CEPATWAWASAN GROUP BERHAD
(Company No: 536499-K)

ANNUAL REPORT 2011

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Notice of the Twelfth Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Twelfth Annual General Meeting of the Company will be held at Executive Parlour (6th Floor), Sabah Hotel Sandakan, KM 1, Jalan Utara, Sandakan, Sabah on Wednesday, 25 April 2012 at 10.30 a.m. for the following business:

AGENDA	**Resolution No.**
1. To receive the Audited Financial Statements of the Company for the financial year ended 31 December 2011 together with the Directors' and Auditors' Reports thereon.	
2. To approve the payment of a single tier final dividend of 1.5% in respect of the financial year ended 31 December 2011.	1
3. To re-elect Tan Ah Seng retiring in accordance with Article 76 of the Company's Articles of Association.	2
4. To re-elect Choong Pak Wan retiring in accordance with Article 76 of the Company's Articles of Association.	3
5. To re-appoint Mr. Chan Kam Leong retiring in accordance with Section 129 of the Companies Act, 1965.	4
6. To appoint Messrs Ernst & Young as Auditors of the Company for the ensuring year and to authorise the Directors to fix their remuneration.	5
7. As Special Business to consider and if thought fit, to pass the following Ordinary Resolutions, with or without modifications:	

ORDINARY RESOLUTION 1
- AUTHORITY TO ISSUE SHARES

"THAT subject always to the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby authorised pursuant to Section 132D of the Companies Act, 1965 to issue shares in the Company at any time until the conclusion of the next Annual General Meeting upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares to be issued pursuant to this Resolution does not exceed 10% of the issued share capital of the Company for the time being." 6

ORDINARY RESOLUTION 2
- PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

"THAT subject to the Companies Act, 1965 ("Act"), provisions of the Company's Memorandum and Articles of Association and the requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and any other relevant authorities, and other relevant approvals, the Directors of the Company be and are hereby authorised to purchase the Company's ordinary shares of RM1.00 each ("Shares") through Bursa Securities, subject to the following:

(a) The maximum number of Shares which may be purchased by the Company shall not exceed ten per centum (10%) of the issued and paid-up ordinary share capital of the Company at any point in time;

Notice of the Twelfth Annual General Meeting (cont'd)

Resolution No.

(b) The maximum fund to be allocated by the Company for the purpose of purchasing its shares shall not exceed the retained profits and share premium accounts of the Company;

(c) The authority conferred by this resolution will be effective upon passing of this resolution and will continue in force until:-

(i) the conclusion of the next Annual General Meeting ("AGM") of the Company following the AGM at which this resolution was passed, at which time the authority shall lapse, unless the authority is renewed by an ordinary resolution passed at the next AGM; or

(ii) the expiry of the period within which the next AGM of the Company after that date is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extensions as may be allowed pursuant to Section 143(2) of the Act); or

(iii) the authority is revoked or varied by an ordinary resolution passed by the shareholders in a general meeting;

whichever occurs first;

(d) Upon completion of the purchase(s) of the Shares by the Company, the Shares shall be dealt with in the following manner:-

(i) cancel the Shares so purchased; or
(ii) retain the Shares so purchased as treasury shares; or
(iii) retain part of the Shares so purchased as treasury shares and/or cancel the remainder; or
(iv) distribute the treasury shares as dividends to shareholders; or
(v) resell the Treasury Shares on Bursa Securities in accordance with the relevant rules of Bursa Securities.

THAT the Directors of the Company be and are hereby authorised to take all such steps and enter into all agreements, arrangements and guarantees with any party or parties as are necessary to implement, finalise and give full effect to the aforesaid purchase with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities from time to time to implement or to effect the purchase of its own shares." 7

8. To transact any other business for which due notice shall have been given.

BY ORDER OF THE BOARD
KANG SHEW MENG
SEOW FEI SAN
Secretaries

Petaling Jaya
2 April 2012

Notice of the Twelfth Annual General Meeting (cont'd)

Notes:-

(i) **Proxy**

(a) Only a depositor whose name appears on the Record of Depositors as at 18 April 2012 shall be entitled to attend, speak and vote at the said meeting or appoint proxies on his/her behalf.
(b) A proxy may but need not be a member of the Company and if the proxy is not a member of the Company, the proxy shall be an advocate or an approved company auditor or a person approved by the Registrar of Companies.
(c) To be valid this form duly completed must be deposited at the Company's Share Registrar's Office at Tricor Investor Services Sdn. Bhd., Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, not less than forty-eight (48) hours before the time for holding the meeting.
(d) A member shall be entitled to appoint more than one (1) proxy (subject always to a maximum of two (2) proxies at each meeting) to attend and vote at the same meeting.
(e) Where a member appoints more than one (1) proxy (subject always to a maximum of two (2) proxies at each meeting) the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
(f) If the appointer is a corporation, the Form of Proxy must be executed under its seal or under the hand of its attorney.
(g) Form of Proxy sent through facsimile transmission shall not be accepted.

(ii) Explanatory Note on Special Business

*** Resolution No. 6**

The proposed Ordinary Resolution 6, if passed, will empower the Directors of the Company to issue and allot not more than 10% of the issued share capital of the Company subject to the approvals of all the relevant governmental and/or other regulatory bodies and for such purposes as the Directors consider would be in the interest of the Company. This authorisation will, unless revoked or varied by the Company in a general meeting, expire at the next Annual General Meeting of the Company.

As at the date of this Notice, no new shares in the Company were issued pursuant to the authority granted to the Directors at the Eleventh Annual General Meeting held on 21 April 2011 and which will lapse at the conclusion of the Twelfth Annual General Meeting.

The authority will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital and/or acquisitions.

*** Resolution No. 7**

The proposed Ordinary Resolution 7, if passed, will empower the Directors of the Company to continue to purchase the Company's shares up to ten percent (10%) of the issued and paid-up share capital of the Company ("Proposed Share Buy-Back") by utilising the funds allocated which shall not exceed the total retained earnings and share premium account of the Company. Further information on the Proposed Renewal of the Share Buy-Back Authority is set out in the Share Buy-back Statement dated 2 April 2012 which is despatched together with Company's Annual Report 2011.

Corporate Information

BOARD OF DIRECTORS

Executive Chairman
Dato' Seri Mah King Thian @ Mah King Thiam

Managing Director
Dato' Mah King Seng

Executive Director
Tan Ah Seng

Independent & Non-Executive Directors
Chua Kim Yin
Chan Kam Leong
Choong Pak Wan

AUDIT COMMITTEE
Chua Kim Yin *(Chairman)*
Chan Kam Leong *(Member)*
Choong Pak Wan *(Member)*

EXECUTIVE COMMITTEE
Dato' Mah King Seng *(Chairman)*
Dato' Seri Mah King Thian
@ Mah King Thiam *(Member)*
Tan Ah Seng *(Member)*

REMUNERATION COMMITTEE
Dato' Seri Mah King Thian
@ Mah King Thiam *(Chairman)*
Chua Kim Yin *(Member)*
Chan Kam Leong *(Member)*

NOMINATION COMMITTEE
Chua Kim Yin *(Chairman)*
Chan Kam Leong *(Member)*
Choong Pak Wan *(Member)*

COMPANY SECRETARIES
Kang Shew Meng *(MAICSA 0778565)*
Seow Fei San *(MAICSA 7009732)*

REGISTERED OFFICE
Lot 70, Block 6, Prima Square
Mile 4, North Road,
90000 Sandakan, Sabah
Tel: 089-272773
Fax: 089-272772, 220881,
221494
E-mail: pa@cepatgroup.com
Website: www.cepatgroup.com

AUDITORS
Ernst & Young
16th Floor
Wisma Khoo Siak Chiew
Jalan Buli Sim Sim
90000 Sandakan, Sabah
Tel: 089-217266
Fax: 089-272002

SHARE REGISTRAR
Tricor Investor Services Sdn Bhd
Level 17, The Gardens North Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Tel: 03-22643883
Fax: 03-22821886

PRINCIPAL BANKERS
Alliance Bank Malaysia Berhad
AmBank (M) Berhad
Hong Leong Bank Berhad
Malayan Banking Berhad
RHB Bank Berhad
Public Bank Berhad

STOCK EXCHANGE LISTING
Bursa Malaysia Securities
Berhad

Profile of Board of Directors

DATO' SERI MAH KING THIAN @ MAH KING THIAM

Malaysian aged 49
Executive Director/Chairman

Dato' Seri Mah King Thian @ Mah King Thiam was appointed as a Director and Chairman of the Company on 27 October 2005 and 31 October 2005 respectively. He is also a member of the Executive Committee and the Chairman of the Remuneration Committee.

He graduated from Monash University, Australia with a Bachelor of Economics Degree, majoring in Accounting in 1986 and also a Bachelor of Laws Degree in 1987. He was subsequently admitted and enrolled as an Advocate and Solicitor of the High Court of Malaya in 1989. He is also a Fellow Member of Certified Practising Accountant Australia (FCPA). He is the Managing Director of MHC Plantations Bhd and a Director of Anson Oil Industries Berhad, both public companies, and also a Director of Behrang 2020 Sdn Bhd and several other private limited companies.

Dato' Seri Mah King Thian @ Mah King Thiam is deemed connected to MHC Plantations Bhd and Yew Lee Holdings Sdn. Berhad, two of the substantial shareholders of the Company. He is the younger brother of Dato' Mah King Seng, the Managing Director of the Company and has no conflict of interest with the Company. He has no conviction for offences within the past ten (10) years. He attended six Board Meetings held during the financial year.

DATO' MAH KING SENG

Malaysian aged 54
Managing Director

Dato' Mah King Seng was appointed as a Director and Managing Director of the Company on 27 October 2005 and 27 February 2008 respectively. He is the Chairman of the Executive Committee.

He graduated from University of Minnesota, United States of America with a degree in Agricultural Science in 1978. In 1980, he attended the Palm Oil Mill Engineer/Executive Training course on palm oil mill operations organised by the Malaysian Oil Palm Growers Council. He subsequently obtained his Bachelor of Laws Degree in 1985 from the University of Buckingham, United Kingdom and was admitted and enrolled as an Advocate and Solicitor of the High Court of Malaya in 1990. He is the Executive Chairman of MHC Plantations Berhad and a Director of Anson Oil Industries Berhad, both public companies, and also a Director of Behrang 2020 Sdn Bhd and several other private limited companies.

Dato' Mah King Seng is deemed connected to MHC Plantations Bhd and Yew Lee Holdings Sdn. Berhad, two of the substantial shareholders of the Company. He is the elder brother of Dato' Seri Mah King Thian @ Mah King Thiam, the Executive Director/Chairman of the Company and has no conflict of interest with the Company. He has no conviction for offences within the past ten (10) years. He attended six Board Meetings held during the financial year.

Profile of Board of Directors (cont'd)

TAN AH SENG
Malaysian aged 65
Executive Director

Mr. Tan Ah Seng was appointed as a Director of the Company on 21 July 2005. He is also a member of the Executive Committee.

He started his career as a laboratory assistant in the Entomology Division, Ministry of Agriculture in 1966. Then in 1967, he went for further education in Britannia Royal Naval College in United Kingdom. Upon returning from United Kingdom, he joined the Royal Malaysian Navy as Short Service Commission Officer for eight (8) years. He left the Royal Malaysian Navy and started his career in the plantation industry in 1975 with SOCFIN Company Berhad. In 1995, he attended the Corporate and Executive Development Course at Sundridge Park in United Kingdom. He has more than thirty (30) years of experience in the plantation industry.

He is a member of the Incorporated Society of Planters since 1975. Prior to joining the Company, he was the Plantation Controller of IOI Corporation Berhad for Sandakan Regional Office in Sabah.

He has no family relationship with any directors and/or major shareholders of the Company and has no conflict of interest with the Company. He has no conviction for offences within the past ten (10) years. He attended five Board Meetings held during the financial year.

CHUA KIM YIN (JP)
Malaysian aged 51
Independent Non-Executive Director

Mr. Chua Kim Yin was appointed as an Independent Non-Executive Director of the Company on 21 July 2005 and he is the Chairman of both the Audit Committee and Nomination Committee. He is also a member of the Remuneration Committee. Mr. Chua was appointed a Justice of The Peace (JP) by Yang Di-Pertua Negeri Sabah in September 1996.

He obtained his Bachelor of Economics (Accounting) in 1984 and Bachelor of Laws in 1986 from Monash University, Victoria, Australia. He was then admitted to practice as a Barrister and Solicitor of the Supreme Court of Victoria, Australia in 1987. A year later, he was admitted as an Advocate of the High Court in Borneo, in the State of Sabah. He is currently a partner in the legal firm, Messrs RCK & Co. in Kota Kinabalu, Sabah. He is also an Associate Member of Certified Practising Accountant Australia.

He has no family relationship with any directors and/or major shareholders of the Company and has no conflict of interest with the Company. He has no conviction for offences within the past ten (10) years. He attended five Board Meetings held during the financial year.

Profile of Board of Directors (cont'd)

CHAN KAM LEONG
Malaysian aged 72
Independent Non-Executive Director

Mr. Chan Kam Leong was appointed as an Independent Non-Executive Director of the Company on 2 May 2008. He is a member of the Audit Committee, Remuneration Committee and Nomination Committee.

He holds the qualifications of Bachelor of Science (Eng), Master of Science (Construction Management) and Professional Engineer, Malaysia as well as Chartered Engineer, United Kingdom (UK). He is also members of The Institution of Civil Engineers, UK, The Institution of Structural Engineers, UK, The Institution of Engineers, Malaysia (IEM) and The Association of Consulting Engineers, Malaysia.

He had three years working experience in Singapore and three and a half years working experience in London before founding K.L. Chan & Associates of which he is presently a partner. He has more than thirty one years of experience in civil and structural engineering consultancy. He was also the winner of the TAN SRI HJ. YUSOFF PRIZE in 2007 for publishing an outstanding paper in the IEM Journal.

He is a Director of MHC Plantations Berhad, a company listed on the Bursa Malaysia Securities Berhad.

He has no family relationship with any directors and/or major shareholders of the Company and has no conflict of interest with the Company. He has no conviction for offences within the past ten (10) years. He attended six Board Meetings held during the financial year.

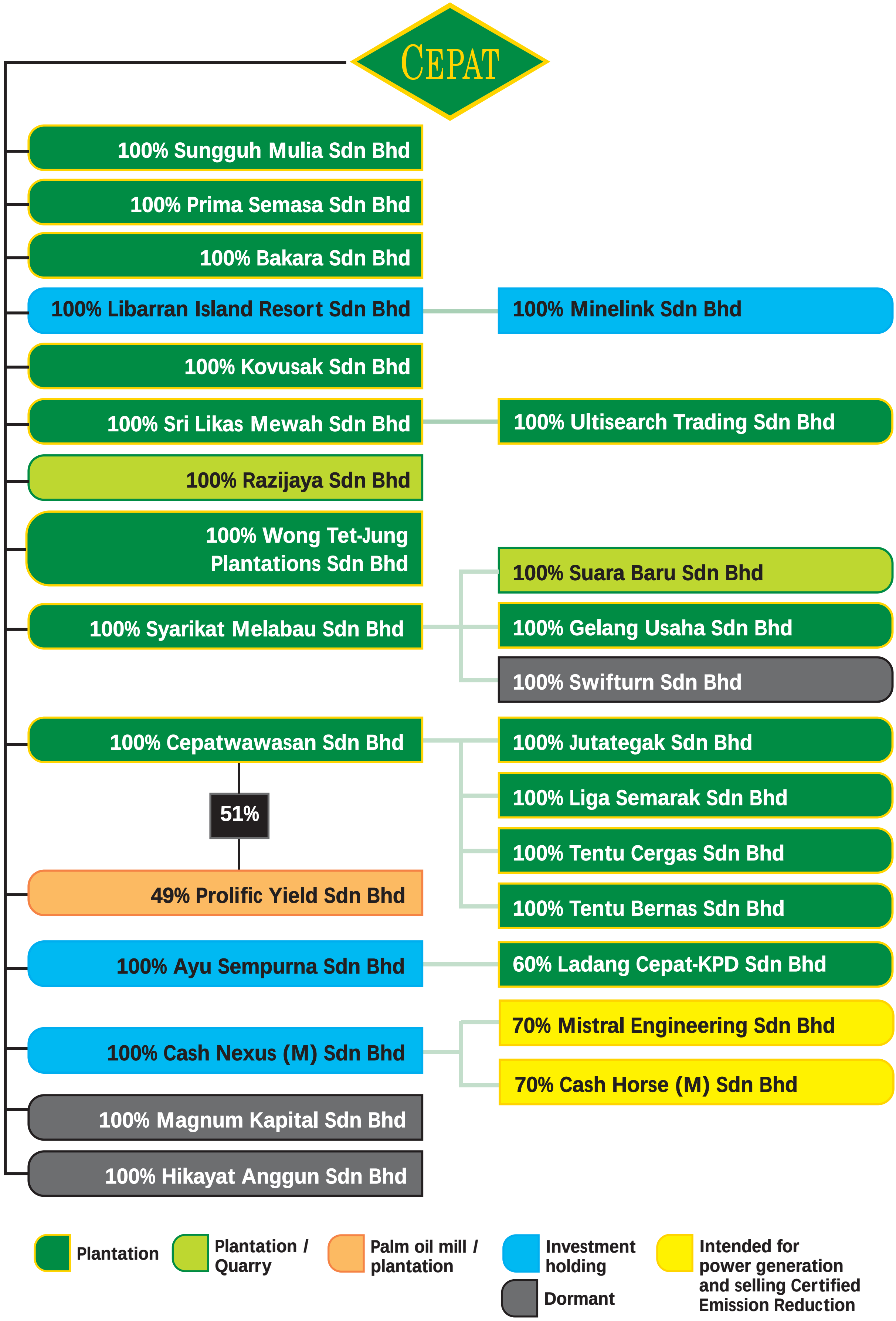
CHONG PAK WAN
Malaysian aged 68
Independent Non-Executive Director

Mr. Choong Pak Wan was appointed as an Independent Non-Executive Director of the Company on 25 February 2009. He is a member of the Audit Committee and Nomination Committee.

