	30				
Basic		1.04	4.63		
Diluted		Not applicable	Not applicable		

RIMBUNAN SAWIT BERHAD
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STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

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

STATEMENTS OF CHANGES IN EQUITY (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

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

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STATEMENTS OF CHANGES IN EQUITY (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

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

RIMBUNAN SAWIT BERHAD
(Incorporated in Malaysia)
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STATEMENTS OF CHANGES IN EQUITY (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

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

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STATEMENTS OF CHANGES IN EQUITY (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

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

STATEMENTS OF CHANGES IN EQUITY (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

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

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

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

STATEMENTS OF CASH FLOWS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

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

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STATEMENTS OF CASH FLOWS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

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

STATEMENTS OF CASH FLOWS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

		The Group		**The Company**	
		2012	**2011**	**2012**	**2011**
	Note	RM	RM	RM	RM
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS/ BALANCE BROUGHT FORWARD		(200,399,741)	215,476,063	(141,880,581)	158,427,310
EFFECTS OF FAIR VALUE CHANGES IN SHORT-TERM INVESTMENTS		(714,526)	714,526	(714,526)	714,526
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		197,066,830	(19,123,759)	159,123,318	(18,518)
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	37	(4,047,437)	197,066,830	16,528,211	159,123,318

1. GENERAL INFORMATION

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

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

2. PRINCIPAL ACTIVITIES

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

3. BASIS OF PREPARATION

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

3. BASIS OF PREPARATION (CONT'D)

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

FRSs and IC Interpretations (Including The Consequential Amendments)

FRS 124 (Revised) Related Party Disclosures

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

Amendments to FRS 7: Disclosures – Transfers of Financial Assets

Amendments to FRS 112: Recovery of Underlying Assets

IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments

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

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

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

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

3. BASIS OF PREPARATION (CONT'D)

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

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

3. BASIS OF PREPARATION (CONT'D)

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

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

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

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

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

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

3. BASIS OF PREPARATION (CONT'D)

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

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

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

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

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

(a) Depreciation of Property, Plant and Equipment

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

(b) Income Taxes

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

(c) Impairment of Non-financial Assets

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

(d) Impairment of Trade and Other Receivables

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

(e) Classification of Leasehold Land

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

(f) Impairment of Goodwill

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 BASIS OF CONSOLIDATION

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

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

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

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

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

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 BASIS OF CONSOLIDATION (CONT'D)

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

Business combinations from 1 January 2011 onwards

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

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

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

Business combinations before 1 January 2011

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

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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 BASIS OF CONSOLIDATION (CONT'D)

Business combinations before 1 January 2011 (cont'd)

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

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

4.3 GOODWILL

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

Business combinations from 1 January 2011 onwards

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

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

Business combinations before 1 January 2011

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 FUNCTIONAL AND PRESENTATION CURRENCY

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

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

4.5 FINANCIAL INSTRUMENTS

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

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

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

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

(a) Financial Assets

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Assets (Cont'd)

(ii) Held-to-maturity Investments

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

(iii) Loans and Receivables Financial Assets

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

(iv) Available-for-sale Financial Assets

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

After initial recognition, available-for-sale financial assets are remeasured to their fair values at the end of each reporting period. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the fair value reserve, with the exception of impairment losses. On derecognition, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity into profit or loss. Interest calculated for a debt instrument using the effective interest method is recognised in profit or loss.

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial Liabilities

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

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

(c) Equity Instruments

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

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

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

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

(d) Financial Guarantee Contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specific debtor fails to make payment when due.

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.6 INVESTMENTS IN SUBSIDIARIES

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

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

4.7 INVESTMENTS IN ASSOCIATES

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

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.8 PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.9 INTANGIBLE ASSETS

(a) Computer Software

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

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

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

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

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

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

4.10 BIOLOGICAL ASSETS

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.11 IMPAIRMENT

(a) Impairment of Financial Assets

All financial assets (other than those categorised at fair value through profit or loss), are assessed at the end of each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. For an equity instrument, a significant or prolonged decline in the fair value below its cost is considered to be objective evidence of impairment.

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.11 IMPAIRMENT (CONT'D)

(b) Impairment of Non-Financial Assets

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

An impairment loss is recognised in profit or loss immediately.

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

4.12 ASSETS UNDER HIRE PURCHASE AND OBLIGATIONS UNDER IJARAH ARRANGEMENTS

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.13 INVENTORIES

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

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

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

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

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

4.14 INCOME TAXES

Income tax for the year comprises current and deferred tax.

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.14 INCOME TAXES (CONT'D)

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

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

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

4.15 CASH AND CASH EQUIVALENTS

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

4.16 PROVISIONS

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.17 EMPLOYEE BENEFITS

(a) Short-term Benefits

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

(b) Defined Contribution Plans

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

4.18 RELATED PARTIES

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

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.19 CONTINGENT LIABILITIES

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

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

4.20 REVENUE AND OTHER INCOME

(a) Sale of Goods

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

(b) Services

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

(c) Interest Income

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

(d) Dividend Income

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

(e) Rental Income

Rental income is recognised on an accrual basis.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.21 OPERATING SEGMENTS

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

4.22 CONTINGENT ASSETS

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

4.23 BORROWING COSTS

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

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