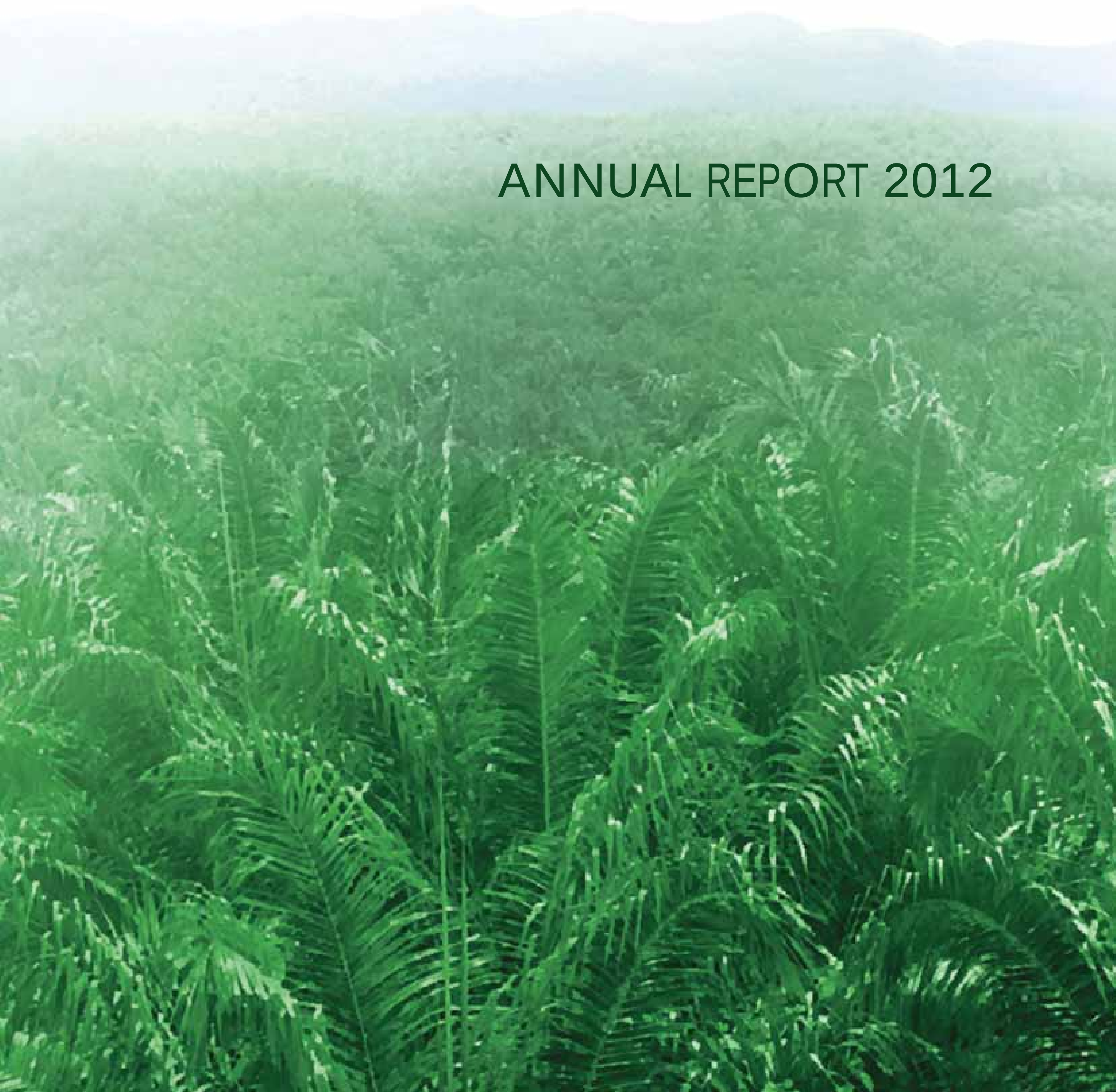
CEPATWAWASAN GROUP BERHAD

(Company No: 536499-K)

ANNUAL REPORT 2012



Contents

Notice of the Thirteenth Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Thirteenth Annual General Meeting of the Company will be held at Amadeus 1, Sabah Hotel Sandakan, KM 1, Jalan Utara, Sandakan, Sabah on Wednesday, 24 April 2013 at 10.30 a.m. for the following business:

AGENDA	**Ordinary Resolution No.**
1. To receive the Audited Financial Statements of the Company for the financial year ended 31 December 2012 together with the Directors' and Auditors' Reports thereon.	
2. To approve the payment of a single tier final dividend of 1% in respect of the financial year ended 31 December 2012.	1
3. To re-elect Dato' Seri Mah King Thian @ Mah King Thiam retiring in accordance with Article 76 of the Company's Articles of Association.	2
4. To re-elect Mr. Chua Kim Yin retiring in accordance with Article 76 of the Company's Articles of Association.	3
5. To consider and if thought fit, to pass the following Ordinary Resolution in accordance with Section 129 of the Companies Act, 1965:	4
"THAT Mr. Chan Kam Leong, retiring pursuant to Section 129 of the Companies Act, 1965, be and is hereby re-appointed a Director of the Company to hold office until the next annual general meeting."	
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:	
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
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 Thirteenth Annual General Meeting (cont'd)

Ordinary 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. As Special Business to consider and if thought fit, to pass the following Special Resolution, with or without modifications:

PROPOSED AMENDMENT TO THE ARTICLES OF ASSOCIATION OF THE COMPANY

"THAT the amendments to the Articles of Association of the Company in the manner detailed in Appendix A attached to the Annual Report 2012 be and are hereby approved." **Special Resolution**

9. 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
1 April 2013

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

Notes:-

(a) Only members whose names appear on the Record of Depositors as at 18 April 2013 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 the Form of Proxy 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.

Explanatory Note on Special Business

* **Ordinary Resolution No. 6**

The proposed Ordinary Resolution 6, if passed, will empower the Directors of the Company to allot and issue 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 Twelfth Annual General Meeting held on 25 April 2012 and which will lapse at the conclusion of the Thirteenth 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.

* **Ordinary 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 1 April 2013 which is despatched together with Company's Annual Report 2012.

* **Special Resolution**

The proposed Special Resolution is made to comply with the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. Further information on the Proposed Amendments to the Articles of Association of the Company is set out in Appendix A of this Annual Report.

Appendix A

DETAILS OF THE PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY

It is proposed that the Articles of Association of the Company be amended in the following manner:

1. **Article 2**

a) THAT the existing definition of "Deposited Security" in Article 2 which reads as follows:

"Deposited Security	...	shall have the meaning given in Section 2 of the Central Depositories Act."

be and is hereby amended by deleting the definition of "Deposited Security" in its entirety and substituting with the following:

"Deposited Security	**...**	**A security in the Company standing to the credit of a Securities Account of the Depositor and includes securities in the Securities Account that is in suspense."**

b) THAT the following additional definition be and is hereby inserted under Article 2 after the definition of "Deposited Security" in Article 2:

"Exempt Authorised Nominee	**...**	**An authorised nominee defined under Central Depositories Act which is exempted from compliance with the provisions of subsection 25A(1) of the Central Depositories Act."**

c) THAT the existing definition of "Securities" in Article 2 which reads as follows:

"Securities	...	shall have the meaning given in section 2 of the Securities Commission Act 1993."

be and is hereby amended by deleting the definition of "Securities" in its entirety and substituting with the following:

"Securities	**...**	**shall have the meaning given in section 2(1) of the Capital Markets and Services Act 2007."**

2. **Article 65**

THAT the existing Article 65 which reads as follows:

"Subject to any rights or restrictions for the time being attached to any classes of shares, at meetings of Members or classes of Members, each Member entitled to vote may vote in person or by proxy who may but need not be a Member of the Company or by attorney and on a show of hands, every person who is a Member or representative or proxy of a Member shall have one (1) vote and on a poll every Member present in person or by proxy or by attorney or other duly authorised representative shall have one (1) vote for each share he holds. A proxy or attorney shall be entitled to vote both on a show of hands or on a poll."

Appendix A (cont'd)

be and is hereby amended by substituting the existing Article 65 with the following:

"Subject to any rights or restrictions for the time being attached to any classes of shares, at meetings of Members or classes of Members, each Member entitled to vote may vote in person or by proxy who may but need not be a Member of the Company or by attorney and on a show of hands, every person who is a Member or representative or proxy of a Member shall have one (1) vote and on a poll every Member present in person or by proxy or by attorney or other duly authorised representative shall have one (1) vote for each share he holds. A proxy or attorney shall be entitled to vote on a show of hands or on a poll on any question at any general meeting. The provisions of Section 149(1)(b) of the Act shall not apply to the Company and there shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak at the meeting."