He is a Project Director in an established architect firm in Ipoh. He has more than 40 years experience in the property development and construction industries, mainly in development planning, project feasibility study and implementation. . He also acts as adviser and is a director in various development companies namely AI Archi-Management Sdn Bhd, MC Square Sdn Bhd, CNT Builders Sdn Bhd and Simpulai Land Sdn Bhd.

He has no family relationship with any directors and/or major shareholders of the Company and has no conflict of interest with the Company. He has no conviction for offences within the past ten (10) years. He attended six Board Meetings held during the financial year.

Group Structure



Chairman's Statement

On behalf of the Board of Directors, it is my pleasure to present to you the Annual Report of the Company and its subsidiaries ("Group") for the financial year ended 31 December 2011.

Group's Performance

The Group recorded revenue of RM 290.27 million and profit before tax of RM 62.20 million in 2011 as compared to RM 231.82 million and 35.28 million respectively in 2010. Profit after tax has increased by almost 80% to RM 46.4 million from RM 25.87 million in 2010. As a consequence, the Group's net earnings per share has increased from 7.91 sen to 14.14 sen and net tangible assets per share attributable to ordinary equity holders of the parent from 172 sen to 190 sen.

These increases in revenue and profit after tax were mainly due to the increases in the average prices of Crude Palm Oil ("CPO") and Palm Kernel ("PK") and a 15% increase in the production of Fresh Fruit Bunches ("FFB") .

The Group produced 148,451 Metric Tonnes ("MT") of FFB at an average yield of 19.45 MT per hectare in 2011 as compared to 128,520 MT at an average yield of 16.84 MT per hectare in 2010. This includes production from the newly matured area of about 1,939 hectares in Paitan, Sabah.

The Group's Palm Oil Mill produced 71,333 MT of CPO at an average Oil Extraction Rate of 20.49% and 16,688 MT of PK at an average Kernel Extraction Rate of 4.79%. In 2011, CPO was sold at an average price of RM 3,200 per MT whereas PK was sold at an average price of RM2,150 per MT.

Dividend

On 29 November 2011, the Group declared a first interim tax exempt (single-tier) dividend of 2% on 205,978,615 ordinary shares (excluding 9,478,300 treasury shares) in respect of the financial year ended 31 December 2011 amounting to RM4,119,572, which was fully paid on 22 December 2011.

At the forthcoming Annual General Meeting, a final tax exempt (single-tier) dividend in respect of the financial year ended 31 December 2011 of 1.5% on 308,967,910 ordinary shares amounting to a dividend payable of RM 4,634,519 will be proposed for your approval.

Prospects

The average CPO price in 2011 increased by about 20% to RM 3,200 per MT from RM 2,700 per MT in 2010.

During the second half of 2011, CPO prices started to ease to around RM 2,800 per MT due to rising supply and uncertainty from the eurozone crisis. However, towards the end of 2011, prices increased to above RM 3,000 per MT due to adverse weather affecting supply.

Average CPO price in 2012 is expected to continue above RM 3,000 per MT as most analysts believe that crude oil supplies will remain tight and oil prices continue to remain firm.

Thus, barring any unforeseen circumstances, the Group expects higher profit in 2012 as it strives to maintain a low operating cost and gearing. Moreover, about 25% of the Group's total planted area, which matured in 2008 and 2009, will significantly enhance the Group's FFB production in 2012.

The Group also expects positive contributions from its bio-renewable electricity projects after 2012.

Chairman's Statement (cont'd)

Corporate Social Responsibility ("CSR")

As part of its CSR, the Group has constructed a Mosque at Prima Semasa Estate in Paitan, Sabah. Completed in December 2011 on a 0.5 acre site at a total cost of around RM 200,000 , Masjid Prima Semasa as it is known will provide the Muslim community living around the area a convenient place for worship.

The Group will also construct on a "gotong royong" basis with the local community at Kampung Marak Parak, Kota Merudu, a hostel that can accommodate 40 to 50 students. The purpose of this project is to facilitate underprivileged village children living far away to attend school by staying at the hostel during the school days.

Mosque at Prima Semasa Estate

Acknowledgement

I wish to express my gratitude to our Management and Staff for their dedicated services and contributions throughout the year.

To all our valued suppliers, customers, bankers, business associates and advisers, thank you very much for your loyalty and commitment.

And finally, to all our shareholders, please accept my heartfelt thanks for your unwavering and continuous support. May I wish you all a very successful and prosperous year ahead.

Dato' Seri Mah King Thian @ Mah King Thiam
Executive Chairman

Corporate Governance Statement

The Board of Directors (the 'Board') of Cepatwawasan Group Berhad (the 'Company') is pleased to report on the manner in which the Company has applied the principles and the extent of compliance with the Best Practices of Corporate Governance as contained in the Malaysian Code on Corporate Governance pursuant to paragraph 15.25 of Main Market Listing Requirements of Bursa Malaysia Securities Berhad ('Listing Requirements').

The Board recognises that the exercise of good Corporate Governance is a pre-requisite towards the continuing success of the Company as well as safeguarding and enhancing shareholders' value and protecting the interest of other stakeholders.

1. Directors

1.1 Board Composition

The Board currently consists of six Directors as at the date of this report:-

Executive Director/Chairman
Dato' Seri Mah King Thian @ Mah King Thiam

Managing Director
Dato' Mah King Seng

Executive Director
Mr Tan Ah Seng

Independent Non-Executive Directors
Mr Chua Kim Yin
Mr Chan Kam Leong
Mr Choong Pak Wan

The Chairman, Managing Director and Executive Director have many years of experience in the operations of plantations and palm oil mill. The Non-Executive Directors have extensive experience in commercial and corporate finance. The Independent Directors are actively involved in the Board Meetings and the meetings of the various Board Committees and provide unbiased and independent judgement into all deliberations.

The roles of the Chairman, the Managing Director and the Executive Director are separate and each has a clearly accepted division of responsibilities to ensure a balance of power and authority. The Chairman is primarily responsible for the orderly conduct and working of the Board while the Managing Director has overall responsibilities in the implementation of Board policies and decisions. The Executive Director is primarily responsible for some of the Group's day-to-day operations.

The Company has complied with the requirement of paragraph 15.02 of the Listing Requirements whereby half of the Board of Directors are Independent Non-Executive Directors.

Corporate Governance Statement (cont'd)

1. Directors (cont'd)

1.1 Board Composition (cont'd)

The Board held six (6) Board Meetings during the financial year. The details of attendance of each individual Director are as follows:-

Name	Meetings attended
Dato' Seri Mah King Thian @ Mah King Thiam	6/6
Dato' Mah King Seng	6/6
Tan Ah Seng	5/6
Chua Kim Yin	5/6
Chan Kam Leong	6/6
Choong Pak Wan	6/6

1.2 Principal responsibility of the Board

The Board assumes full responsibility for the operations of the Group. In discharging their responsibility, the Board considers all aspects of the operations of the Group and in particular the following areas:

- Reviewing and adopting a strategic business plan for the Group.
- Overseeing the conduct of the business of the Group.
- Identifying and putting in place systems to manage any principal risk.
- Succession planning for senior management.
- Developing and implementing investor relations programme or shareholder communications policy.
- Reviewing internal control and management information systems.

The Board has a formal schedule of matters reserved to itself, which includes the overall Group business strategy, acquisition or divestment policy, approval of major capital expenditure, consideration of significant financial matters and it reviews the financial and operating performance of the Group.

1.3 Supply of information

In carrying out their duties, the Directors have complete access to all staff for information pertaining to the Group's affairs. The Directors also have full access to advice and services of the Company Secretary. Where necessary, the Directors engage independent professional for advice at the Group's expense to enable them to discharge their duties with full knowledge of the cause and effect.

1.4 Appointment and Re-election of Directors

The Articles of Association of the Company requires that all Directors shall be subject to election by shareholders at the first opportunity after their appointment and that at least one third (1/3) or the number nearest to one third (1/3) of the Directors, be subject to re-election thereafter by rotation once at least in every three (3) years at the Annual General Meeting.

1. Directors (cont'd)

1.5 Committee of Directors

The Company has established four Committee of Directors ('Committees') to assist in the performance of certain duties of the Board under specific terms of reference. Three (3) of the Committees are composed of a majority of Non-Executive Directors. The Board considers that the mix of commercial experience from the Non-Executive Directors will complement the Executive Directors and create an effective Board.

The Committees established are as follows:

(i) Audit Committee

The role of the Audit Committee is to support the Board of Directors in overseeing the processes for production of the financial data, reviewing the financial reports and the internal controls of the Company. The composition and terms of reference of this Committee together with its report are presented on pages 21 to 25 of the Annual Report.

(ii) Nomination Committee

The functions of the Nomination Committee are as follows:

- Recommend to the Board the candidates for all directorships to be filled by the shareholders or the Board.
- Recommend to the Board the Directors to fill the seats on Committees of Directors.
- Review the required mix of skills and experience and other qualities including core competencies which Non-Executives should bring to the Board.
- Assess the effectiveness of the Board as a whole, the Committees of Directors and the contribution of each Director.

(iii) Remuneration Committee

The functions of the Remuneration Committee are as follows:

- To recommend to the Board the remuneration packages of the Executive Directors of the Company.

1. Directors (cont'd)

1.5 Committee of Directors (cont'd)

(iv) Executive Committee ("EXCO")

The EXCO is entrusted with the responsibility of carrying out tasks which are assigned to it by the Board. The EXCO acts on behalf of the Board on matters concerning administrations, operations, capital expenditure, debt approvals and investments. It meets at regular intervals to review and decide on administrative and operational matters, budgets and investment strategies of the Group.

2. Directors' Remuneration

2.1 The Level and Make-up of Remuneration

The Remuneration Committee provides remuneration packages which are sufficient and necessary to attract, retain and motivate Executive Directors to run the Company. The remuneration of Non-Executive Directors is linked to their experience and level of responsibilities undertaken by them.

2.2 Procedures

The Remuneration Committee consists of three members, the majority of whom are Independent Non-Executive Directors. The Committee is responsible for setting up a policy framework for all elements of remuneration such as reward structure, fringe benefits and other terms of employment of the Executive Directors.

2.3 Disclosure

The aggregate remuneration paid or payable to all Directors of the Company for the financial year ended 31 December 2011 are as follows:-

	Fees RM	Emoluments RM	EPF RM	Total RM
Executive Directors	-	1,603,125	192,387	1,795,512
Non-Executive Directors	120,000	-	-	120,000
Total	120,000	1,603,125	192,387	1,915,512

2. Directors' Remuneration (cont'd)

2.3 Disclosure (cont'd)

The number of Directors whose total remuneration falls within the following range are as follows:

Range of Remuneration	Executive Directors	Non-Executive Directors
Below RM50,000	-	3
RM200,001 to RM250,000	1	-
RM650,001 to RM700,000	2	-

3. Directors' Training

All the Directors have undergone the Mandatory Accreditation Programme (MAP). The Directors have complied with Practice Note 15/2003 (now repealed) and have all obtained the requisite Continuing Education Programme (CEP) points. The Directors will continue to undergo training and other relevant programmes to further enhance their skills and knowledge where relevant.

During the financial year ended 31 December 2011, the following training programmes and seminars were attended by the Directors:

- Sustainability Programme for Corporate Malaysia – Plantation Sector;
- National Seminar on Biogas and Palm Oil Mill Effluent Treatment; and
- Guide to disclosure by directors & secretarial practice issue.

4. Shareholders

4.1 Dialogue between Companies and Investors

The annual report, quarterly reports and various mandatory announcements are the main channel of information by the Company of its financial performance, operations and corporate developments.

The Company's website at www.cepatgroup.com contains vital information concerning the Group which is updated on a regular basis and shareholders are able to put questions to the Company through the website.

The Board considers it essential that investors are kept informed of all the latest financial result and developments of the Company and where appropriate, will provide disclosure that is in the best interest of the Company and also of the shareholders. All such reporting information can be obtained from the websites of the Company and Bursa Malaysia Securities Berhad.

4. Shareholders (cont'd)

4.2 The Annual General Meeting

The Annual General Meeting is an important event for the Company as the Board has the opportunity to have a dialogue with the shareholders to present the results and performance of the Group and to address all questions that may arise. Suggestions and comments by shareholders will be noted by the Board for consideration.

5. Corporate Social Responsibilities

As part of its CSR, the Group has constructed a Mosque at Prima Semasa Estate in Paitan, Sabah. Completed in December 2011 on a 0.5 acre site at a total cost of around RM 200,000 , Masjid Prima Semasa as it is known will provide the Muslim community living around the area a convenient place for worship.

The Group will also construct on a "gotong royong" basis with the local community at Kampung Marak Parak, Kota Merudu, a hostel that can accommodate 40 to 50 students. The purpose of this project is to facilitate underprivileged village children living far away to attend school by staying at the hostel during the school days.

6 Financial Reporting

The financial statements of the Company are drawn up in compliance with the provisions of the Companies Act, 1965 and the applicable Financial Reporting Standards in Malaysia. The Board is responsible to ensure that the financial statements of the Company give a true and fair view of the state of affairs of the Company. Accordingly, the Board has prepared the statement of responsibility for the preparation of the annual audited financial statements on page 20.

The quarterly and annual financial statements are reviewed by the Audit Committee and subsequently by the Board, prior to release for announcement to Bursa Malaysia Securities Berhad.

7. Internal Control

The Directors acknowledge their responsibility to maintain a system of internal control for the Group including risk assessment and risk management to ensure that the operations of the Group are run effectively and efficiently, the proper financial and corporate compliance controls are in place and the assets of the Group are safeguarded so as to protect shareholders' investment. The Group's system of internal control can only provide reasonable but not absolute assurance against material misstatements, fraud or loss.

The Board has prepared the statement on internal control, which can be found on page 26 and 27.

8. Relationship with Auditors

The Company has always maintained a formal and transparent relationship with its auditors.

The role of the Audit Committee in relation to the external auditors is set out in the Report of Audit Committee on pages 21 to 25.

9. Compliance Statement

The Company has complied with the Best Practices of Corporate Governance as contained in the Malaysian Code on Corporate Governance except for the following minor exceptions that, in the opinion of the Directors, adequately suits the circumstances:

- Disclosure of remuneration is not made in detail for each Director. However, the remuneration paid is disclosed in aggregates of the categories of remuneration and, in compliance with the Listing Requirements, is analysed into bands of RM50,000.

10. Additional Compliance Information

In compliance with the Listing Requirements, the following additional information is provided:-

10.1 Utilisation of Proceeds

This was not applicable during the financial year.

10.2 Share Buybacks

During the financial year, the Company purchased 5,477,300 Shares and all the purchases were made in March 2011 and November 2011. The relevant price details are as follow:

Highest price paid	:	RM1.49
Lowest price paid	:	RM1.14
Average price paid	:	RM1.28
Total consideration paid	:	RM6,963,012.00 (excluding transaction cost)

As at 31 December 2011, all the purchased shares were retained as treasury shares and there was no resale or cancellation of these purchased shares.

10.3 Options, Warrants or Convertible Securities

There are no options, warrants or convertible securities exercised in respect of the financial year under review.