3. **Article 70**

THAT the existing Article 70 which reads as follows:

"The instrument appointing a proxy shall be in writing under the hands of the appointor or of his attorney duly authorised in writing or if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised. A proxy may but need not be a Member of the Company and if he is not a Member of the Company, he shall be an advocate or an approved company auditor or a person approved by the Registrar of Companies. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll. A Member shall not be entitled to appoint more than two (2) proxies to attend and vote at the same meeting and where the Member appoints two (2) proxies to attend and vote at the same meeting, such appointment shall be invalid unless the Member specifies the proportion of his shareholding to be represented by each proxy."

be and is hereby amended by deleting the second sentence of the Article and that the amended Article 70 shall read as follows:

"The instrument appointing a proxy shall be in writing under the hands of the appointor or of his attorney duly authorised in writing or if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll. A Member shall not be entitled to appoint more than two (2) proxies to attend and vote at the same meeting and where the Member appoints two (2) proxies to attend and vote at the same meeting, such appointment shall be invalid unless the Member specifies the proportion of his shareholding to be represented by each proxy.

Appendix A (cont'd)

4. **Article 70B**

THAT the following additional Article 70B be and is hereby inserted after the existing Article 70A:

"Exempt Authorised Nominee

Where a Member of the Company is an Exempt Authorised Nominee which holds ordinary share in the Company for multiple beneficial owners in one securities account (omnibus account), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds. A Member of the Company entitled to attend and vote at a meeting of the Company, or at a meeting of any class of members of the Company, shall be entitled to appoint any person as his proxy to attend and vote instead of the member at the meeting."

5. **Article 71**

THAT the first paragraph of the Notes to Article 71 which reads as follows:

"A proxy may but need not be a Member of the Company and if he is not a Member of the Company, he shall be an advocate or an approved company auditor or a person approved by the Registrar of Companies."

be and is hereby amended by substituting the existing first paragraph of the Notes to Article 71 with the following:

"A proxy may but need not be a Member of the Company and **the provisions of Section 149(1)(b) of the Act shall not apply to the Company**."

6. **Article 143**

THAT the existing Article 143 which reads as follows:

"Any notice or any other document if served by post shall be deemed to be served in the case of a Member having an address for service in Peninsular Malaysia one (1) day following that on which a properly stamped letter containing the same is posted in Peninsular Malaysia and in the case of a Member having an address for service in East Malaysia one (1) day following that on which the letter suitably stamped at airmail rates containing the same is posted within Peninsular Malaysia."

be amended by substituting the existing Article 143 with the following:

"Any notice or any other document if served by post shall be deemed to be served by properly addressing, preparing and posting a letter containing the notice, and to have been served in the case of a notice of a meeting on the day of its posting, and in any other case at the time at which the letter would be delivered in the ordinary course of post. The accidental omission to give any notice of any meeting to or the non-receipt of any such notice by any of the Members shall not invalidate the proceedings at any general meeting or any resolution passed thereat."

Corporate Information

BOARD OF DIRECTORS

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

Managing Director
Dato' Seri 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' Seri 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 50
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' Seri 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 four Board Meetings held during the financial year.

DATO' SERI MAH KING SENG
Malaysian aged 55
Managing Director

Dato' Seri 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 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 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 four Board Meetings held during the financial year.

Profile of Board of Directors (cont'd)

TAN AH SENG
Malaysian aged 66
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 four Board Meetings held during the financial year.

CHUA KIM YIN (JP)
Malaysian aged 52
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 practise 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 four Board Meetings held during the financial year.

Profile of Board of Directors (cont'd)

CHAN KAM LEONG
Malaysian aged 73
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 Bhd, 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 four Board Meetings held during the financial year.

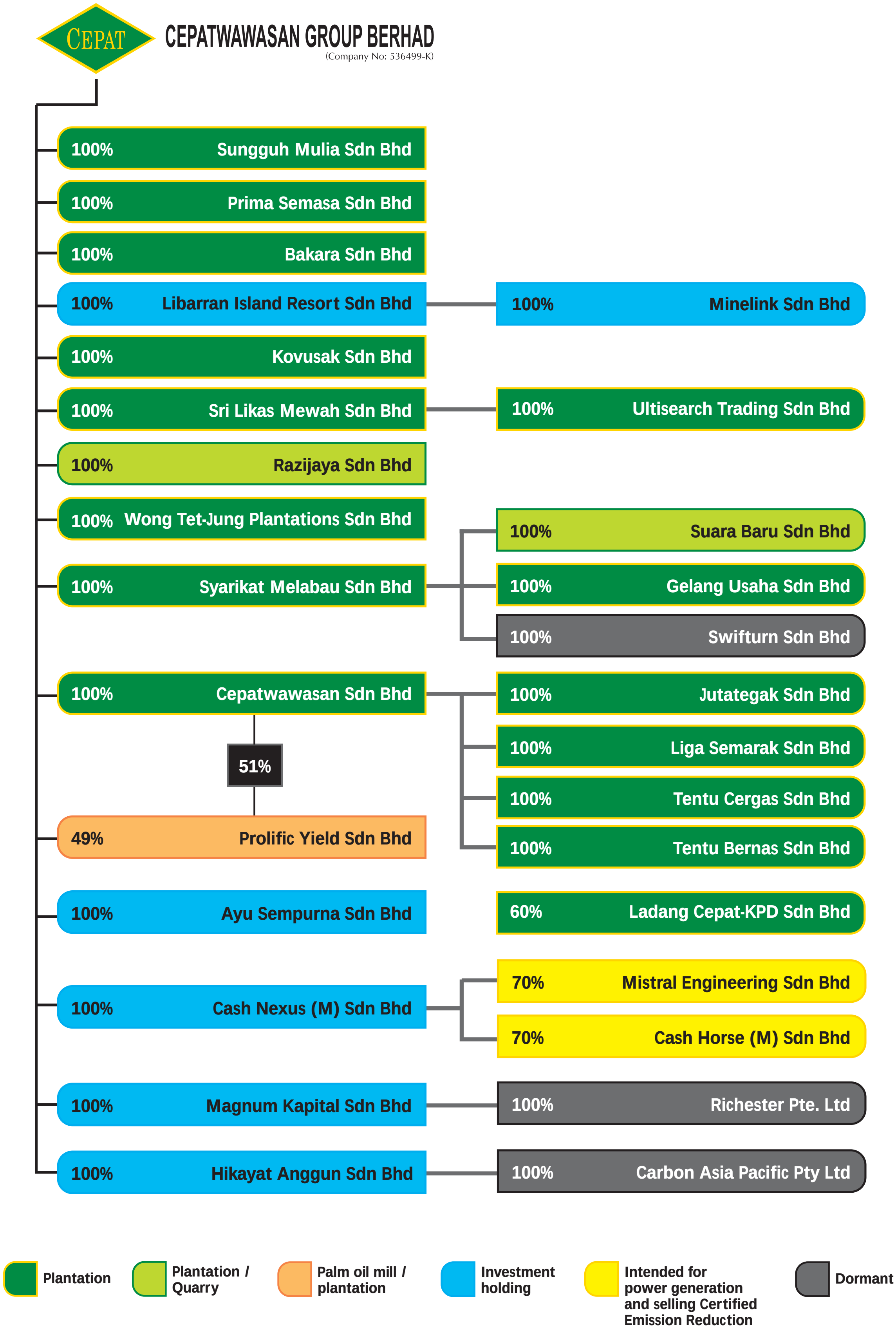
CHOONG PAK WAN
Malaysian aged 69
Independent Non-Executive Director

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 four 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 2012.

Group's Performance

The Group recorded revenue of RM 219.03 million and profit before tax of RM 30.10 million in 2012 as compared to RM 290.19 million and 62.20 million respectively in 2011. Profit after tax declined to RM 22.60 million from RM 46.43 million in 2011 and hence, the Group's net earnings per share decreased from 14.12 sen to 6.81 sen. Net tangible assets per share attributable to ordinary equity holders of the Company is 130 sen.

The decreases in revenue and profit after tax were mainly due to the decreases in the average prices of Crude Palm Oil ("CPO") and Palm Kernel ("PK") by 12% and 29% respectively and a 8% decrease in the Group's production of Fresh Fruit Bunches ("FFB").

In 2012, the Group produced 137,214 Metric Tonnes ("MT") of FFB at an average yield of 17.83 MT per hectare.

The Group's Palm Oil Mill produced 63,595 MT of CPO at an average Oil Extraction Rate of 20.29% and 15,091 MT of PK at an average Kernel Extraction Rate of 4.82%. In 2012, CPO was sold at an average price of RM 2,800 per MT whereas PK was sold at an average price of RM 1,500 per MT.

Bonus Issue

During the financial year, the Company increased its issued and paid up capital from RM215,456,915 to RM318,446,210 by way of a bonus issue of 102,989,295 new ordinary shares of RM1 each on the basis of one (1) new ordinary share of RM1 each for every two (2) existing ordinary shares of RM1 each via the capitalisation of RM 102,989,295 from the retained profits of the Company.

The Board is of the view that the Bonus Issue is the best way to reward the existing shareholders of the Company whilst at the same time enhancing the Company's capital base.

Dividends

On 27 November 2012, the Group declared a first interim tax exempt (single-tier) dividend of 1.5% on 318,446,210 ordinary shares (excluding 9,478,500 treasury shares) in respect of the financial year ended 31 December 2012 amounting to RM 4,634,516, which was fully paid on 21 December 2012.

At the forthcoming Annual General Meeting, a final tax exempt (single-tier) dividend in respect of the financial year ended 31 December 2012 of 1% on 308,967,710 ordinary shares amounting to a dividend payable of RM 3,089,677 will be proposed for your approval.

Prospects

The average CPO price in 2012 declined by about 12% to RM 2,800 per MT from RM 3,200 per MT in 2011.

Since the last quarter of 2012, CPO prices have fallen to RM 2,100 per MT due to high stockpile of palm oil as a result of the global economic slowdown that affects the demand for the oil.

Chairman's Statement (cont'd)

Average CPO price in 2013 is expected to recover above RM 2,500 per MT, driven mainly by Malaysia revamping its export duty structure as part of a plan to improve competitiveness and win back market share from the world's top producer, Indonesia. Lower CPO export duties in Malaysia will help to ease stockpile by boosting demand for Malaysian palm oil. In addition, larger discount for palm oil against soy oil will also attract demand from price-sensitive vegetable oil buyers like India and China.

Thus, barring any unforeseen circumstances, your Board is confident that the Group is still profitable in 2013 by continuing 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 2013.

The Group also expects positive contributions from its bio-renewable electricity projects in 2013.

Corporate Social Responsibility ("CSR")

As part of its CSR, the Group has constructed 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 make it convenient for underprivileged village children living far away in remote areas to attend school by staying at the hostel during school days. The hostel was completed in February 2013 and officially opened by the Minister of Science, Technology and Innovation Malaysia, Datuk Seri Panglima Dr. Maximus Johnity Ongkili, on 2 March 2013.

Environmental Sustainability

The Group is also proud of its contribution towards environmentally sustainable milling by constructing and operating a Biogas Power Generation Plant which is integrated with its existing palm oil mill in Sandakan, Sabah. The Plant mitigates the emission of green house gasses by capturing the methane gas released from the anaerobic digestion of the Palm Oil Mill Effluent ("POME") as well as utilising the methane gas, a renewable fuel, to generate electricity for the oil mill and workers' quarters. There is zero discharge of POME to the river as the final discharge after treatment and polishing is to land application through a system of drip irrigation. As such, no effluent is discharged to the river.

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 ('Board') of Cepatwawasan Group Berhad ('Company') is committed to ensure that the highest standards of Corporate Governance are practised throughout the Group towards enhancing business prosperity and corporate accountability to realise long term shareholders' value for the Company's shares. The Board is working towards ensuring full compliance with principles and best practices of Malaysian Code on Corporate Governance 2012 ("Code" or "MCCG 2012"). An indication of the Board's commitment is reflected in the incorporation of various policies and processes and the establishment of the relevant committees. The Board is pleased to report on how the Company and Group have applied the principles set out in the Code ("Principles") to its particular circumstances, having regard to the recommendations stated under each Principle ("Recommendations").

The Board assumes full responsibilities for the overall performance of the Company and its subsidiaries by setting the policies, establishing goals and monitoring the achievement of the goals through strategic action plans and careful stewardship of the Group's assets and resources. It focuses on financial performance and crucial business issues, like principal risks and their management, succession planning for senior management, investor relations programme and shareholders communication policy, systems for internal control and compliance with laws and regulations.

The Board has established clear functions reserved for the Board and those delegated to Management in the Board Charter ("Charter") which serves as a reference point for Board's activities. The Charter provides guidance for Directors and Management on the responsibilities of the Board, its Committees and requirements of Directors and it is subject to periodical review to ensure consistency with the Board's strategic intent as well as relevant standards of corporate governance. Salient terms of the Charter are made available at the Company's website at www.cepatgroup.com.

1. Directors

1.1 Board Composition and Independence

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

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

Managing Director
Dato' Seri Mah King Seng

Executive Director
Tan Ah Seng

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

1. Directors (cont'd)

1.1 Board Composition and Independence (cont'd)

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 are credible professionals of calibre, who play key supporting roles by contributing their knowledge, guidance and experience towards making independent judgement on issues of strategies, performance, resources and standards of conduct. The Executive and Non-Executive Directors together ensure that the strategies proposed by the management are fully discussed and examined and the long-term interests of the shareholders, employees, suppliers and customers are taken into account.

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 Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad whereby half of the Board of Directors are Independent Non-Executive Directors.

The Board has conducted an assessment on the Independent Directors and none of the Independent Directors has served the Company exceeding a cumulative terms of nine (9) years.

The Company has also formalised a set of ethical standards through a code of conduct, which is subject to periodical review, to ensure Directors practise ethical, businesslike and lawful conduct, including proper use of authority and appropriate decorum when acting as Board members.

The Board held four (4) 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	4/4
Dato' Seri Mah King Seng	4/4
Tan Ah Seng	4/4
Chua Kim Yin	4/4
Chan Kam Leong	4/4
Choong Pak Wan	4/4

1. Directors (cont'd)

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.

Along with good governance practices and in order to enhance transparency and accountability, the Board has established and put in place the following policies and procedures which full details of the policies and procedures are made available at the Company's website at www.cepatgroup.com:

- Board Charter and Code of Conduct
- Shareholder's Right relating to General Meeting
- Whistleblowing Policy and Procedure
- Sustainability Policy

1.4 Appointment and Re-election of Directors

The Articles of Association of the Company requires that all Directors shall be subject to re-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 at least once 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 27 to 31 of the Annual Report.

(ii) Nomination Committee

The Nomination Committee consists of three members, all of whom are Independent Non-Executive Directors and its Chairman is a Senior Independent Director appointed by the Board.

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.

The Board has established a nomination process of board members to facilitate and provide a guide for the Nomination Committee to identify, evaluate, select and recommend to the Board the candidate to be appointed as a director of the Company.

The nomination and election process of board members can be found at the Company's website at www.cepatgroup.com.

1. Directors (cont'd)

1.5 Committee of Directors (cont'd)

(ii) Nomination Committee (cont'd)

The director who is subject to re-election and/or re-appointment at next Annual General Meeting is assessed by the Nomination Committee before recommendation is made to the Board and shareholders for re-election and/or re-appointment. Appropriate assessment and recommendation by the Nomination Committee is based on the yearly assessment conducted.

As all members of the Nomination Committee are Independent Directors, the assessment of their independence has been conducted by the Board as a whole.

(iii) Remuneration Committee

The Remuneration Committee consists of three members, the majority of whom are Independent Non-Executive Directors.

The responsibilities and functions of the Remuneration Committee include the following:

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

- To set up a policy framework for all elements of remuneration such as reward structure, fringe benefits and other terms of employment of the Executive Directors.

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.

The Board has established a remuneration policy and procedure to facilitate the Remuneration Committee to review, consider and recommend to the Board for decision the remuneration packages of the Executive Directors.

The remuneration policy and procedure can be found at the Company's website at www.cepatgroup.com.

1. Directors (cont'd)

1.5 Committee of Directors (cont'd)

The aggregate remuneration paid or payable to all Directors of the Company for the financial year ended 31 December 2012 is as follows:-

	Fees RM	Emoluments RM	EPF RM	Total RM
Executive Directors	30,000	1,830,415	219,662	2,080,077
Non-Executive Directors	159,000	-	-	159,000
Total	189,000	1,830,415	219,662	2,239,077

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

Range of Remuneration	Executive Directors	Non-Executive Directors
RM 50,001 to RM100,000	-	3
RM300,001 to RM350,000	1	-
RM850,001 to RM900,000	2	-

(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. Gender Diversity Policy

A gender diversity policy has been established by the Board and target has been set to have at least one woman participation on the Board at all times.

3. Directors' Training

The Directors are continuously undergoing training and other relevant programmes to further enhance their skills and knowledge where relevant.

During the financial year ended 31 December 2012, the following training programmes and seminars were attended by the Directors:

- EU-Asia biomass best practices & business partnering conference 2012;
- Rabobank's seminar -Palm oil outlook 2013;
- Oil palm nursery management;
- Minimum Wages Act 2012 & domestic inquiry;
- Latest developments and tax planning for employment income; and
- Specialist tax issues: Analysis of recent tax cases

4. Corporate Disclosure

To ensure timely and high quality disclosure, the Company has implemented a corporate disclosure policy to ensure accurate, clear, timely and complete disclosure of material information necessary for informed investing and take reasonable steps to ensure that all who invest in the Company's securities enjoy equal access to such information to avoid an individual or selective disclosure.

5. Shareholders

The Company has implemented a shareholder communications policy to ensure effective communication with its shareholders and other stakeholders.