10.4 American Deposit Receipt ('ADR') or Global Deposit Receipt ('GDR') Programme

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

10. Additional Compliance Information (cont'd)

10.5 Imposition of Sanctions/Penalties

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by the relevant authorities.

10.6 Non-Audit Fees

No non-audit fees were paid to the external auditors in respect of the financial year.

10.7 Profit Estimate, Forecast or Projection

No material variance arose between the audited results for the financial year and the unaudited results previously announced. There were no profit estimates, forecasts or projections for the financial year ended 31 December 2011.

10.8 Profit Guarantee

No profit guarantee was given by the Company in respect of the financial year.

10.9 Material Contracts

There were no material contracts entered into by the Company and its subsidiaries involving Directors and substantial shareholders either subsisting at the end of the financial year ended 31 December 2011 or entered into since the previous financial year except for those disclosed under related party transactions on pages 92.

10.10 Recurrent Related Party Transactions

There are no recurrent related party transactions transacted by the Company and its subsidiaries.

Statement of Directors' Responsibility for Preparing the Financial Statements

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

In preparing the financial statements, the Directors have:

- selected appropriate accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent; and
- stated whether applicable accounting standards have been followed and made a statement to the effect in the financial statements, subject to any material departures being disclosed and explained in the financial statements.

The Directors are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy at any time the financial position of the Company and Group and to enable them to ensure that the financial statements comply with the provisions of the Companies Act, 1965 and the applicable approved accounting standards in Malaysia. They are responsible for taking reasonable steps to safeguard the assets of the Company and Group, for the prevention and detection of fraud and other irregularities.

Audit Committee Report

COMMITTEE MEMBERS

The members of the Audit Committee as at the date of this report are as follows:

Chairman
Mr. Chua Kim Yin
(Independent Non-Executive Director)

Committee Members
Mr. Chan Kam Leong
(Independent Non-Executive Director)
Mr. Choong Pak Wan
(Independent Non-Executive Director)

TERMS OF REFERENCE

1. Composition

1.1 The Committee shall comprise of at least three directors who must be Non-Executive Director and a majority of whom are independent directors. There shall be at least one member who is:

(a) a member of the Malaysian Institute of Accountants, or

(b) otherwise, he shall have at least 3 years' working experience and
(i) he shall have passed the examinations specified in Part 1 of the First Schedule of the Accountants Act 1967; or
(ii) he shall be a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act 1967; or

(c) he fulfils such other requirements as prescribed or approved by the Exchange.

1.2 The members of the audit committee shall elect a Chairman from among their number who shall be an independent director.

1.3 No alternate director, Managing Director or Executive Director shall be appointed as a member of the Audit Committee.

1.4 Any vacancy in the Audit Committee resulting in the non-compliance of the above, shall be filled within three months.

2. Authority

The audit committee shall:

(a) have the authority to investigate any activity of the Group within its terms of reference;

(b) have resources which are required to perform its duties;

(c) have full and unrestricted access to the Group's information;

(d) have direct communication channels with the external auditors, internal auditors and all employees of the Group;

(e) be able to obtain independent professional or other advice; and

(f) be able to convene meetings with the external auditors, the internal auditors or both (excluding the executive directors and employees), if necessary.

3. Functions

The audit committee is to:

3.1 Review the following and report the same to the board of directors:

a) with the external auditors:

i) the external audit plan,
ii) the evaluation of the system of internal controls; and
iii) the external audit report.

b) adequacy of the scope, functions, competency and resources of the internal audit functions;

c) the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken;

d) the quarterly financial reports and year end financial statements, prior to the approval by the board of directors;

e) any related party transactions and conflict of interest situation that may arise within the Group;

f) letter of resignation from the external auditors, if any; and

g) whether there is any reason (supported by grounds) to believe that the external auditors is not suitable for reappointment.

Audit Committee Report (cont'd)

3. Functions (cont'd)

3.2 Consider the nomination of external auditors.

3.3 Review the scope of audit and general extent of the external auditor.

3.4 Review the Company's general policies and procedures.

3.5 Discuss with the external auditors any relevant recommendations in their letter of comments.

3.6 Evaluate the cooperation received by the external auditors during their examination.

3.7 Review the scope and results of the internal audit procedures.

4. Quorum and Attendance of Meetings

4.1 The quorum of meetings of the Committee shall be majority of the members who are Independent Directors.

4.2 Members of the audit committee are to be present at all meetings. If necessary or desirable, the chairman may request that members of management, the head of internal audit and representatives of the external auditors be present at meetings of the Committee.

4.3 The Company Secretary or his/her representative shall be the secretary of the Audit Committee.

5. Frequency of Meetings and Minutes

5.1 The Audit Committee is to meet at least four times per year.

5.2 At least twice a year, the Committee shall meet with the external auditors, the internal auditors or both without the presence of any executives of the Company.

5.3 Minutes of each Audit Committee meeting are to be made available to the Board of Directors.

Audit Committee Report (cont'd)

MEETINGS

The Audit Committee members held four (4) meetings during the financial year ended 31 December 2011.

The attendance of the members at the Audit Committee meetings is as follows:

Member	Meetings attended
Chua Kim Yin	4/4
Chan Kam Leong	4/4
Choong Pak Wan	4/4

Members of the senior management were invited to attend these meetings as and when necessary. The external auditors have also attended the meetings by invitation.

ACTIVITIES

The summary of the activities of the Audit Committee in the discharge of its duties and responsibilities for the financial year included the following:-

(i) Reviewed the scope of work and audit plan of the external auditors.

(ii) Reviewed, with the external auditors, the results of their audit, the audit report and internal control recommendations in respect of improvements in the internal control procedures noted in the course of their audit.

(iii) Reviewed the adequacy of the internal audit scope and plan, and the findings identified by the internal audit function.

(iv) Reviewed the necessity and need for special audit.

(v) Reviewed the annual report and the audited financial statements of the Company prior to submission to the Board for their consideration and approval. The review was to ensure that the audited financial statements were drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards issued by the Malaysian Accounting Standards Board.

(vi) Reviewed the compliance of the Company with the Revamped Listing Requirements of the Bursa Malaysia Securities Berhad and the applicable approved accounting standards issued by the Malaysian Accounting Standards Board.

(vii) Reviewed the unaudited quarterly Group results before recommending to the Board for approval for announcement to Bursa Malaysia Securities Berhad.

(viii) Reviewed the related party transactions entered into by the Group.

(ix) Reviewed and recommended to the Board the re-appointment of external auditors and their audit fees.

Audit Committee Report (cont'd)

ACTIVITIES (cont'd)

(iv) Reviewed the necessity and need for special audit.

(v) Reviewed the annual report and the audited financial statements of the Company prior to submission to the Board for their consideration and approval. The review was to ensure that the audited financial statements were drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards issued by the Malaysian Accounting Standards Board.

(vi) Reviewed the compliance of the Company with the Revamped Listing Requirements of the Bursa Malaysia Securities Berhad and the applicable approved accounting standards issued by the Malaysian Accounting Standards Board.

(vii) Reviewed the unaudited quarterly Group results before recommending to the Board for approval for announcement to Bursa Malaysia Securities Berhad.

(viii) Reviewed the related party transactions entered into by the Group.

(ix) Reviewed and recommended to the Board the re-appointment of external auditors and their audit fees.

(x) Reviewed the status of compliance of the Company with the Malaysian Code on Corporate Governance for the purpose of issuing the Corporate Governance Statement pursuant to the requirement of paragraph 15.25 of Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

INTERNAL AUDIT FUNCTION

The Group outsourced its internal audit function. The role of the internal audit function, which reports directly to the Audit Committee, is to support the Audit Committee by providing it with independent and objective reports on the adequacy and effectiveness of the system of internal control and the extent of compliance with the procedures and by recommending ways to rectify shortfall and improve the existing control environment in relation to the Group's operations. It submits its findings and recommendations to the Audit Committee and senior management of the Group.

Two internal audits had been performed during the financial year under review. The internal audit activities carried out for the financial year include, inter alia, the following:

- Fertiliser application and monthly reporting;
- Estate payroll and job contracting;
- Procurement of engineering spares, repair and maintenance procedures;
- Estate field upkeep and frond stacking; and
- Harvesting of FFB and Ganoderma management.

The audit report incorporating the internal auditors' findings and recommendations with regard to the system operations and control weaknesses noted in the course of their audit and the management's responses thereto were subsequently submitted to the Audit Committee.

Statement on Internal Control

BOARD'S RESPONSIBILITY

The Board acknowledges its responsibility for establishing an efficient and effective system of internal control covering not only financial controls but also controls relating to operational, compliance and risk management to safeguard shareholders' value and the Group's assets. There is an on-going review process by the Board to ensure its adequacy and integrity of the system.

In view of the limitations that are inherent in any system of internal control, this system is designed to manage, rather than eliminate the risk of failure to achieve corporate objectives. Accordingly, the system can only provide reasonable but not absolute assurance against material misstatement, operational failures, fraud or loss.

RISK MANAGEMENT FRAMEWORK AND CONTROL SELF-ASSESSMENT

The Management has reviewed the Group's internal control system and formalised the risk management practices to comply with the Malaysian Code on Corporate Governance ("the Code"). In consequence, a formal risk management framework has been established to ensure that structured and consistent approach and methods are practised in the on-going process of identifying and assessing various critical risks that are considered likely to affect the profitable operation of the business units in the Group. The Board is supported by the Group Risk Management Committee that comprises the Executive Chairman, Managing Director, Executive Director and senior management in overseeing the risk management efforts within the Group.

The Management has worked within the approved and adopted framework for principal risks affecting the Group's strategic business objectives throughout the year. Additional reviews will be carried out as and when required annually.

The on-going implementation is monitored by the Management and is reported quarterly to the Board.

INTERNAL AUDIT FUNCTION

The Board recognised that effective monitoring on a continuous basis is a vital component of a sound internal control system. In this respect, the Board through the Audit Committee regularly receives and review reports on internal control from its internal audit function.

The internal audit function is outsourced to KPMG and Pantropical Agricultural Services (Pantropas) Sdn. Bhd. which reports directly to the Audit Committee. The scope of work covered by the internal audit function is determined by the Audit Committee after careful consideration and discussion of the audit plan with the Board. The costs incurred for the internal audit function for the financial year ended 31 December 2011 were RM58,428.

OTHER KEY ELEMENTS OF INTERNAL CONTROL

Other key elements of the Group's internal control are as follows:

i. BOARD MEETINGS

The Board meets at least quarterly and has a formal agenda on matters for discussion. The Chairman, together with the Executive Director, leads the presentations of board papers and provides comprehensive explanation of pertinent issues. The Board is also kept updated on the Company's and the Group's activities and operations on a regular basis including any material issues.

ii. ORGANISATIONAL STRUCTURE

The Group's organisational structure is formed with formally defined reporting lines and authorities to facilitate quick response to changes in the evolving business environment and accountability for operational performance.

To identify, discuss and resolve business and operational issues, weekly management meetings at head office as well as scheduled meetings at operation sites are held. The EXCO is aware of the significant issues identified in those meetings, and when necessary the EXCO shall be involved in resolving those issues. The Group has been restructured in such a way that duties are properly segregated to ensure safe custody of the Group's assets and to provide clear and transparent reporting lines.

iii. PERFORMANCE MANAGEMENT FRAME WORK

Management reports are generated on a monthly basis to facilitate the Board's review of the Group's financial and operating performance. The review covers areas such as financial and non-financial key performance indicators and variances between budget and operating results.

The Board has reviewed and approved the Group's budget for the next financial year. The budgeting process involves the preparation of budgets by individual operating units, which are then reviewed and approved at management level and ultimately by the Board. The Management will monitor the actual performance against the Group's budget on a monthly basis. Significant variances are identified, investigated and reported.

WEAKNESS IN INTERNAL CONTROL

There were no material internal control failures nor have any of the reported weaknesses resulted in material losses or contingencies during the financial year.

Directors' Report

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2011.

Principal activities

The principal activities of the Company are investment holding and provision of management services to its subsidiary companies.

The principal activities of the subsidiary companies are stated in Note 19 to the financial statements.

There have been no significant changes in the nature of the principal activities during the financial year.

Results

	Group RM'000	Company RM'000
Profit net of tax	46,429	105,221
Profit attributable to:		
Owners of the parent	43,916	105,221
Non-controlling interests	2,513	-
	46,429	105,221

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

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

Directors' Report (cont'd)

Dividends

The amounts of dividends paid by the Company since 31 December 2010 were as follows:

	RM'000
In respect of the financial year ended 31 December 2010 as reported in the Directors' report of that year:	
Final tax exempt (single-tier) dividend of 2% on 207,478,615 ordinary shares (excluding 7,978,300 treasury shares), declared on 27 April 2011 and paid on 25 May 2011	4,150
In respect of the financial year ended 31 December 2011:	
First interim tax exempt (single-tier) dividend of 2% on 205,978,615 ordinary shares (excluding 9,478,300 treasury shares), declared on 29 November 2011 and paid on 22 December 2011	4,119
	8,269

At the forthcoming Annual General Meeting, a final tax exempt (single-tier) dividend in respect of the financial year ended 31 December 2011, of 1.5% on 308,967,910 ordinary shares, amounting to a dividend payable of RM4,634,519 (1.5 sen per ordinary share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2012.

Directors

The names of the Directors of the Company in office since the date of the last report and at the date of this report are:

Dato' Seri Mah King Thian @ Mah King Thiam
Dato' Mah King Seng
Tan Ah Seng
Chua Kim Yin
Chan Kam Leong
Choong Pak Wan

Directors' benefits

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the Directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors or the fixed salary of a full-time employee of the Company as shown in Note 10 to the financial statements) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest other than as disclosed in Note 30 to the financial statements.

Directors' interests

According to the register of Directors' shareholdings, the interests of Directors in office at the end of the financial year in shares in the Company during the financial year were as follows:

	Number of ordinary shares of RM1 Each			
	1.1.2011	**Acquired**	**Sold**	**31.12.2011**
Name of director				
Direct interest:				
Tan Ah Seng	100	-	-	100
Choong Pak Wan	10,000	-	-	10,000
Indirect interest:				
Dato' Seri Mah King Thian @ Mah King Thiam	78,265,800	955,000	-	79,220,800
Dato' Mah King Seng	78,265,800	955,000	-	79,220,800

Dato' Seri Mah King Thian @ Mah King Thiam and Dato' Mah King Seng by virtue of their interests in shares in the Company are also deemed interested in shares of all the Company's subsidiaries to the extent the Company has an interest.

None of the other Directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

Directors' Report (cont'd)

Treasury shares

During the financial year, the Company repurchased 5,477,300 of its issued ordinary shares from open market at an average price of RM1.28 per share. The total consideration paid for the repurchase including transaction costs was RM6,987,590.

As at 31 December 2011, the Company held as treasury shares a total of 9,478,300 of its 215,456,915 issued ordinary shares. Such treasury shares are held at a carrying amount of RM11,096,194 and further relevant details are disclosed in Note 28 to the financial statements.

Other statutory information

(a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:

   (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

   (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the Directors are not aware of any circumstances which would render:

   (i) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and

   (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

(c) At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

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

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

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

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

(f) In the opinion of the Directors:

(i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

Significant events

In addition to the significant events disclosed elsewhere in this report, other significant events are disclosed in Note 2 to the financial statements.

Subsequent event

Detail of subsequent event is disclosed in Note 36 to the financial statements.

Auditors

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 12 March 2012.

DATO' SERI MAH KING THIAN @ MAH KING THIAM **TAN AH SENG**

Statement by Directors

Pursuant to Section 169(15) of the Companies Act, 1965

We, DATO' SERI MAH KING THIAN @ MAH KING THIAM and TAN AH SENG, being two of the Directors of CEPATWAWASAN GROUP BERHAD, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 36 to 102 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 financial position of the Group and of the Company as at 31 December 2011 and of their financial performance and cash flows for the year then ended.

The information set out in Note 38 to the financial statements have been prepared in accordance with the 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.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 12 March 2012.

DATO' SERI MAH KING THIAN @ MAH KING THIAM **TAN AH SENG**

Statutory Declaration

Pursuant to Section 169(16) of the Companies Act, 1965

I, NOK CHUNG YUAN, being the Officer primarily responsible for the financial management of CEPATWAWASAN GROUP BERHAD, do solemnly and sincerely declare that the accompanying financial statements set out on pages 36 to 102 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared
by the abovenamed NOK CHUNG
YUAN at Sandakan in the State of
Sabah on 12 March 2012

NOK CHUNG YUAN

Before me,

HAMSAH BINTI HJ. MOHD. TAHA
Commissioner for Oaths (No. S-029)

Independent Auditors' Report to the Members of
CEPATWAWASAN GROUP BERHAD (Incorporated in Malaysia)

Report on the financial statements

We have audited the financial statements of Cepatwawasan Group Berhad, which comprise statements of the 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 year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 36 to 102.