Communication between the Company and its shareholders are done in the following manner:

a. Dialogue between Companies and Investors

The annual report, quarterly reports and various 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 results 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.

5. Shareholders (cont'd)

b. 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.

The shareholders are informed of their rights to demand for poll prior to the commencement of each general meeting.

6. Sustainability Policy

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

The Company strives to achieve a sustainable long term balance between meeting its business goals and preserving the environment. It recognises that the sustainability of the ecosystems is an integral part of sustaining its business. Conversation and preservation of the environment remains the priority of the Group.

The strategies to promote sustainability and its implementation can be found at the Company's website at www.cepatgroup.com.

As part of its corporate social responsibility, the Group has constructed 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. The hostel has been completed in February 2013 and was officially opened by the Minister of Science, Technology and Innovation Malaysia, Datuk Seri Panglima, Dr. Maximus Johnity Ongkili, on 2 March 2013.

Asrama Marak Parak, a hostel in Kampung Marak Parak, Kota Merudu.

7. 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 26.

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.

8. 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 risk management and internal control, which can be found on pages 32 to 34.

9. 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 27 to 31.

10. Compliance Statement

The Company complied with the Principles of Corporate Governance as contained in the Code except for the following exceptions that, in the opinion of the Directors, adequately suits the circumstances:

i. 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.

ii. Chairman is an Executive Director and the Board does not comprise a majority of independent directors. However, the Nomination Committee have assessed, reviewed and determined that the chairmanship of Dato' Seri Mah King Thian @ Mah King Thiam remains based on the following justifications/aspects contributed by Dato' Seri Mah King Thian @ Mah King Thiam as a member of the Board:

10. Compliance Statement (cont'd)

- His vast experience in managing the operations of the Group's estates, mills and power plant which would enable him to provide the Board with a diverse set of experience, expertise and skills to better manage and run the Group;

- He has exercised his due care in the interest of the Company and shareholders during his tenure as an Executive Chairman of the Company; and

- He has provided objectivity in decision making and ensured effective check and balance in the proceedings of the Board.

iii. There is no female director on Board at the moment.

The Company is in the midst of identifying a new independent director and may invite woman if she has the expertise and experience in the related industry to fulfill the requirement to have a majority of independent directors on Board and to meet its gender diversity policy.

11. Additional Compliance Information

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

11.1 Utilisation of Proceeds

This was not applicable during the financial year.

11.2 Share Buybacks

During the financial year, the Company purchased 200 Shares and all the purchases were made in April 2012 and October 2012. The relevant price details are as follow:

Highest price paid	:	RM 1.13
Lowest price paid	:	RM 0.98
Average price paid	:	RM 1.06
Total consideration paid	:	RM 211.50 (excluding transaction cost)

As at 31 December 2012, all the purchased shares were retained as treasury shares and there was no resale or cancellation of these purchased shares.

11.3 Options, Warrants or Convertible Securities

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

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

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

11. Additional Compliance Information (cont'd)

11.5 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.

11.6 Non-Audit Fees

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

11.7 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 2012.

11.8 Profit Guarantee

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

11.9 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 2012 or entered into since the previous financial year except for those disclosed under related party transactions on pages 97 to 98.

11.10 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.

MEETINGS

The Audit Committee members held four (4) meetings during the financial year ended 31 December 2012.

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.

(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 Requirments 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:

- Store management;
- Human resource and payroll function;
- Property, plant and equipment management;
- Estate field upkeep and;
- Replanting 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 Risk Management and Internal Control

The Board of Directors ("Board") recognises the importance of a sound risk management framework and internal control system to safeguard shareholders' investments and the Group's assets.

The Board's Statement on Risk Management and Internal Control outlines the nature and scope of internal control of the Group during the financial year.

BOARD'S RESPONSIBILITY

The Board affirms its responsibility for the adequacy and effectiveness of the Group's system of internal control. This includes reviewing the adequacy and integrity of financial, operational and compliance controls and risk management procedures.

In view of the limitations that are inherent in any system of internal control, the Board ensures that this system is designed to manage the Group's risks within an acceptance risk profile, rather than eliminate the risk of failure to achieve corporate objectives of the Group. Accordingly, the system can provide reasonable but not absolute assurance against material misstatement of management and financial information and records or against operational failures, fraud or financial loss.

Following the publication of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, the Board has established an ongoing process for identifying, evaluating and managing significant risks faced by the Group. This ongoing process which includes updating the system of internal controls when there are changes in the business environment or regulatory guidelines is reviewed by the Board. The Board is of the view that the risk management and the system of internal controls in place for the year under review and up to the date of the issuance of the financial statements are sound and sufficient to safeguard the shareholders' investments and the Group's assets.

RISK MANAGEMENT AND INTERNAL CONTROL

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 2012 ("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. These include operational risk, market risk, legal risk and environmental risk.

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. Observations from internal audits were presented to the Audit Committee together with management's response and proposed action plans for its review. The action plans were then followed up during subsequent internal audits with implementation status reported to the Audit Committee. The costs incurred for the internal audit function for the financial year ended 31 December 2012 were RM61,000.

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 and the Group's activities and operations on a regular basis including any material issues.

ii. AUDIT COMMITTEE

The Audit Committee of the Group reviews any internal control issues identified by the internal auditors, the external auditors, regulatory authorities and Management, and evaluate the adequacy and effectiveness of the risk management and internal control systems. The Audit Committee also reviews the internal audit functions and quality of internal audits. The minutes of the Audit Committee meetings are tabled to the Board.

iii. 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.

iv. PERFORMANCE MANAGEMENT FRAMEWORK

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.

ADEQUACY AND EFFECTIVENESS OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

The Board has received assurance from the Managing Director and Group Accountant that the Group's risk management and internal control system are operating adequately and effectively in all material aspects. It is of the view that the risk management and internal control system is satisfactory and no material internal control failures nor have any of the reported weaknesses resulted in material losses or contingencies during the financial year under review.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

In accordance to paragraph 15.23 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements, the external auditors have reviewed this Statement for inclusion in the Annual Report of the Group for the year ended 31 December 2012 and reported to the Board that nothing has come to their attention that caused them to believe that the Statement is inconsistent with their understanding of the process the Board has adopted in the review of the adequacy and integrity of internal controls of Cepatwawasan Group Berhad.

This Statement on Risk Management and Internal Control is made in accordance with the resolution of the Board dated 25 February 2013.

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 2012.

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	22,595	1,874
Profit attributable to:		
Owners of the parent	21,041	1,874
Non-controlling interests	1,554	-
	22,595	1,874

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 2011 were as follows:

	RM'000
In respect of the financial year ended 31 December 2011 as reported in the Directors' report of that year:	
Final tax exempt (single-tier) dividend of 1.5% on 308,967,810 ordinary shares (excluding 9,478,400 treasury shares), declared on 30 April 2012 and paid on 25 May 2012	4,635
In respect of the financial year ended 31 December 2012:	
First interim tax exempt (single-tier) dividend of 1.5% on 308,967,710 ordinary shares (excluding 9,478,500 treasury shares), declared on 27 November 2012 and paid on 21 December 2012	4,634
	9,269

At the forthcoming Annual General Meeting, a final tax exempt (single-tier) dividend in respect of the financial year ended 31 December 2012, of 1% on 308,967,710 ordinary shares, amounting to a dividend payable of RM3,089,677 (1 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 2013.

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' Seri 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 31 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				
	1.1.2012	Acquired	Bonus Issue	Sold	31.12.2012
Name of director					
Direct interest:					
Tan Ah Seng	100	-	50	-	150
Choong Pak Wan	10,000	-	5,000	-	15,000
Indirect interest:					
Dato' Seri Mah King Thian @ Mah King Thiam	79,220,800	-	39,610,400	-	118,831,200
Dato' Seri Mah King Seng	79,220,800	-	39,610,400	-	118,831,200
Chan Kam Leong#	-	500,000	-	-	500,000

Dato' Seri Mah King Thian @ Mah King Thiam and Dato' Seri 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.

Interest by virtue of shares held by spouse.

Issue of shares

During the financial year, 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.

The new ordinary shares issued during the financial year ranked pari passu in all respects with the existing ordinary shares of the Company.

Treasury shares

During the financial year, the Company repurchased 200 of its issued ordinary shares from open market at an average price of RM1.06 per share. The total consideration paid for the repurchase including transaction costs was RM294.

As at 31 December 2012, the Company held as treasury shares a total of 9,478,500 of its 318,446,210 issued ordinary shares. Such treasury shares are held at a carrying amount of RM11,096,488 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.

Directors' Report (cont'd)

(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 event

In addition to the significant events disclosed elsewhere in this report, other significant event is disclosed in Note 2 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 11 March 2013.

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 43 to 108 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 2012 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 11 March 2013.

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 43 to 108 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 11 March 2013

NOK CHUNG YUAN

Before me,

RAMSAH 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 2012 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 43 to 108.