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 are 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 the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements 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 at 31 December 2011 and of their financial performance and cash flows for the year then ended.

Independent Auditors' Report to the Members of
CEPATWAWASAN GROUP BERHAD (Incorporated in Malaysia) (cont'd)

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

(c) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

Other reporting responsibilities

The supplementary information set out in Note 38 on page 102 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other matters

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

Ernst & Young
AF: 0039
Chartered Accountants

Chin Mui Khiong Peter
1881/03/14(J)
Chartered Accountant

Kuching, Malaysia
12 March 2012

Statements of Comprehensive Income

For the financial year ended 31 December 2011

	Note	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Revenue	4	290,186	231,816	109,196	7,326
Cost of sales		(217,894)	(185,561)	-	-
Gross profit		72,292	46,255	109,196	7,326
Other items of income					
Interest income	5	841	582	763	730
Other income	6	1,214	1,316	-	-
Other items of expense					
Marketing and distribution costs		(4,926)	(4,041)	-	-
Administrative expenses		(6,654)	(8,063)	(2,687)	(3,360)
Finance costs	7	(567)	(772)	(713)	(722)
Profit before tax	8	62,200	35,277	106,559	3,974
Income tax expense	11	(15,771)	(9,409)	(1,338)	(692)
Profit net of tax		46,429	25,868	105,221	3,282
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		46,429	25,868	105,221	3,282
Profit/total comprehensive income attributable to:					
Owners of the parent		43,916	24,883	105,221	3,282
Non-controlling interests		2,513	985	-	-
		46,429	25,868	105,221	3,282
Earnings per share attributable to owners of the parent (sen per share):					
- Basic	12	14.12	7.91		
- Diluted	12	14.12	7.91		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Financial Position

As at 31 December 2011

	Note	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	14	164,896	137,415	2,961	2,881
Biological assets	15	151,876	151,021	-	-
Investment properties	16	20,279	20,279	-	-
Intangible assets	17	92,088	92,088	-	-
Land use rights	18	2,106	2,134	-	-
Investments in subsidiaries	19	-	-	229,458	229,458
Deferred tax assets	20	2,191	2,312	-	-
Other receivables	21	8,697	2,705	-	-
		442,133	407,954	232,419	232,339
Current assets					
Inventories	22	18,606	9,245	-	-
Trade and other receivables	21	16,559	14,806	116,185	90,320
Tax recoverable		99	257	62	107
Short term investments	23	11,168	6,259	-	-
Cash and bank balances	24	33,234	37,229	2,315	499
		79,666	67,796	118,562	90,926
Total assets		521,799	475,750	350,981	323,265
EQUITY AND LIABILITIES					
Current liabilities					
Loans and borrowings	25	3,081	2,946	-	-
Trade and other payables	26	22,199	24,297	18,235	80,449
Income tax payable		2,028	2,237	-	-
		27,308	29,480	18,235	80,449
Net current assets		52,358	38,316	100,327	10,477

Statements of Financial Position
As at 31 December 2011 (cont'd)

	Note	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Non-current liabilities					
Deferred tax liabilities	20	45,880	45,585	5	40
Loans and borrowings	25	38,849	21,496	-	-
Lease rental payable	27	267	267	-	-
		84,996	67,348	5	40
Total liabilities		112,304	96,828	18,240	80,489
Net assets		409,495	378,922	332,741	242,776
Equity attributable to owners of the parent					
Share capital	28	215,457	215,457	215,457	215,457
Treasury shares	28	(11,096)	(4,109)	(11,096)	(4,109)
Retained earnings	29	186,796	151,149	128,380	31,428
		391,157	362,497	332,741	242,776
Non-controlling interests		18,338	16,425	-	-
Total equity		409,495	378,922	332,741	242,776
Total equity and liabilities		521,799	475,750	350,981	323,265

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Changes in Equity

For the financial year ended 31 December 2011

		← Attributable to owners of the parent					
				← Non-distributable →		Distributable	
	Note	Equity, total RM'000	Equity attributable to owners of the parent, total RM'000	Share capital RM'000	Treasury shares RM'000	Retained earnings RM'000	Non-controlling interests RM'000
Group							
At 1 January 2010		357,684	341,844	215,457	(4,109)	130,496	15,840
Total comprehensive income		25,868	24,883	-	-	24,883	985
Transaction with owners							
Dividends on ordinary shares	13	(4,230)	(4,230)	-	-	(4,230)	-
Dividends paid to non-controlling interests		(400)	-	-	-	-	(400)
Total transactions with owners		(4,630)	(4,230)	-	-	(4,230)	(400)
At 31 December 2010		378,922	362,497	215,457	(4,109)	151,149	16,425
Total comprehensive income		46,429	43,916	-	-	43,916	2,513
Transaction with owners							
Purchase of treasury shares	28	(6,987)	(6,987)	-	(6,987)	-	-
Dividends on ordinary shares	13	(8,269)	(8,269)	-	-	(8,269)	-
Dividends paid to non-controlling interests		(600)	-	-	-	-	(600)
Total transactions with owners		(15,856)	(15,256)	-	(6,987)	(8,269)	(600)
At 31 December 2011		409,495	391,157	215,457	(11,096)	186,796	18,338

Statements of Changes in Equity

For the financial year ended 31 December 2011 (cont'd)

	Note	Equity, total RM'000	Non-distributable Share capital RM'000	Non-distributable Treasury shares RM'000	Distributable Retained earnings RM'000
Company					
At 1 January 2010		243,724	215,457	(4,109)	32,376
Total comprehensive income		3,281	-	-	3,281
Transaction with owners					
Dividends on ordinary shares	13	(4,229)	-	-	(4,229)
Total transactions with owners		(4,229)	-	-	(4,229)
At 31 December 2010		242,776	215,457	(4,109)	31,428
Total comprehensive income		105,221	-	-	105,221
Transaction with owners					
Purchase of treasury shares	28	(6,987)	-	(6,987)	-
Dividends on ordinary shares	13	(8,269)	-	-	(8,269)
Total transactions with owners		(15,256)	-	(6,987)	(8,269)
At 31 December 2011		332,741	215,457	(11,096)	128,380

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Cash Flows

For the financial year ended 31 December 2011

	Note	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Operating activities					
Profit before tax		62,200	35,277	106,559	3,974
Adjustments for:					
Dividend income	4	-	-	(106,960)	(5,075)
Interest income	5	(841)	(582)	(763)	(730)
Finance costs	7	1,144	942	713	722
Depreciation of property, plant and equipment	8	6,125	5,895	177	167
Net gain on disposal of plant and equipment	8	(377)	(43)	-	-
Amortisation of land use rights	8	28	28	-	-
Amortisation of quarry development expenditure	8	28	-	-	-
Inventories written off	8	28	-	-	-
Bad debts written off	8	18	159	-	-
Equipment scrapped off	8	-	18		
Goodwill written off	8	-	15	-	-
Impairment loss on receivables	8	-	191	-	-
Total adjustments		6,153	6,623	(106,833)	(4,916)
Operating cash flows before changes in working capital		68,353	41,900	(274)	(942)
Changes in working capital					
(Increase)/decrease in inventories		(9,389)	7,125	-	-
Increase in receivables		(7,763)	(2,834)	(432)	(405)
(Decrease)/increase in payables		(2,098)	7,542	21	140
Total changes in working capital		(19,250)	11,833	(411)	(265)
Cash flows from/(used in) operations		49,103	53,733	(685)	(1,207)
Interest received		841	582	763	730
Interest paid		(1,144)	(942)	(713)	(722)
Tax refunded		368	-	-	-
Income taxes paid		(15,774)	(10,256)	(1,328)	(521)
Net cash flows from/(used in) operating activities		33,394	43,117	(1,963)	(1,720)

Statements of Cash Flows

For the financial year ended 31 December 2011 (cont'd)

	Note	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Investing activities					
Purchase of property, plant and equipment	14	(32,617)	(17,289)	(257)	(861)
Proceeds from disposal of plant and equipment		1,143	398	-	1
Additions of biological assets	15	(855)	(340)	-	-
Acquisition of ordinary shares from non-controlling interests		-	(15)	-	-
Additional investments in subsidiaries		-	-	-	(12,250)
Dividend received		-	-	106,960	5,075
Decrease in amounts due from subsidiary companies		-	-	(25,433)	1,830
Net cash flows (used in)/from investing activities		(32,329)	(17,246)	81,270	(6,205)
Financing activities					
Dividend paid		(8,269)	(4,229)	(8,269)	(4,229)
Dividend paid to non-controlling shareholders by subsidiaries		(600)	(400)	-	-
Purchase of treasury shares		(6,987)	-	(6,987)	-
Proceeds from drawdown of bank loans		18,995	6,000	-	-
Repayment of bank loans		(2,425)	(4,899)	-	-
Repayment of obligations under finance leases		(865)	(738)	-	-
Increase in amounts due to subsidiary companies		-	-	(62,235)	12,325
Net cash flows (used in)/from financing activities		(151)	(4,266)	(77,491)	8,096
Net increase in cash and cash equivalents		914	21,605	1,816	171
Cash and cash equivalents at 1 January		43,488	21,883	499	328
Cash and cash equivalents at 31 December	24	44,402	43,488	2,315	499

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Notes to the Financial Statements

For the financial year ended 31 December 2011

1. Corporate information

The Company is a public limited liability company incorporated and domiciled in Malaysia and is listed on the Bursa Malaysia Securities Berhad. The registered office of the Company is located at Lot 70, Block 6, Prima Square, Mile 4, North Road, 90000 Sandakan, Sabah.

The principal activities of the Company are investment holding and provision of management services to its subsidiary companies.

The principal activities of the subsidiary companies are stated in Note 19 to the financial statements.

There have been no significant changes in the nature of the principal activities during the financial year.

2. Significant events

(a) On 7 September 2011, Magnum Kapital Sdn. Bhd. ("MKSB"), a subsidiary of the Company had entered into a conditional Sale and Purchase of Shares Agreement with three Indonesian citizens, the Promoter and the Sellers to purchase the entire 500 shares of PT Mukti Sejahtera Abadi ("PT MSA") representing 100% equity of PT MSA for a cash consideration of Rp.125.000.000 equivalent to approximately RM46,125.

PT MSA is currently in the palm oil plantation business and a holder of Location Permit issued by the relevant authority, for plot of land located in Batu Ampar District, East Kutai Regency, Province of East Kalimantan, Indonesia, covering an area of 5,290 hectare ("Land").

(b) On 28 September 2011, the shareholders of the Company approved to undertake a bonus issue of up to 107,728,458 new CGB Shares of RM 1 each to be credited as fully paid-up on the basis of one (1) Bonus Share for every two (2) existing CGB Shares held on an entitlement date to be determined later.

The Proposed Bonus Issue was completed by issuance of 102,989,295 Bonus Shares to the shareholders of the Company subsequent to year ended on 18 January 2012.

(c) On 15 December 2011, the Company acquired 2 ordinary shares of RM 1.00 each in Hikayat Anggun Sdn. Bhd., representing its entire equity interest for a total consideration of RM 2, resulting in the latter becoming a wholly-owned subsidiary of the Group.

3. Summary of significant accounting policies

3.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. At the beginning of the current financial year, the Group and the Company adopted new and revised FRS which are mandatory for financial periods beginning on or after 1 January 2011 as described fully in Note 3.2.

Notes to the Financial Statements
For the financial year ended 31 December 2011 (cont'd)

3. Summary of significant accounting policies (cont'd)

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Ringgit Malaysia (RM) and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

3.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 January 2011, the Group and the Company adopted the following new and amended FRS and IC Interpretations mandatory for annual financial periods beginning on or after the dates 1 January 2011.

FRS, Amendments to FRS and IC Interpretations	Effective for financial periods beginning on or after
Amendments to FRS 7 : Improving Disclosures about Financial Instruments	1 January 2011
Amendments to FRSs contained in the document entitled "Improvements to FRSs (2010)"	1 January 2011
Amendments to FRS 132 : Classification of Rights Issues	1 March 2010
FRS 3: Business Combination (revised)	1 July 2010
Amendments to FRS 127 : Consolidated and separate Financial Statements	1 July 2010
Amendments to FRS 138 : Intangible Assets	1 July 2010

Adoption of the above standards and interpretations did not have any significant effect on the financial performance or position of the Group and of the Company except as discussed below.

Amendments to FRS 7: Improving Disclosures about Financial Instruments

The amended standard requires enhanced disclosure about fair value measurement and liquidity risk. The amendments also clarify the requirements for liquidity risk disclosures with respect to derivative transactions and assets used for liquidity management. The liquidity risk disclosures are not significantly impact by the amendments and are presented in Note 33(b).

Notes to the Financial Statements
For the financial year ended 31 December 2011 (cont'd)

3. Summary of significant accounting policies (cont'd)

3.2 Changes in accounting policies (cont'd)

The following new and amended FRS and IC Interpretations were also effective for financial periods beginning on or after the dates stated below:

FRS, Amendments to FRS and IC Interpretations	Effective for financial periods beginning on or after
FRS 1 : First-time Adoption of Financial Reporting Standards	1 July 2010
Amendments to FRS 2 : Share-based Payment	1 July 2010
Amendments to FRS 5 : Non-current Assets Held for Sale and Discontinued Operations	1 July 2010
Amendments to IC Interpretation 9 : Reassessment of Embedded Derivatives	1 July 2010
IC Interpretation 12 : Service Concession Arrangements	1 July 2010
IC Interpretation 16 : Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Interpretation 17 : Distributions of Non-cash Assets to Owners	1 July 2010
Amendments to IC Interpretation 15 : Agreements for the Construction of Real Estate	30 August 2010
Amendments to FRS 1 : Limited Exemption for First-Time Adopters	1 January 2011
Amendments to FRS 1 : Additional Exemptions for First-time Adopters	1 January 2011
Amendments to FRS 2 : Group Cash-settled Share-based Payment Transactions	1 January 2011
IC Interpretation 4 : Determining whether an Arrangement Contains a Lease	1 January 2011
IC Interpretation 18 : Transfers of Assets from Customers	1 January 2011
Technical Release 4 : Shariah Compliant Sale Contracts	1 January 2011

These are however not applicable to the Group and the Company.

Notes to the Financial Statements
For the financial year ended 31 December 2011 (cont'd)

3. Summary of significant accounting policies (cont'd)

3.3 Standards and interpretations issued but not yet effective

The Group and the Company has not adopted the following standards and interpretations that have been issued but not yet effective:

FRS, Amendments to FRS and IC Interpretations	Effective for financial periods beginning on or after
IC Interpretation 19 : Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
Prepayments of a Minimum Funding Requirement (Amendments to IC Interpretation 14)	1 July 2011
FRS 124 : Related Party Disclosures	1 January 2012
Amendments to FRS 1 : 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 112 : Deferred Tax: Recovery of Underlying Assets	1 January 2012
Amendments to FRS 101 : Presentation of Items of Other Comprehensive Income	1 July 2012
FRS 9 : Financial Instruments	1 January 2013
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 : Employee Benefits	1 January 2013
FRS 127 : Separate Financial Statements	1 January 2013
FRS 128 : Investment in Associates and Joint Ventures	1 January 2013
IC Interpretation 20 : Stripping Costs in the Production Phase of a Surface Mine	1 January 2013

Notes to the Financial Statements
For the financial year ended 31 December 2011 (cont'd)

3. Summary of significant accounting policies (cont'd)

3.3 Standards and interpretations issued but not yet effective (cont'd)

The Directors expect that the adoption of the standards and interpretations above will have no material impact on the financial statements in the period of initial application, except as discussed below:

Revised FRS 124: Related Party Disclosures

The revised FRS 124 clarifies the definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in its application. The revised FRS 124 expands the definition of a related party and would treat two entities as related to each other whenever a person (or a close member of that person's family) or a third party has control or joint control over the entity, or has significant influence over the entity. The revised standard also introduces a partial exemption of disclosure requirements for government-related entities. The Group and the Company are currently determining the impact of the changes to the definition of a related party has on the disclosure of related party transaction. As this is a disclosure standard, it will have no impact on the financial position or financial performance of the Group and the Company when implemented.

Amendments to FRS 101 - Presentation of Items of Other Comprehensive Income

The amendment to FRS 101 change the grouping of items presented in Other Comprehensive Income. Items that could be reclassified (or 'recycled') to profit or loss at a future point in time (for example, upon derecognition or settlement) would be presented separately from items that will never be reclassified. The amendment affects presentation only and has no impact on the Group's and the Company's financial position or performance.

FRS 10: Consolidated Financial Statements

FRS 10 replaces the portion of FRS 127 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements.