Directors' responsibility for the financial statements

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

Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the 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 2012 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 have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 19 to the financial statements, being financial statements that have been included in the consolidated financial statements.

(c) 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.

(d) 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 108 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

Yong Voon Kar
1769/04/14(J/PH)
Chartered Accountant

Kuching, Malaysia
11 March 2013

Statements of Comprehensive Income

For the financial year ended 31 December 2012

	Note	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Revenue	4	219,034	290,186	4,783	109,196
Cost of sales		(177,746)	(217,894)	-	-
Gross profit		41,288	72,292	4,783	109,196
Other items of income					
Interest income	5	945	841	658	763
Other income	6	1,325	1,214	-	-
Other items of expense					
Marketing and distribution costs		(5,716)	(4,926)	-	-
Administrative expenses		(7,267)	(6,654)	(2,795)	(2,687)
Finance costs	7	(471)	(567)	(630)	(713)
Profit before tax	8	30,104	62,200	2,016	106,559
Income tax expense	11	(7,509)	(15,771)	(142)	(1,338)
Profit net of tax		22,595	46,429	1,874	105,221
Other comprehensive income					
Foreign currency translation		62	-	-	-
Total comprehensive income for the year		22,657	46,429	1,874	105,221
Profit attributable to:					
Owners of the parent		21,041	43,916	1,874	105,221
Non-controlling interests		1,554	2,513	-	-
		22,595	46,429	1,874	105,221
Total comprehensive income for the year attributable to:					
Owners of the parent		21,103	43,916	1,874	105,221
Non-controlling interests		1,554	2,513	-	-
		22,657	46,429	1,874	105,221
Earnings per share attributable to owners of the parent (sen per share):					
- Basic	12	6.81	14.12		
- Diluted	12	6.81	14.12		

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

Statements of Financial Position

As at 31 December 2012

	Note	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	14	232,223	164,896	3,083	2,961
Biological assets	15	152,460	151,876	-	-
Investment properties	16	20,279	20,279	-	-
Intangible assets	17	92,088	92,088	-	-
Land use rights	18	2,078	2,106	-	-
Investments in subsidiaries	19	-	-	229,458	229,458
Deferred tax assets	20	2,443	2,191	-	-
Other receivables	21	5,222	8,697	-	-
		506,793	442,133	232,541	232,419
Current assets					
Inventories	22	20,467	18,606	-	-
Trade and other receivables	21	14,481	16,559	122,812	116,185
Tax recoverable		2,855	99	8	62
Short term investments	23	12,942	11,168	-	-
Cash and bank balances	24	22,362	33,234	600	2,315
		73,107	79,666	123,420	118,562
Total assets		579,900	521,799	355,961	350,981
EQUITY AND LIABILITIES					
Current liabilities					
Loans and borrowings	25	13,462	3,081	-	-
Trade and other payables	26	22,832	22,199	30,536	18,235
Income tax payable		491	2,028	-	-
		36,785	27,308	30,536	18,235
Net current assets		36,322	52,358	92,884	100,327

Statements of Financial Position
As at 31 December 2012 (cont'd)

	Note	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Non-current liabilities					
Deferred tax liabilities	20	46,139	45,880	79	5
Loans and borrowings	25	75,026	38,849	-	-
Lease rental payable	27	267	267	-	-
		121,432	84,996	79	5
Total liabilities		158,217	112,304	30,615	18,240
Net assets		421,683	409,495	325,346	332,741
Equity attributable to owners of the parent					
Share capital	28	318,446	215,457	318,446	215,457
Treasury shares	28	(11,096)	(11,096)	(11,096)	(11,096)
Foreign currency translation reserve	30	62	-	-	-
Retained earnings	29	95,579	186,796	17,996	128,380
		402,991	391,157	325,346	332,741
Non-controlling interests		18,692	18,338	-	-
Total equity		421,683	409,495	325,346	332,741
Total equity and liabilities		579,900	521,799	355,961	350,981

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 2012

Group	Note	Equity, total RM'000	Equity attributable to owners of the parent total RM'000	Share capital (Note 28) RM'000	Treasury shares (Note 28) RM'000	Foreign currency translation reserve (Note 30) RM'000	Retained earnings RM'000	Non-controlling interests RM'000
			← Attributable to owners of the parent →					
				← Non-distributable		→	Distributable	
At 1 January 2011		378,922	362,497	215,457	(4,109)	-	151,149	16,425
Total comprehensive income		46,429	43,916	-	-	-	43,916	2,513
Transactions with owners								
Purchase of treasury shares	28	(6,987)	(6,987)	-	(6,987)	-	-	-
Dividends on ordinary shares	13	(8,869)	(8,269)	-	-	-	(8,269)	(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
Total comprehensive income		22,657	21,103	-	-	62	21,041	1,554
Transactions with owners								
Purchase of treasury shares	28	*	*	-	*	-	-	-
Bonus issue		-	-	102,989	-	-	(102,989)	-
Dividends on ordinary shares	13	(10,469)	(9,269)	-	-	-	(9,269)	(1,200)
Total transactions with owners		(10,469)	(9,269)	102,989	*	-	(112,258)	(1,200)
At 31 December 2012		421,683	402,991	318,446	(11,096)	62	95,579	18,692

*Below RM1,000

Statements of Changes in Equity

For the financial year ended 31 December 2012 (cont'd)

	Note	Equity, total RM'000	Non-distributable Share capital (Note 28) RM'000	Non-distributable Treasury shares (Note 28) RM'000	Distributable Retained earnings (Note 29) RM'000
Company					
At 1 January 2011		242,776	215,457	(4,109)	31,428
Total comprehensive income		105,221	-	-	105,221
Transactions 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
Total comprehensive income		1,874	-	-	1,874
Transactions with owners					
Bonus issue	28	-	102,989	-	(102,989)
Purchase of treasury shares	28	*	-	*	-
Dividends on ordinary shares	13	(9,269)	-	-	(9,269)
Total transactions with owners		(9,269)	102,989	*	(112,258)
At 31 December 2012		325,346	318,446	(11,096)	17,996

* Below RM1,000

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 2012

	Note	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Operating activities					
Profit before tax		30,104	62,200	2,016	106,559
Adjustments for:					
Dividend income		-	-	(1,800)	(106,960)
Gain on compulsory acquisition of land by state government		(223)	-	-	-
Net gain on disposal of plant and equipment		-	(377)	-	-
Interest income		(945)	(841)	(658)	(763)
Finance costs		471	1,144	630	713
Depreciation of property, plant and equipment		6,003	6,125	212	177
Amortisation of land use rights		28	28	-	-
Amortisation of quarry development expenditure		185	28	-	-
Impairment losses written back		(400)	-	-	-
Inventories written off		-	28	-	-
Bad debts written off		263	18	-	-
Plant and equipment scrapped		23	-	-	-
Total adjustments		5,405	6,153	(1,616)	(106,833)
Operating cash flows before changes in working capital		35,509	68,353	400	(274)
Changes in working capital					
Increase in inventories		(1,861)	(9,389)	-	-
Decrease/(increase) in receivables		5,522	(7,763)	(105)	(432)
Increase/(decrease) in payables		633	(2,098)	(84)	21
Total changes in working capital		4,294	(19,250)	(189)	(411)
Cash flows from/(used in) operations		39,803	49,103	211	(685)
Interest received		945	841	658	763
Interest paid		(2,270)	(1,144)	(630)	(713)
Income taxes refunded		635	368	-	-
Income taxes paid		(12,430)	(15,774)	(14)	(1,328)
Net cash flows from/(used in) operating activities		26,683	33,394	225	(1,963)

Statements of Cash Flows
For the financial year ended 31 December 2012 (cont'd)

	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Investing activities				
Purchase of property, plant and equipment	(69,958)	(32,617)	(334)	(257)
Proceeds from compulsory acquisition of land by state government	265	-	-	-
Proceeds from disposal of plant and equipment	-	1,143	-	-
Additions of biological assets	(621)	(855)	-	-
Dividend received	-	-	1,800	106,960
Decrease in amounts due from subsidiary companies	-	-	(6,522)	(25,433)
Net cash flows (used in)/from investing activities	(70,314)	(32,329)	(5,056)	81,270
Financing activities				
Dividends paid to equity holders of the parent	(9,269)	(8,269)	(9,269)	(8,269)
Dividends paid to non-controlling interests	(1,200)	(600)	-	-
Purchase of treasury shares	*	(6,987)	*	(6,987)
Proceeds from borrowings	48,513	18,995	-	-
Repayment of borrowings	(2,449)	(2,425)	-	-
Repayment of obligations under finance leases	(1,062)	(865)	-	-
Net change in amounts due to subsidiary companies	-	-	12,385	(62,235)
Net cash flows from/(used in) financing activities	34,533	(151)	3,116	(77,491)
Net (decrease)/increase in cash and cash equivalents	(9,098)	914	(1,715)	1,816
Cash and cash equivalents at 1 January	44,402	43,488	2,315	499
Cash and cash equivalents at 31 December (Note 24)	35,304	44,402	600	2,315

*Below RM1,000

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 2012

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 event

On 30 November 2012, Cash Horse (M) Sdn. Bhd. and Mistral Engineering Sdn. Bhd., both subsidiaries of the Company had entered into a Deed of Agreement and Confirmation with Nordjysj Elhandel A/S ("NE") and NE Climate A/S ("NEC") for the purpose of accepting NE's assignment to NEC absolutely and unconditionally all existing and prospective rights, benefits, obligations, liabilities, duties and interests under the respective Emission Reductions Purchase Agreements ("ERPAs") and Supplemental Agreements to the ERPAs with effect from 9 December 2011.