FRS 10 establishes a single control model that applies to all entitles including special purpose entities. The changes introduced by FRS 10 will required management to exercise significant judgement to determine which entities are controlled, and therefore, are required to be consolidated by a parent, compared with the requirements that were in FRS 127.

FRS 127: Separate Financial Statements

As a consequence of the new FRS 10 and FRS 12, what remains of FRS127 is limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements. The Group does not present separate financial statements.

3. Summary of significant accounting policies (cont'd)

3.3 Standards and interpretations issued but not yet effective (cont'd)

Malaysian Financial Reporting Standards (MFRS Framework)

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (MFRS Framework).

The MFRS Framework is 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 (MFRS 141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venturer (herein called 'Transitioning Entities').

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework for an additional one year. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2013.

The Group falls within the scope definition of Transitioning Entities and have opted to defer adoption of the new MFRS Framework. Accordingly, the Group will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2013. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

At the date of this financial statement, the Group has not completed its quantification of the financial effects of the differences between Financial Reporting Standards and accounting standards under the MFRS Framework due to the ongoing assessment by the project team. Accordingly, the financial performance and financial position as disclosed in these financial statements for the year ended 31 December 2011 could be different if prepared under the MFRS Framework.

The Group expects to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 December 2013.

3.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Notes to the Financial Statements
For the financial year ended 31 December 2011 (cont'd)

3. Summary of significant accounting policies (cont'd)

3.4 Basis of consolidation (cont'd)

Acquisitions of subsidiaries are accounted for by applying the purchase method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in other comprehensive income. The cost of a business combination is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the business combination. Any excess of the cost of business combination over the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities is recorded as goodwill on the statement of financial position. The accounting policy for goodwill is set out in Note 3.10. Any excess of the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income in profit or loss on the date of acquisition. When the Group acquires a business, embedded derivatives separated from the host contract by the acquiree are reassessed on acquisition unless the business combination results in a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

3.5 Transactions with non-controlling interests

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in profit or loss of the Group and within equity in the consolidated statements of financial position, separately from parent shareholders' equity. Transactions with non-controlling interests are accounted for using the entity concept method, whereby, transactions with non-controlling interests are accounted for as transactions with owners. On acquisition of non-controlling interests, the difference between the consideration and book value of the share of the net assets acquired is recognised directly in equity. Gain or loss on disposal to non-controlling interests is recognised directly in equity.

3.6 Foreign currency

a) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Company's functional currency.

Notes to the Financial Statements
For the financial year ended 31 December 2011 (cont'd)

3. Summary of significant accounting policies (cont'd)

3.6 Foreign currency (cont'd)

b) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

3.7 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, plant and equipment and furniture and fixtures are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Direct expenditure incurred on quarry development is capitalised under quarry development expenditure. A portion of the indirect overheads which include general and administrative expenses and interest expense incurred on quarry development is similarly capitalised under quarry development expenditure until such time when the quarry commences operation.

Quarry development expenditure is amortised based on the proportion of stone volume extracted over the estimated volume of extractable stone from the quarry reserve.

Notes to the Financial Statements
For the financial year ended 31 December 2011 (cont'd)

3. Summary of significant accounting policies (cont'd)

3.7 Property, plant and equipment (cont'd)

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

- Leasehold property	2%
- Plantation infrastructure development expenditure	Over remaining lease term of land
- Long term leasehold land	Over remaining lease term of land
- Oil mill and other buildings	5% - 7%
- Heavy equipment, plant and machinery	6% - 10%
- Motor vehicles	15%
- Furniture, fittings and equipment	10%

Assets under construction included in plant and equipment are not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

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

3.8 Biological assets

Biological assets comprise oil palm planting expenditure. New planting expenditure incurred on land clearing and upkeep of palms to maturity is stated at cost and capitalised under biological assets. A portion of the direct overheads which include general and administrative expenses and interest expense incurred on immature plantation is similarly capitalised under biological assets until such time when the plantation attains maturity.

No amortisation is considered necessary on oil palm planting expenditure as its value is maintained through replanting programme. Replanting expenditure is recognised in the income statement in the year in which the expenditure is incurred.

3.9 Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are measured at cost, including transaction costs less accumulated depreciation and any accumulated impairment loss.

Notes to the Financial Statements
For the financial year ended 31 December 2011 (cont'd)

3. Summary of significant accounting policies (cont'd)

3.9 Investment properties (cont'd)

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the year of retirement or disposal.

3.10 Intangible assets

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

3.11 Land use rights

Land use rights are initially measured at cost. Following initial recognition, land use rights are measured at cost less accumulated amortisation and accumulated impairment losses. The land use rights are amortised over their lease terms.

3.12 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

Notes to the Financial Statements
For the financial year ended 31 December 2011 (cont'd)

3. Summary of significant accounting policies (cont'd)

3.12 Impairment of non-financial assets (cont'd)

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

3.13 Subsidiaries

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

3.14 Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets.

Notes to the Financial Statements
For the financial year ended 31 December 2011 (cont'd)

3. Summary of significant accounting policies (cont'd)

3.14 Financial assets (cont'd)

a) Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that is held primarily for trading purposes are presented as current whereas financial assets that is not held primarily for trading purposes are presented as current or non-current based on the settlement date.

b) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

c) Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold the investment to maturity.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

Held-to-maturity investments are classified as non-current assets, except for those having maturity within 12 months after the reporting date which are classified as current.

Notes to the Financial Statements
For the financial year ended 31 December 2011 (cont'd)

3. Summary of significant accounting policies (cont'd)

3.14 Financial assets (cont'd)

d) Available-for-sale financial assets

Available-for-sale are financial assets that are designated as available for sale or are not classified in any of the three preceding categories.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group and the Company's right to receive payment is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.

3.15 Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Notes to the Financial Statements

For the financial year ended 31 December 2011 (cont'd)

3. Summary of significant accounting policies (cont'd)

3.15 Impairment of financial assets (cont'd)

If any such evidence exists, the amount of impairment loss 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. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

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 to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

3.16 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

3.17 Inventories

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

- Processed crude palm oil, milled oil palm produce and quarry inventories: costs of direct materials, direct labour, other direct charges and appropriate proportions of factory overheads. These costs are assigned on weighted average cost method.

- Consumable stores: purchase costs and expenses in bringing them into store on a weighted average cost method.

- Oil palm nurseries: purchase costs and upkeep expenses on a weighted average cost method.

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

Notes to the Financial Statements
For the financial year ended 31 December 2011 (cont'd)

3. Summary of significant accounting policies (cont'd)

3.18 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

3.19 Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all conditions attached will be met. Where the grant relates to income shall be recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate. Grants related to income may be presented as a credit in profit or loss, either separately or under a general heading such as "Other income".

3.20 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of FRS 139, are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities held for trading include derivatives entered into by the Group and the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

The Group and the Company have not designated any financial liabilities as at fair value through profit or loss.

Notes to the Financial Statements
For the financial year ended 31 December 2011 (cont'd)

3. Summary of significant accounting policies (cont'd)

3.20 Financial liabilities (cont'd)

b) Other financial liabilities

The Group's and the Company's other financial liabilities include trade payables, other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

3.21 Financial guarantee contracts

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

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

3.22 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

Notes to the Financial Statements
For the financial year ended 31 December 2011 (cont'd)

3. Summary of significant accounting policies (cont'd)

3.22 Borrowing costs (cont'd)

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

3.23 Employee benefits

Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. The Malaysian companies in the Group make contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

3.24 Leases

a) As lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

b) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income.

3. Summary of significant accounting policies (cont'd)

3.25 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

(a) Sale of plantation produce

Sale of plantation produce is recognised on an accrual basis upon delivery of products to customers, less returns.

(b) Sale of stones

Sale of stones is recognised upon delivery of products and customers' acceptance.

(c) Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

(d) Management fees

Revenue from management service is recognised upon rendering of services to subsidiary companies.

3.26 Income taxes

a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

Notes to the Financial Statements
For the financial year ended 31 December 2011 (cont'd)

3. Summary of significant accounting policies (cont'd)

3.26 Income taxes (cont'd)

b) Deferred tax (cont'd)

- in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

  Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

- The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

- Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

- 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 transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

- Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

3. Summary of significant accounting policies (cont'd)

3.27 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 35, including the factors used to identify the reportable segments and the measurement basis of segment information.

3.28 Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

3.29 Treasury shares

When shares of the Company, that have not been cancelled, recognised as equity are reacquired, the amount of consideration paid is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares. When treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount is recognised in equity.

3.30 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group.

Notes to the Financial Statements
For the financial year ended 31 December 2011 (cont'd)

3. Summary of significant accounting policies (cont'd)

3.31 Significant accounting estimates

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

a) Useful lives of plant and equipment

The cost of plant and equipment is depreciated on a straight-line basis over the assets' estimated economic useful lives. Management estimates the useful lives of these plant and equipment to be within 5 to 20 years. These are common life expectancies applied in the milling of palm oil industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of the Company's plant and equipment at the reporting date is disclosed in Note 14. A 5% difference in the expected useful lives of these assets from management's estimates would result in approximately 0.06% (2010: 1.14%) variance in the Group's profit for the year.

b) Impairment of goodwill

Goodwill and other indefinite life intangibles are tested for impairment annually and at other times when such indicators exist. This requires an estimation of the value in use of the cash-generating units to which goodwill are allocated.

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. Further details of the carrying value, the key assumptions applied in the impairment assessment of goodwill and sensitivity analysis to changes in the assumptions are given in Note 17.

c) Impairment of receivables

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

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. The carrying amount of the Group's receivable at the reporting date is disclosed in Note 21.

Notes to the Financial Statements
For the financial year ended 31 December 2011 (cont'd)

4. Revenue

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Sales of crude palm oil	216,818	182,980	-	-
Sales of palm kernel	35,689	29,114	-	-
Sales of earth and stones	3,023	1,805	-	-
Sales of fresh fruit bunches	34,656	17,917	-	-
Management fees from subsidiaries	-	-	2,236	2,251
Dividend income from subsidiaries	-	-	106,960	5,075
	290,186	231,816	109,196	7,326

5. Interest income

Interest received on advances given	-	-	713	716
Interest received on short term investments and fixed deposits	841	582	50	14
	841	582	763	730

6. Other income

Equipment hiring income	112	96	-	-
Insurance claim	28	72	-	
Net gain on disposal of plant and equipment	377	45	-	-
Rental income	3	3	-	
Replanting incentive received	-	109	-	-
Sales of empty fruit bunches	307	353	-	-
Sales of palm kernel shell	6	180	-	-
Sales of scrapped iron	90	109	-	-
Transportation income	71	235	-	-
Realised gain on foreign exchange	112	47	-	-
Miscellaneous	108	67	-	-
	1,214	1,316	-	-

Notes to the Financial Statements
For the financial year ended 31 December 2011 (cont'd)

7. Finance costs

	Group		Company	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Interest expense on:				
Advances obtained	-	-	713	716
Bank loans	1,048	853	-	-
Revolving credits	6	16	-	-
Obligation under finance leases	90	67	-	-
Others	-	6	-	6
	1,144	942	713	722
Less: Interest expense capitalised in capital work-in-progress (Note 14):	(577)	(170)	-	-
Total finance costs	567	772	713	722

8. Profit before tax

The following items have been included in arriving at profit before tax:

	Group		Company	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Auditors' remuneration:				
- current year	107	100	37	33
- underprovided in prior years	6	4	3	-
- other services	61	65	27	1
Employee benefits expense (Note 9)	18,048	15,686	1,759	1,764
Non-executive Directors' remuneration (Note 10)	120	123	120	123
Depreciation of property, plant and equipment (Note 14)	6,125	5,895	177	167
Plant and equipment scrapped off	-	18	-	-
Net loss on disposal of equipment	-	2	-	-
Amortisation of land use rights (Note 18)	28	28	-	-
Amortisation of quarry equipment expenditure (Note 14)	28	-		
Bad debts written off	18	159	-	-
Goodwill written off	-	15	-	-
Impairment loss on other receivables (Note 21)	-	191	-	-
Hire of equipment	-	3	-	-
Rental of land and buildings	116	93	2	12
Inventory written off	28	-	-	-

Notes to the Financial Statements
For the financial year ended 31 December 2011 (cont'd)

9. Employee benefits expense

	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Wages and salaries	17,395	15,067	1,569	1,572
Contributions to defined contribution plan	794	693	184	186
Social security contributions	66	58	6	6
	18,255	15,818	1,759	1,764
Capitalised in:				
- Immature plantations	153	104	-	-
- Inventories	54	28	-	-
Recognised in income statements	18,048	15,686	1,759	1,764

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM2,479,512 (2010: RM2,586,660) and RM897,763 (2010: RM963,289) respectively.

10. Directors' remuneration

	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Executive:				
Salaries and other emoluments	1,852	1,807	652	651
Bonus				
- current year's provision	463	476	163	170
- (over)/underprovision in prior year	(28)	102	(13)	39
Defined contribution plan	193	202	96	103
Total executive directors' remuneration (Note 9)	2,480	2,587	898	963
Non-executive:				
Fees (Note 8)	120	123	120	123
Total directors' remuneration	2,600	2,710	1,018	1,086

The details of remuneration receivable by Directors of the Company during the year are as follows:

	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Executive:				
Salaries and other emoluments	1,305	1,260	652	651
Bonus				
- current year's provision	326	339	163	170
- (over)/underprovision in prior year	(28)	79	(13)	39
Defined contribution plan	193	202	96	103
	1,796	1,880	898	963
Non-executive:				
Fees	120	123	120	123
	1,916	2,003	1,018	1,086

Notes to the Financial Statements
For the financial year ended 31 December 2011 (cont'd)

10. Directors' remuneration (cont'd)

The number of Directors of the Company whose total remuneration during the financial year fell within the following bands is analysed below:

	Number of Directors	
	2011	2010
Executive Directors:		
RM200,001 to RM250,000	1	-
RM250,001 to RM300,000	-	1
RM650,001 to RM700,000	2	-
RM700,001 to RM750,000	-	2
Non-executive Directors:		
Below RM50,000	3	3

11. Income tax expense

Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2011 and 2010 are:

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Statement of comprehensive income:				
Current income tax:				
- Malaysian income tax	15,385	10,445	1,300	652
- Under/(over) provision in respect of previous years	(30)	(120)	73	-
	15,355	10,325	1,373	652
Deferred income tax (Note 20):				
- Origination and reversal of temporary differences	359	(1,065)	26	20
- Under/overprovision in respect of previous years	57	149	(61)	20
	416	(916)	(35)	40
Income tax expense recognised in profit or loss	15,771	9,409	1,338	692

Notes to the Financial Statements
For the financial year ended 31 December 2011 (cont'd)

11. Income tax expense (cont'd)

Reconciliation between tax expense and accounting profit

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2011 and 2010 are as follows:

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Profit before tax	62,200	35,277	106,559	3,974
Tax at Malaysian statutory tax rate of 25% (2009: 25%)	15,550	8,819	26,640	993
Adjustments:				
Income not subject to taxation	(257)	(39)	(25,440)	(544)
Non-deductible expenses	458	621	126	223
Effect of utilisation previously unrecognised unabsorbed capital allowances	(7)	(21)	-	-
(Over)/under provision of income tax in respect of previous years	(30)	(120)	73	-
Under/(over) provision of deferred income tax in respect of previous years	57	149	(61)	20
Income tax expense recognised in profit or loss	15,771	9,409	1,338	692

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2010: 25%) of the estimated assessable profit for the year.

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Tax savings during the financial year arising from:				
Utilisation of previously:				
Unabsorbed capital allowances	1,080	379	-	-
Unutilised tax losses	26	-	-	-
Unabsorbed agriculture and capital allowances carried forward	27,336	25,842	-	-
Unutilised tax losses carried forward	24,238	23,948	-	-
	51,574	49,790	-	-

Notes to the Financial Statements

For the financial year ended 31 December 2011 (cont'd)

12. Earnings per share

Basic earnings per share amounts are calculated by dividing profit for the year, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year.

The Group has no potential ordinary shares in issue as at balance sheet date and therefore, diluted earnings per share is same as basic earnings per share.

The following reflect the profit and share data used in the computation of basic earnings per share for the years ended 31 December:

	Group	
	2011 RM'000	2010 RM'000
Profit net of tax attributable to owners of the parent used in the computation of earnings per share	43,916	24,883
	Number of shares	Number of shares
Weighted average number of ordinary shares for basic earnings per share computation *	311,121,678	314,445,210
Basic earnings per share (sen)	14.12	7.91

* The weighted average number of shares takes into account the weighted average effect of changes in treasury shares transactions during the year and potential bonus issue after the reporting date and before the completion of these financial statements.