Both NE and NEC are subsidiaries of NEAS Holding A/S. All these companies are incorporated in Denmark.

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 2012 as described fully in Note 3.2.

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.

Notes to the Financial Statements
For the financial year ended 31 December 2012 (cont'd)

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

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 2012, the Group and the Company adopted the following new and amended FRS and IC Interpretations mandatory for annual financial periods beginning on or after 1 January 2012.

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
Amendments to IC Interpretation 14: Prepayments of a Minimum Funding Requirement	1 July 2011
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
FRS 124: Related Party Disclosures	1 January 2012

Adoption of the above standards and interpretations did not have any significant effect on the financial performance and position of the Group and of the Company 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 revised affects disclosure only and has no impact on the Group's financial position or performance.

Amendments to FRS 7: Disclosures - Transfers of Financial Assets

The amendments require additional disclosure about financial assets that have been transferred but not derecognised to enable the user of the Group's financial statements to understand the relationship with those assets that have not been derecognised and their associated liabilities. In addition, the amendments requires disclosures about continuing involvement in derecognised assets to enable the user to evaluate the nature of, and risks associated with, the entity's continuing involvement in those derecognised assets. The amendment affects disclosure only and has no impact on the Group's financial position or performance.

Notes to the Financial Statements

For the financial year ended 31 December 2012 (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 have 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
Amendments to FRS 101: Presentation of Items of Other Comprehensive Income	1 July 2012
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
Amendments to FRS 1: Government Loans	1 January 2013
Amendments to FRS 7: Disclosures - Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to FRS 10, FRS 11 and FRS 12: Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities - Transition Guidance	1 January 2013
Improvements to FRSs (2012)	1 January 2013
Amendments to FRS 132: Offsetting Financial Assets and Financial Liabilities	1 January 2013
FRS 9 (IFRS 9 issued by IASB in November 2009): Financial Instruments	1 January 2015
FRS 9 (IFRS 9 issued by IASB in October 2010): Financial Instruments	1 January 2015

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:

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.

Notes to the Financial Statements
For the financial year ended 31 December 2012 (cont'd)

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

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

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 12: Disclosure of Interests in Other Entities

FRS 12 includes all disclosure requirements for interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosure are required. This standard affects disclosures only and has no impact on the Group's financial position or performance.

FRS 127: Separate Financial Statements

As a consequence of the new FRS 10 and FRS 12, FRS 127 is limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements.

Amendments to FRS 7: Disclosures - Offsetting Financial Assets and Financial Liabilities

The amendments require additional information to be disclosed to enable users of financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position. The amendment affects disclosure only and has no impact on the Group's financial position or performance.

Amendments to FRS 132: Offsetting Financial Assets and Financial Liabilities

The amendments to FRS 132 clarified that a legally enforceable right to set off is a right of set off that must not be contingent on a future event; and must be legally enforceable in the normal course of business, the event of default and the event of insolvency or bankruptcy of the entity and all of the counterparties. The amendments further clarified that an entity will meet the net settlement criterion as provided in FRS 132 if the entity can settle amounts in a manner that the outcome is, in effect, equivalent to net settlement.

FRS 9: Financial Instruments

FRS 9 reflects the first phase of work on the replacement of FRS 139 and applies to classification and measurement of financial assets and financial liabilities as defined in FRS 139. The adoption of this first phase of FRS 9 will have an effect on the classification and measurement of the Group's financial assets but will potentially have no impact on classification and measurements of financial liabilities. The Group is in the process of making an assessment of the impact of adoption of FRS 9.

Notes to the Financial Statements
For the financial year ended 31 December 2012 (cont'd)

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 two years. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2014.

The Group falls within the scope definition of Transitioning Entities and accordingly, will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2014. 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 earnings.

At the date of this financial statements, 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 consolidated financial performance and financial position as disclosed in these financial statements for the year ended 31 December 2012 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 2014.

3.4 Basis of consolidation

Business combinations from 1 January 2012

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. 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 2012 (cont'd)

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

3.4 Basis of consolidation (cont'd)

Business combinations from 1 January 2012 (cont'd)

With the exception of business combinations involving entities under common control, acquisitions of subsidiaries are accounted for by applying the acquisition 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. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received. The difference between these fair values and the fair value of the consideration (including the fair value of any pre-existing investment in the acquiree) is goodwill or a discount on acquisition. The accounting policy for goodwill is set out in Note 3.10. Discount on acquisition which represents negative goodwill is recognised immediately as income in profit or loss.

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.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with FRS 139 either in the profit or loss or other comprehensive income. If the contingent consideration is classified as equity, it is not remeasured until it is finally settled within equity.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in the statement of comprehensive income.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any) is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree identifiable net assets.

Business combinations before 1 January 2012

In comparison to the above mentioned requirements, the following differences applied:

Business combinations are accounted for by applying the acquisition method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest (formerly known as minority interest) was measured at the proportionate share of the acquiree's identifiable net assets.

Notes to the Financial Statements
For the financial year ended 31 December 2012 (cont'd)

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

3.4 Basis of consolidation (cont'd)

Business combinations before 1 January 2012 (cont'd)

Acquisitions of subsidiaries are accounted for by applying the purchase method. IdentifiableBusiness combinations achieved in stages were accounted for as separate steps. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in equity. When the Group acquired a business, embedded derivatives separated from the host contract by the acquiree are not 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.

Contingent consideration was recognised if, and only if, the Group had a present obligation, the economic outflow was more likely than not and a reliable estimate was determinable. Subsequent measurements of the contingent consideration affected goodwill.

3.5 Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the parent, and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the parent.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary.

Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity as equity transaction reserve and attributed to owners of the parent.

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 2012 (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 2012 (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 profit or loss 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.

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.

Notes to the Financial Statements
For the financial year ended 31 December 2012 (cont'd)

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

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")).

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.

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

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

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 2012 (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.

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 2012 (cont'd)

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

3.15 Impairment of financial assets (cont'd)

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

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 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.

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.

Notes to the Financial Statements
For the financial year ended 31 December 2012 (cont'd)

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

3.19 Financial liabilities (cont'd)

b) Other financial liabilities (cont'd)

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.

3.20 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.

As at reporting date, no values are placed on corporate guarantees provided by the Company to secure bank loans and other banking facilities granted to its subsidiaries where such loans and banking facilities are fully collateralised by fixed and floating charges over the property, plant and equipment and other assets of the subsidiaries and where the directors regard the value of the credit enhancement provided by the corporate guarantees as minimal.

3.21 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 expenditure and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

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.

Notes to the Financial Statements
For the financial year ended 31 December 2012 (cont'd)

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

3.22 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.

3.23 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

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.

Notes to the Financial Statements
For the financial year ended 31 December 2012 (cont'd)

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

3.24 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) Sales of plantation produce

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

(b) Sales of earth and stones

Sales of earth and 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.

3.25 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

- 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.

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

3.25 Income taxes (cont'd)

b) Deferred tax (cont'd)

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.

3.26 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 36, including the factors used to identify the reportable segments and the measurement basis of segment information.

Notes to the Financial Statements
For the financial year ended 31 December 2012 (cont'd)

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

3.27 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.

3.28 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.

3.29 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.

3.30 Significant accounting judgement and 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 1.37% (2011: 0.66%) variance in the Group's profit for the year.

Notes to the Financial Statements
For the financial year ended 31 December 2012 (cont'd)

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

3.30 Significant accounting judgement and estimates (cont'd)

Key sources of estimation uncertainty (cont'd)

b) Impairment of goodwill

Goodwill are tested for impairment annually and at other times when such indicators exist. Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. This requires an estimation of the recoverable amounts of the cash-generating units to which goodwill are allocated.

The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model.

c) Impairment of loans and 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 receivables at the reporting date is disclosed in Note 21.