Notes to the Financial Statements
For the financial year ended 31 December 2011 (cont'd)

13. Dividends

	Group and Company 2011 RM'000	2010 RM'000
Recognised during the financial year:		
Dividends on ordinary shares:		
- Final tax exempt (single-tier) dividend for 2010: 2 sen (2009: 1 sen) per share	4,150	2,115
- Interim tax exempt (single-tier) dividend for 2011: 2 sen (2010: 1 sen) per share	4,119	2,115
	8,269	4,230
Proposed but not recognised as a liability as at 31 December:		
Dividends on ordinary shares, subject to shareholders' approval at the AGM:		
- Final tax exempt (single-tier) dividend for 2011: 1.5 sen (2010: 2 sen) per share	4,635	4,229

At the forthcoming Annual General Meeting, a final tax exempt (single-tier) dividend in respect of the financial year ended 31 December 2011, of 1.5% on 308,967,910 ordinary shares, amounting to a dividend payable of RM4,634,519 (1.5 sen per ordinary share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2012.

Notes to the Financial Statements
For the financial year ended 31 December 2011 (cont'd)

14. Property, plant and equipment

Group	Long term leasehold land RM'000	Buildings, plantation infrastructure and quarry RM'000	Heavy equipment, plant and machinery RM'000	Motor vehicles RM'000	Furniture, fittings and equipment RM'000	Capital work-in-progress RM'000	Total RM'000
Cost							
At 1 January 2011	63,107	60,152	43,343	4,298	3,285	11,559	185,744
Additions	-	992	2,868	1,336	171	29,060	34,427
Disposals	-	(597)	(45)	(835)	(178)	-	(1,655)
Scrapped	-	-	(36)	-	(25)	-	(61)
Reclassifications	-	5,012	-	-	-	(5,012)	-
Adjustment	-	-	-	-	-	(27)	(27)
At 31 December 2011	63,107	65,559	46,130	4,799	3,253	35,580	218,428
Accumulated depreciation							
At 1 January 2011	2,703	9,622	31,298	2,462	2,244	-	48,329
Depreciation charge for the year	776	1,627	3,067	455	228	-	6,153
Disposals	-	(176)	(28)	(521)	(164)	-	(889)
Scrapped	-	-	(36)	-	(25)	-	(61)
At 31 December 2011	3,479	11,073	34,301	2,396	2,283	-	53,532
Net carrying amount							
At 31 December 2011	59,628	54,486	11,829	2,403	970	35,580	164,896
Cost							
At 1 January 2010:							
As previously stated	-	53,750	43,156	4,075	2,874	2,554	106,409
Effects of adopting the amendments to FRS 117	63,107	-	-	-	-	-	63,107
As restated	63,107	53,750	43,156	4,075	2,874	2,554	169,516
Additions	-	1,720	1,022	471	389	14,089	17,691
Disposals	-	-	(1,123)	(248)	(16)	(9)	(1,396)
Scrapped	-	(2)	(56)	-	(9)	-	(67)
Reclassifications	-	4,684	344	-	47	(5,075)	-
At 31 December 2010	63,107	60,152	43,343	4,298	3,285	11,559	185,744

Notes to the Financial Statements
For the financial year ended 31 December 2011 (cont'd)

14. Property, plant and equipment (cont'd)

Group	Long term leasehold land RM'000	Buildings, plantation infrastructure and quarry RM'000	Heavy equipment, plant and machinery RM'000	Motor vehicles RM'000	Furniture, fittings and equipment RM'000	Capital work-in-progress RM'000	Total RM'000
Accumulated depreciation							
At 1 January 2010:							
As previously stated	-	8,128	29,189	2,261	2,019	-	41,597
Effects of adopting the amendments to FRS 117	1,927	-	-	-	-	-	1,927
As restated	1,927	8,128	29,189	2,261	2,019	-	43,524
Depreciation charge for the year	776	1,495	2,986	407	231	-	5,895
Disposals	-	-	(831)	(206)	(4)	-	(1,041)
Scrapped	-	(1)	(46)	-	(2)	-	(49)
At 31 December 2010	2,703	9,622	31,298	2,462	2,244	-	48,329
Net carrying amount							
At 31 December 2010	60,404	50,530	12,045	1,836	1,041	11,559	137,415

Group	Leasehold property RM'000	Oil mill and other buildings RM'000	Plantation infrastructure development expenditure RM'000	Quarry RM'000	Total RM'000
At 31 December 2011					
Cost					
At 1 January 2011	780	20,743	29,181	9,448	60,152
Additions	-	170	822	-	992
Scrapped	-	(597)	-	-	(597)
Reclassifications	-	834	4,178	-	5,012
At 31 December 2011	780	21,150	34,181	9,448	65,559
Accumulated depreciation					
At 1 January 2011	188	7,739	1,308	387	9,622
Depreciation charge for the year	-	1,197	403	28	1,628
Scrapped	-	(177)	-	-	(177)
At 31 December 2011	188	8,759	1,711	415	11,073
Net carrying amount					
At 31 December 2011	592	12,391	32,470	9,033	54,486

Notes to the Financial Statements
For the financial year ended 31 December 2011 (cont'd)

14. Property, plant and equipment (cont'd)

Buildings, plantation infrastructure and quarry comprise:

Group	Leasehold property RM'000	Oil mill and other buildings RM'000	Plantation infrastructure development expenditure RM'000	Quarry RM'000	Total RM'000
At 31 December 2010					
Cost					
At 1 January 2010	780	18,770	24,752	9,448	53,750
Additions	-	502	1,218	-	1,720
Scrapped	-	(2)	-	-	(2)
Reclassifications	-	1,473	3,211	-	4,684
At 31 December 2010	780	20,743	29,181	9,448	60,152
Accumulated depreciation					
At 1 January 2010	172	6,602	967	387	8,128
Depreciation charge for the year	16	1,138	341	-	1,495
Scrapped	-	(1)	-	-	(1)
At 31 December 2010	188	7,739	1,308	387	9,622
Net carrying amount					
At 31 December 2010	592	13,004	27,873	9,061	50,530

Notes to the Financial Statements
For the financial year ended 31 December 2011 (cont'd)

14. Property, plant and equipment (cont'd)

Company

	Office building RM'000	Furniture, fittings and equipment RM'000	Capital work-in-progress RM'000	Total RM'000
At 31 December 2011				
Cost				
At 1 January 2011	2,257	322	489	3,068
Additions	-	23	257	280
Reclassification	392	-	(392)	-
Adjustments	-	-	(23)	(23)
At 31 December 2011	2,649	345	331	3,325
Accumulated depreciation				
At 1 January 2011	153	34	-	187
Charge for the year	144	33	-	177
At 31 December 2011	297	67	-	364
Net carrying amount				
At 31 December 2011	2,352	278	331	2,961
At 31 December 2010				
Cost				
At 1 January 2010	1,680	120	409	2,209
Additions	-	191	670	861
Disposal	-	(2)	-	(2)
Reclassification	577	13	(590)	-
At 31 December 2010	2,257	322	489	3,068
Accumulated depreciation				
At 1 January 2010	17	3	-	20
Charge for the year	136	31	-	167
At 31 December 2010	153	34	-	187
Net carrying amount				
At 31 December 2010	2,104	288	489	2,881

Notes to the Financial Statements
For the financial year ended 31 December 2011 (cont'd)

14. Property, plant and equipment (cont'd)

(i) Capitalisation of borrowing costs

The Group's capital work-in-progress include borrowing costs arising from bank loans borrowed specifically for the purpose of the construction of a plant. During the financial year, the borrowing costs capitalised as cost of capital work-in-progress amounted to RM577,591 (2010: RM170,518).

(ii) Assets held under finance leases

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RM1,783,100 (2010: RM401,400) by mean of finance leases. The cash outflow on acquisition of property, plant and equipment amounted to RM32,617,190 (2010: RM17,289,388).

The carrying amount of plant and equipment held under finance leases at the reporting date are as follows:

	Group	
	2011 RM'000	**2010 RM'000**
Heavy equipment	1,072	1,339
Motor vehicles	1,852	647
	2,924	1,986

Leased assets are pledged as security for the related finance lease liabilities as disclosed in Note 25.

(iii) Assets pledged as security

In addition to assets held under finance leases, the Group's property, plant and equipment pledged as securities for the Group's bank loans (Note 25) are as follows:

	Group	
	2011 RM'000	**2010 RM'000**
Long term leasehold land	14,782	15,528
Buildings	4,943	5,259
Plant and machinery	5,087	5,929
Plantation infrastructure development expenditure	20,386	16,006
	45,198	42,722

Notes to the Financial Statements
For the financial year ended 31 December 2011 (cont'd)

15. Biological assets

	Group 2011 RM'000	Group 2010 RM'000
Plantation development expenditure		
Cost		
At beginning of year	151,021	150,681
Additions	855	340
At end of year	151,876	151,021
Biological assets incurred during the year included the followings:		
Employee benefits expense (Note 9)	153	104

The Group's biological assets with a carrying amount of RM39,824,905 (2010: RM38,970,252) are mortgaged to secure the Group's bank loans as disclosed in Note 25.

16. Investment properties

	Group 2011 RM'000	Group 2010 RM'000
Cost		
At beginning and end of year	20,279	20,279

The Directors estimate the fair values of the investment properties which are located in prime areas to be approximately RM21,780,000 (2010: RM21,780,000).

Notes to the Financial Statements
For the financial year ended 31 December 2011 (cont'd)

17. Intangible assets

	Group	
	2011 RM'000	2010 RM'000
Goodwill		
At beginning and end of year	92,088	92,088

Allocation of goodwill

The carrying amount of goodwill has been allocated to the Group's CGU identified according to business segment as follows:

	Group	
	2011 RM'000	2010 RM'000
Plantation segment	55,266	55,266
Mill segment	32,106	32,106
Quarry segment	4,716	4,716
	92,088	92,088

Based on indicative market value information of oil palm land, the fair value less cost to sell which represents the recoverable amounts exceed the carrying amounts of the plantation, mill and quarry segments respectively. The directors are therefore of the opinion that there is no indication of impairment in relation to the goodwill on consolidation.

Notes to the Financial Statements
For the financial year ended 31 December 2011 (cont'd)

18. Land use rights

	Group 2011 RM'000	Group 2010 RM'000
Cost:		
At 1 January:		
As previously stated	2,236	65,344
Effect of adopting the amendments to FRS 117	-	(63,108)
At 31 December (restated)	2,236	2,236
Accumulated amortisation:		
At 1 January:		
As previously stated	102	2,001
Effect of adopting the amendments to FRS 117	-	(1,927)
As restated	102	74
Amortisation for the year	28	28
At 31 December (restated)	130	102
Net carrying amount	2,106	2,134
Amount to be amortised:		
- Not later than one year	28	28
- Later than one year but not later than five years	112	112
- Later than five years	1,966	1,994
	2,106	2,134

Notes to the Financial Statements

For the financial year ended 31 December 2011 (cont'd)

19. Investments in subsidiaries

	Company 2011 RM'000	Company 2010 RM'000
Unquoted shares, at costs:		
At 1 January	229,458	217,208
Addition investments in subsidiaries	-	12,250
At 31 December	229,458	229,458

Details of the subsidiaries, which are all incorporated in Malaysia, are as follows:

Name	Principal Activities	Proportion (%) of Ownership Interest 2011	Proportion (%) of Ownership Interest 2010
Held by the Company:			
Cepatwawasan Sdn. Bhd.	Cultivation of oil palm	100	100
Syarikat Melabau Sdn. Bhd.	Cultivation of oil palm	100	100
Wong Tet-Jung Plantations Sdn. Bhd.	Cultivation of oil palm	100	100
Razijaya Sdn. Bhd.	Cultivation of oil palm and operation of a quarry	100	100
Sri Likas Mewah Sdn. Bhd.	Cultivation of oil palm	100	100
Kovusak Sdn. Bhd.	Cultivation of oil palm	100	100
Libarran Island Resort Sdn. Bhd.	Investment holding	100	100
Bakara Sdn. Bhd.	Cultivation of oil palm	100	100
Sungguh Mulia Sdn. Bhd.	Cultivation of oil palm	100	100
Prima Semasa Sdn. Bhd.	Cultivation of oil palm, currently under development stage	100	100
Ayu Sempurna Sdn. Bhd.	Investment holding	100	100

Notes to the Financial Statements
For the financial year ended 31 December 2011 (cont'd)

19. Investments in subsidiaries (cont'd)

Name of Subsidiaries	Principal Activities	Proportion (%) of Ownership Interest 2011	2010
Cash Nexus (M) Sdn. Bhd.	Intended for investment holding	100	100
Magnum Kapital Sdn. Bhd.	Dormant	100	100
Hikayat Anggun Sdn. Bhd.	Dormant	100	-
Held through Cepatwawasan Sdn. Bhd.			
Prolific Yield Sdn. Bhd.	Milling and sales of oil palm products	100	100
Jutategak Sdn. Bhd.	Cultivation of oil palm	100	100
Liga Semarak Sdn. Bhd.	Cultivation of oil palm	100	100
Tentu Cergas Sdn. Bhd.	Cultivation of oil palm	100	100
Tentu Bernas Sdn. Bhd.	Cultivation of oil palm	100	100
Held through Syarikat Melabau Sdn. Bhd.			
Suara Baru Sdn. Bhd.	Cultivation of oil palm and operation of a quarry	100	100
Gelang Usaha Sdn. Bhd.	Cultivation of oil palm	100	100
Swifturn Sdn. Bhd.	Dormant	100	100
Held through Sri Likas Mewah Sdn. Bhd.			
Ultisearch Trading Sdn. Bhd.	Cultivation of oil palm	100	100
Held through Libarran Island Resort Sdn. Bhd.			
Minelink Sdn. Bhd.	Investment property holding	100	100

Notes to the Financial Statements
For the financial year ended 31 December 2011 (cont'd)

19. Investments in subsidiaries (cont'd)

Name of Subsidiaries	Principal Activities	Proportion (%) of Ownership Interest 2011	2010
Held through Ayu Sempurna Sdn. Bhd.			
Ladang Cepat - KPD Sdn. Bhd.	Cultivation of oil palm	60	60
Held through Cash Nexus (M) Sdn. Bhd.			
Mistral Engineering Sdn. Bhd.	Intended for power generation and selling Certified Emission Reduction	70	70
Cash Horse (M) Sdn. Bhd.	Intended for power generation and selling Certified Emission Reduction	70	70

Acquisition of subsidiary

On 15 December 2011, the Company acquired two ordinary shares of RM1.00 each in Hikayat Anggun Sdn. Bhd., representing its entire equity interest for a total consideration of RM2 resulting in the latter becoming a wholly-owned subsidiary of the Group.

Notes to the Financial Statements
For the financial year ended 31 December 2011 (cont'd)

20. Deferred tax

Deferred income tax as at 31 December relates to the following:

	As at 1 January 2010 RM'000	Recognised in profit or loss (Note 11) RM'000	As at 31 December 2010 RM'000	Recognised in profit or loss (Note 11) RM'000	As at 31 December 2011 RM'000
Group					
Deferred tax liabilities:					
Long term leasehold land	9,732	(122)	9,610	(122)	9,488
Property, plant and equipment	10,927	527	11,454	819	12,273
Biological assets	34,037	60	34,097	214	34,311
	54,696	465	55,161	911	56,072
Deferred tax assets:					
Property, plant and equipment	-	-	-	(21)	(21)
Unutilised tax losses	(5,282)	(705)	(5,987)	(73)	(6,060)
Unabsorbed agriculture and capital allowances	(5,225)	(676)	(5,901)	(401)	(6,302)
	(10,507)	(1,381)	(11,888)	(495)	(12,383)
	44,189	(916)	43,273	416	43,689

Notes to the Financial Statements
For the financial year ended 31 December 2011 (cont'd)

20. Deferred tax (cont'd)

Deferred income tax as at 31 December relates to the following:

	As at 1 January 2010 RM'000	Recognised in profit or loss (Note 11) RM'000	As at 31 December 2010 RM'000	Recognised in profit or loss (Note 11) RM'000	As at 31 December 2011 RM'000
Company					
Deferred tax liabilities:					
Property, plant and equipment	-	40	40	27	67
Deferred tax assets:					
Unutilised tax losses	-	-	-	(20)	(20)
Unabsorbed agriculture and capital allowances	-	-	-	(42)	(42)
	-	-	-	(62)	(62)
	-	40	40	(35)	5

	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Presented after appropriate offsetting as follows:				
Deferred tax assets	(2,191)	(2,312)	-	-
Deferred tax liabilities	45,880	45,585	5	40
	43,689	43,273	5	40

Unabsorbed capital allowances

At the reporting date, the Group has unabsorbed capital allowances of approximately RM2,131,716 (2010: RM2,240,502) that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The availability of unabsorbed capital allowances for offsetting against future taxable profits of the respective subsidiaries in Malaysia are subject to no substantial changes in shareholdings of those subsidiaries under the Income Tax Act, 1967 and guidelines issued by the tax authority.

Notes to the Financial Statements
For the financial year ended 31 December 2011 (cont'd)

21. Trade and other receivables

	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Current				
Trade receivables				
Third parties	12,013	11,168	-	-
Less: Allowance for impairment	(229)	(229)	-	-
Trade receivables, net	11,784	10,939	-	-
Other receivables				
Amounts due from subsidiaries				
- Interest bearing advances	-	-	100,174	74,552
- Non-interest bearing advances	-	-	14,975	15,164
	-	-	115,149	89,716
Amounts recoverable from former directors and third parties	1,000	2,000	-	-
Deposits	2,957	1,414	1,036	551
Prepayments	366	205	-	41
Sundry receivables	920	716	272	284
	5,243	4,335	116,457	90,592
Less: Allowance for impairment	(468)	(468)	(272)	(272)
Other receivables, net	4,775	3,867	116,185	90,320
	16,559	14,806	116,185	90,320
Non-Current				
Other receivables				
Deposits for acquisition of machinery	5,639	2,705	-	-
Prepayment of equity shares in a foreign company	3,058	-	-	-
	8,697	2,705	-	-
Total trade and other receivables (current and non-current)	25,256	17,511	116,185	90,320
Add: Cash and bank balances (Note 24)	44,402	43,488	2,315	499
Less: Prepayments and non-refundable deposits	(11,591)	(3,902)	(987)	(585)
Total loans and receivables	58,067	57,097	117,513	90,234

Notes to the Financial Statements
For the financial year ended 31 December 2011 (cont'd)

21. Trade and other receivables (cont'd)

(a) Trade receivables

Trade receivables are non-interest bearing and generally on 7 to 30 days (2010: 7 to 30 days) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables is as follows:

	Group	
	2011 RM'000	**2010 RM'000**
Neither past due nor impaired	11,303	10,685
1 to 30 days past due not impaired	96	29
31 to 60 days past due not impaired	124	42
61 to 90 days past due not impaired	49	106
More than 91 days past due not impaired	212	77
	481	254
Impaired	229	224
	12,013	11,163

Receivables that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Notes to the Financial Statements
For the financial year ended 31 December 2011 (cont'd)

21. Trade and other receivables (cont'd)

(a) Trade receivables (cont'd)

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM481,484 (20109: RM254,153) that are past due at the reporting date but not impaired.

Receivables that are impaired

At the reporting date, there were no allowances.

(b) Amounts due from subsidiaries

These amounts are unsecured and are repayable upon demand.

The interest bearing advances are subject to interest charge based on recovery of borrowing cost incurred by the Company.

(c) Amounts recoverable from former directors and third parties

These represent wrongful payments made by the former directors who were removed on 6 August 2004 to third parties. The amounts are unsecured and are repayable within one year.

Other receivables that are impaired

The movement of the allowance accounts used to record the impairment of the Group's and of the Company's other receivables are as follows:

Movement in allowance accounts:

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
At 1 January	468	14,391	272	272
Charge for the year (Note 8)	-	191	-	-
Written off	-	(14,105)	-	-
Reversal of impairment losses	-	(9)	-	-
At 31 December	468	468	272	272

Notes to the Financial Statements
For the financial year ended 31 December 2011 (cont'd)

22. Inventories

	Group 2011 RM'000	Group 2010 RM'000
Cost		
Crude palm oil	11,456	2,045
Palm kernels	466	457
Quarry stocks	3,942	4,545
Fertilisers and chemicals	1,776	1,411
Store, spares and consumable supplies	609	583
Nurseries	357	204
	18,606	9,245

There were no inventories stated at net realisable value as at 31 December 2011 and 2010.

23. Short term investments

	Group 2011 RM'000	Group 2010 RM'000
Medium-term money market fund	10,547	5,871
Short-term money market fund	621	388
	11,168	6,259

Short term investments earn interest at respective short term deposit rates. The weighted average effective interest rate at 31 December 2011 of the Group was 2.22% to 3.00% (2010: 1.87% to 2.80%) per annum.

24. Cash and bank balances

	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Cash at bank and on hand	7,226	4,133	109	499
Short term deposits with licensed banks	26,008	33,096	2,206	-
Cash and bank balances	33,234	37,229	2,315	499
Short term investments (Note 23)	11,168	6,259	-	-
Cash and cash equivalents	44,402	43,488	2,315	499

24. Cash and cash equivalents (cont'd)

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day to one month depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. The weighted average effective interest rates as at 31 December 2011 for the Group was 2.98% (2010: 2.71%).

Short term deposits with licensed banks of the Group amounting to RM155,658 (2010: RM153,154) are pledged as securities for borrowings (Note 25).

25. Loans and borrowings

	Group	
	2011 RM'000	**2010 RM'000**
Current		
Secured:		
Obligation under finance leases (Note 31(b))	674	551
Bank loans:		
- 7% p.a. fixed rate RM loans	307	295
- RM loan at COF + 1.125% p.a.	2,100	2,100
	3,081	2,946
Non-current		
Secured:		
Obligation under finance leases (Note 31(b))	1,021	226
Bank loans:		
- 7% p.a. fixed rate RM loans	387	724
- RM loan at COF + 1.125% p.a.	12,446	14,546
- RM loan at COF + 1.5% p.a.	24,995	6,000
	38,849	21,496
Total loans and borrowings	41,930	24,442

Notes to the Financial Statements
For the financial year ended 31 December 2011 (cont'd)

25. Loans and borrowings (cont'd)

The remaining maturities of the loans and borrowings as at 31 December 2011 are as follows:

	2011 RM'000	2010 RM'000
Group		
On demand or within one year	3,081	2,946
More than 1 year and less than 2 years	3,170	2,587
More than 2 years and less than 5 years	21,201	11,713
5 years or more	14,478	7,196
	41,930	24,442

Obligations under finance leases

These obligations are secured by a charge over the leased assets (Note 14). The average discount rate implicit in the leases is 6.55% p.a. (2010: 6.59% p.a.). These obligations are denominated in Ringgit Malaysia (RM).

7% p.a. fixed rate RM loans

This loan is secured by legal charges over certain leasehold plantations of subsidiary companies, debentures incorporating fixed and floating charges over all the assets of subsidiary companies presently owned and subsequently acquired; and corporate guarantees given by the Company and subsidiary companies.

RM loan at COF + 1.125% p.a.

This loan is secured by legal charges over certain leasehold plantations together with the plant and machinery and palm oil mill of subsidiary companies, debentures incorporating fixed and floating charges over all the assets of subsidiary companies presently owned and subsequently acquired; and corporate guarantees given by the Company and subsidiary companies.

RM loan at COF + 1.5% p.a.

This loan is secured by legal charges over sub-divided land together with the Plant to be erected thereon of a subsidiary company, debentures incorporating fixed and floating charges over all the assets of the subsidiary company and corporate guarantees given by the Company.

Notes to the Financial Statements
For the financial year ended 31 December 2011 (cont'd)

26. Trade and other payables

	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Trade payables				
Third parties	14,070	13,805	-	-
Other payables				
Amounts due to subsidiaries	-	-	17,397	79,632
Accruals	5,159	6,158	792	732
Sundry payables	2,970	4,334	46	85
	8,129	10,492	18,235	80,449
Total trade and other payables	22,199	24,297	18,235	80,449
Add: Loans and borrowings (Note 25)	41,930	24,442	-	-
Total financial liabilities carried at amortised cost	64,129	48,739	18,235	80,449

(a) Trade payables

These amounts are non-interest bearing. Trade payables are normally settled on 30 to 90 days (2010: 30 to 90 days) terms.

(b) Amounts due to subsidiaries

Amounts due to subsidiaries are unsecured and are repayable on demand.

These amounts are subject to interest charge based on recovery of borrowing cost incurred by the respective subsidiaries concerned.

(c) Other payables

These amounts are non-interest bearing. Other payables are normally settled on an average term of three months (2010: average term of three months).

27. Lease rental payable

This represents sublease rental for 107 parcels of leasehold land of certain subsidiary companies which is payable over the remaining lease term of 49 years commencing in the year 2049.

Notes to the Financial Statements
For the financial year ended 31 December 2011 (cont'd)

28. Share capital and treasury shares

	Number of ordinary shares of RM1 each		Amount	
	Share capital	Treasury share	Share capital RM'000	Treasury share RM'000
Issued and fully paid				
At 1 January 2011	215,456,915	(4,001,000)	215,457	(4,109)
Purchase of treasury shares	-	(5,477,300)	-	(6,963)
Transaction costs	-	-	-	(24)
At 31 December 2011	215,456,915	(9,478,300)	215,457	(11,096)
At 1 January and 31 December 2010	215,456,915	(4,001,000)	215,457	(4,109)
Authorised share capital:				
At 1 January and 31 December	500,000,000	500,000,000	500,000	500,000

(a) Share capital

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company residual assets.

(b) Treasury shares

Treasury shares relate to ordinary shares of the Company that are held by the Company. This amount relates to the acquisition cost of treasury shares net of the proceeds received on their subsequent sale or issuance.

During the financial year, the Company repurchased 5,477,300 of its issued ordinary shares from open market at an average price of RM1.28 per share. The total consideration paid for the repurchase including transaction costs was RM6,987,590.

The directors of the Company are committed to enhancing the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares.

Notes to the Financial Statements
For the financial year ended 31 December 2011 (cont'd)

29. Retained earnings

The Company has elected for the irrevocable option under the Finance Act 2007 to disregard the 108 balance. Hence, the Company will be able distribute dividends out of its entire retained earnings under the single tier system.

30. Related party transaction

(a) Sale and purchase of goods and services

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Company and related parties took place at terms agreed between the parties during the financial year:

	Company	
	2011 RM'000	2010 RM'000
Transactions with subsidiary companies:		
Management fees received	2,236	2,251
Interest on advances given	713	716
Interest on advances obtained	713	716
Gross dividend income	106,960	5,075
Transaction with a director's spouse:		
Rent of premises	13,215	-

(b) Compensation of key management personnel

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Short-term employee benefits	4,157	4,101	1,268	1,428
Defined contribution plan	383	379	134	157
	4,540	4,480	1,402	1,585

Notes to the Financial Statements
For the financial year ended 31 December 2011 (cont'd)

31. Commitments

(a) Capital commitments

Capital expenditure as at the reporting date is as follows:

	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Property, plant and equipment:				
Approved and contracted for	63,885	33,727	329	568
Approved but not contracted for	42,964	17,591	-	-
	106,849	51,318	329	568

(b) Finance lease commitments

The Group has finance leases for certain items of motor vehicles, heavy equipment, plant and machinery (Note 14). These leases do not have terms of renewal, but have purchase options at nominal values at the end of the lease term.

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	Group 2011 RM'000	Group 2010 RM'00
Minimum lease payments:		
Not later than 1 year	765	583
Later than 1 year and not later than 2 years	651	191
Later than 2 years and not later than 5 years	431	45
Total minimum lease payments	1,847	819
Less: Amounts representing finance charges	(152)	(42)
Present value of minimum lease payments	1,695	777
Present value of payments:		
Not later than 1 year	674	551
Later than 1 year and not later than 2 years	605	182
Later than 2 years and not later than 5 years	416	44
Present value of minimum lease payments	1,695	777
Less: Amount due within 12 months (Note 25)	(674)	(551)
Amount due after 12 months (Note 25)	1,021	226

32. Fair value of financial instruments

Determination of fair value

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The followings are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Other receivables (non-current)	21
Trade and other receivables (current)	21
Trade and other payables (current)	26
Loans and borrowings (current)	25
Loans and borrowings (non-current)	25
- RM loan at COF + 1.125%	25
- RM loan at COF + 1.5%	25
Lease rental payable (non-current)	27

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

The carrying amounts of the current portion of loans and borrowings are reasonable approximations of fair values due to the insignificant impact of discounting.

Finance lease obligations and fixed rate bank loans

The fair values of these financial instruments are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

Financial guarantees

Fair value is determined based on probability weighted discounted cash flow method. The probability has been estimated and assigned for the following key assumptions:

- The likelihood of the guaranteed party defaulting within the guaranteed period;
- The exposure on the portion that is not expected to be recovered due to the guaranteed party's default;
- The estimated loss exposure if the party guaranteed were to default.

Notes to the Financial Statements
For the financial year ended 31 December 2011 (cont'd)

33. Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk.

The Board of Directors reviews and agrees on policies and procedures for the management of these risks, which are executed by Executive Committee. The audit committee provides independent oversight to the effectiveness of the risk management process.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including investment securities and cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

A nominal amount of RM93,890,000 (2010: RM43,890,000) relating to corporate guarantees provided by the Company to bankers on subsidiaries' bank loans.

Information regarding credit enhancements for trade and other receivables is disclosed in Note 21.

Credit risk concentration profile

At the reporting date, approximately 80% (2010: 84%) of the Group's trade receivables were due from 3 major customers.

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 21. Deposits with banks and other financial institutions, and short-term investment that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

33. Financial risk management objectives and policies (cont'd)

(b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

At the reporting date, approximately 7% (2010: 12%) of the Group's loans and borrowings will mature in less than one year based on the carrying amount reflected in the financial statements.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's financial assets and liabilities at the reporting date based on contractual undiscounted repayment obligations.

	2011 RM'000			
Group	**On demand or within one year**	**One to five years**	**Over five years**	**Total**
Financial assets:				
Trade and other receivables	13,236	-	-	13,236
Total cash and bank balances	44,402	-	-	44,402
Total undiscounted financial assets	57,638	-	-	57,638
Financial liabilities:				
Trade and other payables	22,199	-	-	22,199
Loan and borrowings	3,393	21,816	17,466	42,675
Total undiscounted financial liabilities	25,592	21,816	17,466	64,874
Total net undiscounted financial assets/(liabilities)	32,046	(21,816)	(17,466)	(7,236)

Notes to the Financial Statements
For the financial year ended 31 December 2011 (cont'd)

33. Financial risk management objectives and policies (cont'd)

(b) Liquidity risk (cont'd)

	2011 RM'000			
Company	**On demand or within one year**	**One to five years**	**Over five years**	**Total**
Financial assets:				
Trade and other receivables	115,149	-	-	115,149
Total cash and bank balances	2,315	-	-	2,315
Total undiscounted financial assets	117,464	-	-	117,464
Financial liability:				
Trade and other payables	18,235	-	-	18,235
Total net undiscounted financial assets	99,229	-	-	99,229

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings.

The Group's policy is to manage interest cost using a mix of fixed and floating rate debts.

33. Financial risk management objectives and policies (cont'd)

(c) Interest rate risk (cont'd)

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 25 basis points lower/higher, with all other variables held constant, the Company's profit net of tax would have been RM72,934 higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(d) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group holds cash and cash equivalents denominated in foreign currency for working capital purposes. At the reporting date, such foreign currency balances (mainly Euro) amounted to RM3.5 million.

Sensitivity analysis for foreign currency risk

At the reporting date, if the Euro had been 5% strengthened/weakened, with all other variables held constant, the Group's profit net of tax would have been RM176,946 higher/lower.

34. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2011 and 31 December 2010.

Notes to the Financial Statements
For the financial year ended 31 December 2011 (cont'd)

34. Capital management (cont'd)

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio between 2% and 40%. The Group includes within net debt, loans and borrowings, trade and other payables, less cash and cash equivalents.

	Note	Group		Company	
		2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Loans and borrowings	25	41,930	24,442	-	-
Trade and other payables	26	22,199	24,297	18,235	80,449
Less: Cash and bank balances	24	(44,402)	(43,488)	(2,315)	(499)
Net debt		19,727	5,251	15,920	79,950
Capital:					
Equity attributable to owners of the parent		391,157	362,497	332,741	242,776
Capital and net debt		410,884	367,748	348,661	322,726
Gearing ratio		5%	2%	5%	25%

35. Segment information

For management purposes, the Group is organised into business units based on their product and services, and has two reportable operating segments as follows:

(i) Plantation - Cultivation oil palm
(ii) Mill - Milling and sale of oil palm products
(iii) All other segments - Extraction and sale of earth stones and others

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

35. Segment information (cont'd)

	Plantation		Mill		All other segments		Adjustment and elimination		Note	Per consolidated financial statements	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000		2011 RM'000	2010 RM'000
Revenue:											
External customers	34,656	17,917	252,507	212,094	3,023	1,805	-	-		290,186	231,816
Inter-segment	60,463	52,733	-	-	4,349	10,009	(64,812)	(62,742)	A	-	-
Total revenue	95,119	70,650	252,507	212,094	7,372	11,814	(64,812)	(62,742)		290,186	231,816
Results:											
Interest income	339	192	1,450	1,276	765	716	(1,713)	(1,602)		841	582
Depreciation and amortisation	2,303	2,118	2,427	2,420	964	898	487	487		6,181	5,923
Segment profit	94,817	34,999	4,981	3,356	108,677	4,024	(146,275)	(7,102)	B	62,200	35,277
Assets:											
Additions to non-current assets	9,511	13,356	8,907	2,153	17,418	3,920	(554)	(1,398)	C	35,282	18,031
Segment assets	207,235	207,227	71,009	56,130	433,175	387,941	(189,620)	(175,548)	D	521,799	475,750
Segment liabilities	115,961	6,744	35,819	16,995	71,492	106,470	(110,968)	(33,381)	E	112,304	96,828

Notes to the Financial Statements
For the financial year ended 31 December 2011 (cont'd)

35. Segment information (cont'd)

Note Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements

A Inter-segment revenues are eliminated on consolidation.