4. Revenue

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Sales of crude palm oil	173,557	216,818	-	-
Sales of palm kernel	22,507	35,689	-	-
Sales of earth and stones	3,309	3,023	-	-
Sales of fresh fruit bunches	19,661	34,656	-	-
Management fees from subsidiaries	-	-	2,983	2,236
Dividend income from subsidiaries	-	-	1,800	106,960
	219,034	290,186	4,783	109,196

Notes to the Financial Statements
For the financial year ended 31 December 2012 (cont'd)

5. Interest income

	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Interest received on:				
Advances given	-	-	630	713
Short term investments and fixed deposits	945	841	28	50
	945	841	658	763

6. Other income

	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Equipment hiring income	136	112	-	-
Impairment losses written back	400	-	-	-
Insurance claim	43	28	-	-
Gain on compulsory acquisition of land by state government	223	-	-	-
Net gain on disposal of plant and equipment	-	377	-	-
Rental income	3	3	-	-
Sales of empty fruit bunches	308	307	-	-
Sales of palm kernel shell	-	6	-	-
Sales of scrapped iron	130	90	-	-
Transportation income	18	71	-	-
Realised gain on foreign exchange	-	112	-	-
Miscellaneous	64	108	-	-
	1,325	1,214	-	-

7. Finance costs

	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Interest expense on:				
Advances obtained	-	-	630	713
Bank loans	2,080	1,048	-	-
Revolving credits	19	6	-	-
Obligation under finance leases	171	90	-	-
	2,270	1,144	630	713
Less: Interest expense capitalised in capital work-in-progress (Note 14)	(1,799)	(577)	-	-
	471	567	630	713

Notes to the Financial Statements
For the financial year ended 31 December 2012 (cont'd)

8. Profit before tax

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

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Auditors' remuneration:				
- statutory audit				
- current year	112	107	37	37
- underprovision in prior years	6	6	-	3
- other services	52	61	4	27
Employee benefits expense (Note 9)	17,983	18,048	1,897	1,759
Non-executive Directors' remuneration (Note 10)	188	140	159	120
Depreciation of property, plant and equipment (Note 14)	6,003	6,125	212	177
Plant and equipment scrapped	23	-	-	-
Amortisation of land use rights (Note 18)	28	28	-	-
Amortisation of quarry development expenditure (Note 14)	185	28	-	-
Bad debts written off	263	18	-	-
Realised loss on foreign exchange	45	-	-	-
Rental of land and buildings	26	116	-	2
Inventory written off	-	28	-	-

9. Employee benefits expense

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Wages and salaries	17,082	17,395	1,689	1,569
Contributions to defined contribution plan	943	794	201	184
Social security contributions	77	66	7	6
	18,102	18,255	1,897	1,759
Capitalised in:				
- Immature plantations	92	153	-	-
- Inventories	27	54	-	-
Recognised in profit or loss	17,983	18,048	1,897	1,759

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM2,864,457 (2011: RM2,459,512) and RM1,025,043 (2011: RM897,763) respectively.

Notes to the Financial Statements

For the financial year ended 31 December 2012 (cont'd)

10. Directors' remuneration

	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Executive:				
Salaries and other emoluments	2,155	1,792	763	652
Fees (Note 8)	40	40	-	-
Bonus				
- current year's provision	435	463	152	163
- under/(over)provision in prior years	14	(28)	-	(13)
Defined contribution plan	220	193	110	96
Total executive directors' remuneration (Note 9)	2,864	2,460	1,025	898
Non-executive:				
Fees (Note 8)	188	140	159	120
Total directors' remuneration	3,052	2,600	1,184	1,018

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

	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Executive:				
Salaries and other emoluments	1,512	1,275	763	652
Fees	30	30	-	-
Bonus				
- current year's provision	304	326	152	163
- under/(over)provision in prior years	14	(28)	-	(13)
Defined contribution plan	220	193	110	96
	2,080	1,796	1,025	898
Non-executive:				
Fees	159	120	159	120
	2,239	1,916	1,184	1,018

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 2012	Number of Directors 2011
Executive Directors:		
RM200,001 to RM250,000	-	1
RM300,001 to RM350,000	1	-
RM650,001 to RM700,000	-	2
RM850,001 to RM900,000	2	-
Non-executive Directors:		
Below RM50,000	-	3
RM50,001 to RM100,000	3	-

Notes to the Financial Statements
For the financial year ended 31 December 2012 (cont'd)

11. Income tax expense

Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2012 and 2011 are:

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Statement of comprehensive income:				
Current income tax:				
- Malaysian income tax	7,558	15,385	68	1,300
- (Over)/underprovision in respect of previous years	(56)	(30)	-	73
	7,502	15,355	68	1,373
Deferred income tax (Note 20):				
- Origination and reversal of temporary differences	(11)	359	75	26
- Under/(over)provision in respect of previous years	18	57	(1)	(61)
	7	416	74	(35)
Income tax expense recognised in profit or loss	7,509	15,771	142	1,338

Notes to the Financial Statements

For the financial year ended 31 December 2012 (cont'd)

11. Income tax expense (cont'd)

Reconciliation between tax expense and accounting profit

The reconciliations between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2012 and 2011 are as follows:

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Profit before tax	30,104	62,200	2,016	106,559
Tax at Malaysian statutory tax rate of 25% (2011: 25%)	7,526	15,550	504	26,640
Adjustments:				
Income not subject to taxation	(310)	(257)	(450)	(25,440)
Non-deductible expenses	439	458	89	126
Effect of utilisation previously unrecognised unabsorbed capital allowances	(108)	(7)	-	-
(Over)/underprovision of current income tax in respect of previous years	(56)	(30)	-	73
Under/(over)provision of deferred income tax in respect of previous years	18	57	(1)	(61)
Income tax expense recognised in profit or loss	7,509	15,771	142	1,338

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2011: 25%) of the estimated assessable profit for the year.

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Tax savings during the financial year arising from:				
Utilisation of prior years:				
Unabsorbed capital allowances	498	1,080	31	-
Unutilised tax losses	200	26	32	-
Unabsorbed agriculture and capital allowances carried forward	28,089	27,336	-	123
Unutilised tax losses carried forward	24,204	24,238	-	129
	52,293	51,574	-	252

Notes to the Financial Statements
For the financial year ended 31 December 2012 (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 reporting 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 2012 and 2011:

	Group	
	2012 RM'000	**2011 RM'000**
Profit net of tax attributable to owners of the parent used in the computation of earnings per share	21,041	43,916
	Number of shares '000	**Number of shares '000**
Weighted average number of ordinary shares for basic earnings per share computation *	308,968	311,122
Basic earnings per share (sen)	6.81	14.12

* The weighted average number of shares takes into account the weighted average effect of changes in treasury shares transactions during the year.

Notes to the Financial Statements
For the financial year ended 31 December 2012 (cont'd)

13. Dividends

	Group and Company 2012 RM'000	Group and Company 2011 RM'000
Recognised during the financial year:		
Dividends on ordinary shares:		
- Final tax exempt (single-tier) dividend for 2011: 1.5 sen (2010: 2 sen) per share	4,635	4,150
- Interim tax exempt (single-tier) dividend for 2012: 1.5 sen (2011: 2 sen) per share	4,634	4,119
	9,269	8,269
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 2012: 1 sen (2011: 1.5 sen) per share	3,090	4,635

At the forthcoming Annual General Meeting, a final tax exempt (single-tier) dividend in respect of the financial year ended 31 December 2012, of 1% on 308,967,710 ordinary shares, amounting to a dividend payable of RM3,089,677 (1 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 2013.

Notes to the Financial Statements
For the financial year ended 31 December 2012 (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 2012	63,107	65,559	46,130	4,799	3,253	35,580	218,428
Additions	40	1,321	3,686	456	393	67,247	73,143
Disposals	(6)	-	-	-	(1)	-	(7)
Scrapped	-	(22)	(95)	(20)	(61)	-	(198)
Reclassifications	-	292	-	-	-	(292)	-
At 31 December 2012	63,141	67,150	49,721	5,235	3,584	102,535	291,366
Accumulated depreciation and impairment losses							
At 1 January 2012	3,479	11,073	34,301	2,396	2,283	-	53,532
Depreciation charge for the year	776	1,887	2,830	465	230	-	6,188
Disposals	(1)	-	-	-	(1)	-	(2)
Impairment losses written back	-	(100)	(300)	-	-	-	(400)
Scrapped	-	(18)	(94)	(7)	(56)	-	(175)
At 31 December 2012	4,254	12,842	36,737	2,854	2,456	-	59,143
Net carrying amount							
At 31 December 2012	58,887	54,308	12,984	2,381	1,128	102,535	232,223
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)	-
Adjustments	-	-	-	-	-	(27)	(27)
At 31 December 2011	63,107	65,559	46,130	4,799	3,253	35,580	218,428
Accumulated depreciation and impairment losses							
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

Notes to the Financial Statements
For the financial year ended 31 December 2012 (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 2012					
Cost					
At 1 January 2012	780	21,150	34,181	9,448	65,559
Additions	-	1,106	215	-	1,321
Scrapped	-	(22)	-	-	(22)
Reclassifications	-	292	-	-	292
At 31 December 2012	780	22,526	34,396	9,448	67,150
Accumulated depreciation and impairment losses					
At 1 January 2012	188	8,759	1,711	415	11,073
Depreciation charge for the year	-	1,242	460	185	1,887
Impairment losses written back	-	(100)	-	-	(100)
Scrapped	-	(18)	-	-	(18)
At 31 December 2012	188	9,883	2,171	600	12,842
Net carrying amount					
At 31 December 2012	592	12,643	32,225	8,848	54,308

Notes to the Financial Statements
For the financial year ended 31 December 2012 (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 2011					
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 and impairment losses					
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 2012 (cont'd)

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

Company

	Buildings RM'000	Furniture, fittings and equipment RM'000	Capital work-in-progress RM'000	Total RM'000
At 31 December 2012				
Cost				
At 1 January 2012	2,649	345	331	3,325
Additions	116	152	66	334
At 31 December 2012	2,765	497	397	3,659
Accumulated depreciation				
At 1 January 2012	297	67	-	364
Charge for the year	168	44	-	212
At 31 December 2012	465	111	-	576
Net carrying amount				
At 31 December 2012	2,300	386	397	3,083
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

Notes to the Financial Statements
For the financial year ended 31 December 2012 (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 plants. During the financial year, the borrowing costs capitalised as cost of capital work-in-progress amounted to RM1,798,625 (2011: RM577,591).