B The profit from inter-segment sales is deducted from segment profit to arrive at "Profit before tax" presented in the consolidated statement of comprehensive income.

C Additions to non-current assets consist of:

	2011 RM'000	2010 RM'000
Property, plant and equipment	34,427	17,691
Biological assets	855	340
	35,282	18,031

D The following items are added to/(deducted from) segment assets to arrive at total assets reported in the consolidated statement of financial position:

	2011 RM'000	2010 RM'000
Deferred tax assets	2,191	2,312
Inter-segment assets	(191,811)	(177,860)
	(189,620)	(175,548)

E The following items are added to/(deducted from) segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	2011 RM'000	2010 RM'000
Deferred tax liabilities	45,880	45,585
Inter-segment liabilities	(156,848)	(78,966)
	(110,968)	(33,381)

Notes to the Financial Statements
For the financial year ended 31 December 2011 (cont'd)

35. Segment information (cont'd)

Geographical information

No geographical information has been provided as the Group activities are predominantly in Malaysia.

36. Event occurring after the reporting date

On 18 January 2012, the Company increased its issued and paid-up ordinary share capital from RM215,456,915 to RM318,446,210 by way of bonus issue on the basis of one bonus share for every two existing ordinary shares held.

37. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2011 were authorised for issue in accordance with a resolution of the directors on 12 March 2012.

38. Supplementary information – breakdown of retained earnings into realised and unrealised

The breakdown of the retained earnings of the Group and of the Company as at 31 December 2011 into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits of Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group RM'000	Company RM'000
Total retained earnings of the Company and its subsidiaries		
- Realised	248,258	128,385
- Unrealised	(12,121)	(5)
	236,137	128,380
Less: Consolidation adjustments	(49,341)	-
Retained earnings as per financial statements	186,796	128,380

List of Properties of the Group

as at 31 December 2011

	Location of Property Sabah	Tenure	Year of Expiry	Land Area		Description	Net Book Value As At 31.12.2011 RM'000	Year Acquired
1	Prolific, Wong Tet-Jung	Leasehold 99 years	2069	39.752	hectares	Oil Palm Plantation	18,134	2001
	Plantations Off KM 63.7,		2070	30.607	hectares	& Oil Mill		
	Sandakan-Lahad Datu		2074	18.195	hectares			
	Highway		2075	207.991	hectares			
			2076	9.967	hectares			
			2077	24.460	hectares			2005
			2082	6.463	hectares			
			2082	72.790	hectares			2005
		Perpetuity (Sublease 99 years)	2097	6.435	hectares			
	Kolapis-Beluran Area	Leasehold 99 years	2073	2.250	hectares	Plantable Reserve		2002
	District of Labuk Sugut			**418.910**	**hectares**			
	Prolific Yield Lot 38, Block C Taman Indah Jaya Phase 4A, Mile 4, Jalan Utara, Sandakan	Under Sub Division Leasehold 99 years (Parent title TL077552035)	2081	**167,220.000**	**Sq.M**	Double Storey Terrace Shoplot	154	2002
2	Melabau, Suara Baru &	Leasehold 99 years	2069	27.480	hectares	Oil Palm Plantation	628	2002
	Gelang Usaha		2078	17.110	hectares	Oil Palm Plantation	35,845	2001
	0.2 Km East of KM 96,		2079	260.780	hectares	& Quarry		
	Sandakan-Lahad Datu Highway		2080	202.303	hectares			
			2081	136.615	hectares			
			2082	88.690	hectares			
			2085	252.660	hectares			
			2086	14.930	hectares			
			2095	4.993	hectares			
			2093	154.700	hectares			
			2097	12.300	hectares			
		Perpetuity (Sublease 99 years)	2075	316.549	hectares			
			2080	136.763	hectares			
			2093	5.751	hectares			
			2097	10.930	hectares			
	KM 28, Jalan Labuk	Leasehold 99 years	2065	3.055	hectares	Plantable Reserve		
				1,645.609	**hectares**			
3	Sri Likas Mewah &	Leasehold 99 years	2085	10.120	hectares	Oil Palm Plantation	13,970	2001
	Ultisearch Trading		2094	386.100	hectares			
	2.6 KM north of KM 31,		2096	168.700	hectares			
	Sukau Road		2098	47.750	hectares			
				612.670	**hectares**			
4	Bakara	Leasehold 99 years	2085	150.300	hectares	Oil Palm Plantation	12,861	2001
	Bukit Garam/Sg. Lokan		2087	400.000	hectares			
	Off KM 76.5, Sandakan-Lahad Highway			**550.300**	**hectares**			
5	Cepatwawasan & Kovusak	Leasehold 99 years	2061	992.700	hectares	Oil Palm Plantation	40,932	2001
	KM 4.5, Jalan Beluran		2071	133.550	hectares			
			2078	485.300	hectares			
				1,611.550	**hectares**			

List of Properties of the Group

as at 31 December 2011 (cont'd)

	Location of Property Sabah	Tenure	Year of Expiry	Land Area		Description	Net Book Value As At 31.12.2011 RM'000	Year Acquired
6	Razijaya & Sugguh Mulia Sungai-Sungai Locality, 99 KM North-West of Sandakan	Leasehold 99 years	2098	**362.200**	**hectares**	Oil Palm Plantation, Quarry & Plantable Reserve	15,061	2001
7	Prima Semasa Sonsogon Suyad, Paitan Locality 105 KM North-West of Sandakan	Leasehold 99 years	2094	**2,997.000**	**hectares**	Oil Palm Plantation & Plantable Reserve	32,566	2003
8	Cepatwawasan, Tentu Bernas, Tentu Cergas, Liga Semarak & Jutategak Sg. Kawananan Locality 113 KM North-West of Sandakan	Leasehold 99 years	2097 2098 2099 2100	242.800 145.710 48.550 48.520 **485.580**	hectares hectares hectares hectares **hectares**	Oil Palm Plantation	7,797	2005
9	Ladang Cepat-KPD 85 KM South-West of Beaufort	Leasehold 99 years	2087	**1,618.740**	**hectares**	Oil Palm Plantation	49,304	2007
10	Cepatwawasan Group Berhad Lot 70, Block 6, Prima Square Mile 4, North Road Sandakan	Leasehold 99 years	2106	**564.386**	**Sq.M**	Three Storey Shop/Office	1,962	2009
	Cepatwawasan Group Berhad Unit no. F-7-2, Level 7, Block F Utama Court, Phase 2, Mile 6 North Road, Sandakan	Leasehold 99 years	2081	**106.500**	**Sq.M**	Eight Storey Apartment	193	2011
	Cepatwawasan Group Berhad Unit no. F-8-2, Level 8, Block F Utama Court, Phase 2, Mile 6 North Road, Sandakan	Leasehold 99 years	2081	**106.500**	**Sq.M**	Eight Storey Apartment	195	2011
11	Minelink HS (D) 32033, No. PT 808 Damansara Heights Mukim of Kuala Lumpur	Freehold	-	**1,774.669**	**Sq.M**	High-end residential property	7,637	2008
	Minelink HS (D) 32033, No. PT 809 Damansara Heights Mukim of Kuala Lumpur	Freehold	-	**1,775.319**	**Sq.M**	High-end residential property	6,305	2008
	Minelink HS (D) 32033, No. PT 810 Damansara Heights Mukim of Kuala Lumpur	Freehold	-	**1,775.226**	**Sq.M**	High-end residential property	6,337	2008

Statistical Report

as at 24 February 2012

Issued & Fully Paid-Up Share Capital	:	318,446,210 (including treasury shares of 9,478,300)
Authorised Share Capital	:	500,000,000
Type of Share	:	Ordinary Share of RM1.00 each
No. of Shareholders	:	8,010
Voting Rights	:	One Vote for Every Share

ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of Holdings	No. of Holders	(%)	No. of Shares	Percentage (%)
1 to 99	48	0.599	1,857	0.000
100 to 1,000	501	6.255	348,393	0.113
1,001 to 10,000	4,701	58.689	22,787,688	7.376
10,001 to 100,000	2,477	30.924	69,442,633	22.476
100,001 to 15,448,394*	281	3.508	111,500,889	36.088
15,448,394 and above**	2	0.025	104,886,450	33.947
TOTAL	**8,010**	**100.000**	**308,967,910**	**100.000**

* Less than 5% of Issued Shares
** 5% and above of Issued Shares

LIST OF SUBSTANTIAL SHAREHOLDERS

as per the Register of Substantial Shareholders as at 24 February 2012

Shareholders	No. of Shares Direct	%	No. of Shares Indirect	%	
MHC Plantations Bhd	88,831,200	28.75	30,000,000	9.71	(1)
Dato' Mah Pooi Soo Realty Sdn Bhd	-	-	118,831,200	38.46	(2)
Dato' Seri Mah King Thian @ Mah King Thiam	-	-	118,831,200	38.46	(2)
Dato' Mah King Seng	-	-	118,831,200	38.46	(2)
Datin Seri Ooi Ah Thin	-	-	118,831,200	38.46	(2)
Yew Lee Holdings Sdn. Berhad	16,055,250	5.20	13,944,750	4.51	(3)

Notes:
(1) Deemed interested pursuant to Section 6A of the Companies Act 1965 by virtue of its shareholdings in Yew Lee Holdings Sdn. Berhad and Hutan Melintang Plantations Sdn. Berhad.
(2) Deemed interested pursuant to Section 6A of the Companies Act 1965 by virtue of his/her shareholdings in MHC Plantations Bhd.
(3) Deemed interested pursuant to Section 6A of the Companies Act 1965 by virtue of its shareholdings in Hutan Melintang Plantations Sdn. Berhad.

LIST OF DIRECTORS' SHAREHOLDINGS

as per the Register of Directors' Shareholdings as at 24 February 2012

Directors	No. of Shares Direct	%	No. of Shares Indirect	%	
Dato' Seri Mah King Thian @ Mah King Thiam	-	-	118,831,200	38.46	(1)
Dato' Mah King Seng	-	-	118,831,200	38.46	(1)
Tan Ah Seng	150	-	-	-	
Chua Kim Yin	-	-	-	-	
Chan Kam Leong	-	-	-	-	
Choong Pak Wan	15,000	-	-	-	

Note:
(1) Deemed interested pursuant to Section 6A of the Companies Act 1965 by virtue of his shareholdings in MHC Plantations Bhd.

Statistical Report
as at 24 February 2012 (cont'd)

LIST OF TOP 30 HOLDERS as at 24 February 2012

No.	Names	Holdings	%
1	MHC PLANTATIONS BHD.	88,831,200	28.750
2	YEW LEE HOLDINGS SDN. BERHAD	16,055,250	5.196
3	HUTAN MELINTANG PLANTATIONS SDN. BERHAD	13,944,750	4.513
4	SEE LENG TAT	7,550,000	2.444
5	TAN LAI KIM	5,782,500	1.872
6	LI NAI KWONG	4,567,513	1.478
7	JUWITAWAN SDN BHD	3,373,050	1.092
8	MAYBAN NOMINEES (TEMPATAN) SDN BHD *JINCAN SDN BHD*	2,850,000	0.922
9	HSBC NOMINEES (ASING) SDN BHD *EXEMPT AN FOR CREDIT SUISSE (SG BR-TST-ASING)*	2,302,500	0.745
10	LEE GUAN HUAT	1,379,850	0.447
11	CIMSEC NOMINEES (TEMPATAN) SDN BHD *CIMB FOR LEOW MING FONG @ LEOW MIN FONG (PB)*	1,350,000	0.436
12	EDMOND HOYT YUNG	1,350,000	0.436
13	MKW JAYA SDN. BHD.	1,328,250	0.430
14	RICKOH CORPORATION SDN BHD	1,290,000	0.418
15	CIMSEC NOMINEES (TEMPATAN) SDN BHD *CIMB BANK FOR KOH KIN LIP (MY0502)*	1,215,000	0.393
16	HDM NOMINEES (ASING) SDN BHD *DBS VICKERS SECS (S) PTE LTD FOR GREAT FOREST LIMITED*	1,186,950	0.384
17	GAN HONG LIANG	1,073,850	0.348
18	SEE HONG CHEEN @ SEE HONG CHEN	1,050,000	0.340
19	DATO' TEO SOO CHENG	975,000	0.316
20	AFFIN NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR ROVENT SDN BHD (ROV0001C)*	968,100	0.313
21	MAYBAN NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR GAN TEE JIN*	900,000	0.291
22	AMSEC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR NUMINA GEM SDN BHD*	800,000	0.259
23	LAW PEY NGET	795,750	0.258
24	HOE SENG COMPANY PTE LIMITED	750,000	0.243
25	MOHAMED IZANI BIN MOHAMED JAKEL	720,000	0.233
26	LIM CHIN SEAN	700,000	0.227
27	CITIGROUP NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR YE YU @ YE KIM ONN (471503)*	660,000	0.214
28	CIMSEC NOMINEES (ASING) SDN BHD *BANK OF SINGAPORE LIMITED FOR JARSUMA INVESTMENTS LTD*	651,000	0.211
29	MAYBAN NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR EDWARD CHENG WUN WAH*	630,000	0.204
30	BHR ENTERPRISE SDN BHD	623,400	0.202
	TOTAL	**165,653,913**	**53.615**

CEPATWAWASAN GROUP BERHAD
(Company No: 536499-K)

FORM OF PROXY

No of Shares Held	

I/We ____ (BLOCK LETTERS)

NRIC No./Company No. ____ of

____

being (a) Member(s) of CEPATWAWASAN GROUP BERHAD (536499-K) hereby appoint the following person(s):

Name of proxy & NRIC No.	**No. of shares to be represented by proxy**
1. ______________________	______________
2. ______________________	______________

or failing him/her,

1. ______________________	______________
2. ______________________	______________

or failing him/her, THE CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us on my/our behalf at the Twelfth Annual General Meeting of the Company to be held at Executive Parlour (6th Floor), Sabah Hotel Sandakan, KM 1, Jalan Utara, Sandakan, Sabah on Wednesday, 25 April 2012 at 10.30 a.m. and at any adjournment thereof and to vote as indicated below:-

RESOLUTION NO.	FOR	AGAINST
1		
2		
3		
4		
5		
6		
7		

Please indicate with an "X" in the space above on how you wish to cast your vote. In the absence of specific directions, your proxy will vote or abstain as he/she thinks fit.

Signed this .... day of ...., 2012

____
Signature / Seal of Member

Notes:

(a) Only a depositor whose name appears on the Record of Depositors as at 18 April 2012 shall be entitled to attend, speak and vote at the said meeting or appoint proxies on his/her behalf.

(b) A proxy may but need not be a member of the Company and if the proxy is not a member of the Company, the proxy shall be an advocate or an approved company auditor or a person approved by the Registrar of Companies.

(c) To be valid this form duly completed must be deposited at the Company's Share Registrar's Office at Tricor Investor Services Sdn. Bhd., Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, not less than forty-eight (48) hours before the time for holding the meeting.

(d) A member shall be entitled to appoint more than one (1) proxy (subject always to a maximum of two (2) proxies at each meeting) to attend and vote at the same meeting.

(e) Where a member appoints more than one (1) proxy (subject always to a maximum of two (2) proxies at each meeting) the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.

(f) If the appointer is a corporation, the Form of Proxy must be executed under its seal or under the hand of its attorney.

(g) Form of Proxy sent through facsimile transmission shall not be accepted.

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Stamp

CEPATWAWASAN GROUP BERHAD (536499-K)
c/o Tricor Investor Services Sdn Bhd
Level 17, The Gardens North Tower,
Mid Valley City, Lingkaran Syed Putra,
59200 Kuala Lumpur.

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