(ii) Assets held under finance leases

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RM1,555,800 (2011: RM1,783,100) by mean of finance leases. The cash outflow on acquisition of property, plant and equipment amounted to RM71,757,188 (2011: RM32,617,190).

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

	Group	
	2012 RM'000	2011 RM'000
Heavy equipment	2,715	1,072
Motor vehicles	1,244	1,852
	3,959	2,924

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	
	2012 RM'000	2011 RM'000
Long term leasehold land	12,572	14,782
Buildings	4,855	4,943
Plant and machinery	4,084	5,087
Plantation infrastructure development expenditure	20,139	20,386
Capital work-in-progress	87,168	19,265
Heavy equipment	175	-
Motor vehicle	146	-
	129,139	64,463

Notes to the Financial Statements
For the financial year ended 31 December 2012 (cont'd)

15. Biological assets

	Group 2012 RM'000	2011 RM'000
Plantation development expenditure		
Cost		
At 1 January	151,876	151,021
Additions	621	855
Disposal	(37)	-
At 31 December	152,460	151,876
Biological assets incurred during the year included the following:		
Employee benefits expense (Note 9)	92	153

The Group's biological assets with a net carrying amount of RM30,088,295 (2011: RM39,824,905) are mortgaged to secure the Group's bank loans as disclosed in Note 25.

16. Investment properties

	Group 2012 RM'000	2011 RM'000
Cost		
At 1 January and 31 December	20,279	20,279

The Directors estimate the fair values of the investment properties which are located in prime areas to be approximately RM37,000,000 (2011: RM21,780,000).

Notes to the Financial Statements
For the financial year ended 31 December 2012 (cont'd)

17. Intangible assets

	Group 2012 RM'000	Group 2011 RM'000
Goodwill		
At 1 January and 31 December	92,088	92,088

Allocation of goodwill

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

	Group 2012 RM'000	Group 2011 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.

18. Land use rights

	Group 2012 RM'000	Group 2011 RM'000
Cost:		
At 1 January and 31 December	2,236	2,236
Accumulated amortisation:		
At 1 January	130	102
Amortisation for the year	28	28
At 31 December	158	130
Net carrying amount		
At 31 December	2,078	2,106
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	1,938	1,966
	2,078	2,106

Notes to the Financial Statements
For the financial year ended 31 December 2012 (cont'd)

19. Investments in subsidiaries

	Company 2012 RM'000	Company 2011 RM'000
Unquoted shares, at costs:		
At 1 January and 31 December	229,458	229,458

Name	Principal Activities	Proportion (%) of Ownership Interest 2012	Proportion (%) of Ownership Interest 2011
Incorporated in Malaysia:			
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	100	100
Ayu Sempurna Sdn. Bhd.	Investment holding	100	100
Cash Nexus (M) Sdn. Bhd.	Investment holding	100	100
Magnum Kapital Sdn. Bhd.	Investment holding	100	100
Hikayat Anggun Sdn. Bhd.	Investment holding	100	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

Notes to the Financial Statements
For the financial year ended 31 December 2012 (cont'd)

19. Investments in subsidiaries (cont'd)

Name of Subsidiaries	Principal Activities	Proportion (%) of Ownership Interest 2012	2011
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
Held through Ayu Sempurna Sdn. Bhd.			
Ladang Cepat - KPD Sdn. Bhd.	Cultivation of oil palm	60	60
Held through Cash Nexus (M) Sdn. Bhd.			
Incorporated in Malaysia:			
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
Held through Magnum Kapital Sdn. Bhd.			
Incorporated in Singapore:			
Richester Pte Ltd.	Dormant	100	-
Held through Hikayat Anggun Sdn. Bhd.			
Incorporated in Australia:			
Carbon Asia Pacific Pty Ltd.	Dormant	100	-

All the above companies, except for Richester Pte Ltd. and Carbon Asia Pacific Pty Ltd. are audited by Ernst & Young, Malaysia.

Notes to the Financial Statements
For the financial year ended 31 December 2012 (cont'd)

19. Investments in subsidiaries (cont'd)

Acquisition of subsidiaries

a) On 30 April 2012, Magnum Kapital Sdn. Bhd., a subsidiary of the Company acquired 2 ordinary shares of S$1 each in Richester Pte. Ltd, a company registered in Singapore, representing its entire equity interest for a total consideration of RM5, resulting in the latter becoming a wholly-owned subsidiary of the Group.

b) On 1 November 2012, Hikayat Anggun Sdn. Bhd., a subsidiary of the Company, acquired 100 shares of AUD$1 each in Carbon Asia Pacific Pty Ltd., a company registered in Australia, representing its entire equity interest for a total consideration of RM322, resulting in the latter becoming a wholly-owned subsidiary of the Group.

Notes to the Financial Statements
For the financial year ended 31 December 2012 (cont'd)

20. Deferred tax

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

	As at 1 January 2011 RM'000	Recognised in profit or loss RM'000	As at 31 December 2011 RM'000	Recognised in profit or loss RM'000	As at 31 December 2012 RM'000
Group					
Deferred tax liabilities:					
Long term leasehold land	9,610	(122)	9,488	(122)	9,366
Property, plant and equipment	11,454	798	12,252	280	12,532
Biological assets	34,097	214	34,311	174	34,485
	55,161	890	56,051	332	56,383
Deferred tax assets:					
Unutilised tax losses	(5,987)	(73)	(6,060)	9	(6,051)
Unabsorbed agriculture and capital allowances	(5,901)	(401)	(6,302)	(334)	(6,636)
	(11,888)	(474)	(12,362)	(325)	(12,687)
	43,273	416	43,689	7	43,696
Company					
Deferred tax liabilities:					
Property, plant and equipment	40	27	67	12	79
Deferred tax assets:					
Unutilised tax losses	-	(20)	(20)	20	-
Unabsorbed agriculture and capital allowances	-	(42)	(42)	42	-
	-	(62)	(62)	62	-
	40	(35)	5	74	79

Notes to the Financial Statements
For the financial year ended 31 December 2012 (cont'd)

20. Deferred tax (cont'd)

	Group		Company	
	2012 RM'000	**2011 RM'000**	**2012 RM'000**	**2011 RM'000**
Presented after appropriate offsetting as follows:				
Deferred tax assets	(2,443)	(2,191)	-	-
Deferred tax liabilities	46,139	45,880	79	5
	43,696	43,689	79	5

Unrecognised deferred tax assets

At the reporting date, the Group has unabsorbed capital allowances of approximately RM1,549,097 (2011: RM2,131,716) that are available for offset against future taxable profits of the companies in which the unabsorbed capital allowances 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.

21. Trade and other receivables

	Group		Company	
	2012 RM'000	**2011 RM'000**	**2012 RM'000**	**2011 RM'000**
Current				
Trade receivables				
Third parties	9,087	12,013	-	-
Less: Allowance for impairment	(229)	(229)	-	-
Trade receivables, net	8,858	11,784	-	-
Other receivables				
Amounts due from subsidiaries				
- Interest bearing advances	-	-	106,369	100,174
- Non-interest bearing advances	-	-	15,302	14,975
	-	-	121,671	115,149
Amounts recoverable from former directors and third parties	377	1,000	-	-
Deposits	2,910	2,957	1,141	1,036
Prepayments	445	366	-	-
Sundry receivables	2,359	920	272	272
	6,091	5,243	123,084	116,457
Less: Allowance for impairment	(468)	(468)	(272)	(272)
Other receivables, net	5,623	4,775	122,812	116,185
	14,481	16,559	122,812	116,185

Notes to the Financial Statements
For the financial year ended 31 December 2012 (cont'd)

21. Trade and other receivables (cont'd)

	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Non-Current				
Other receivables				
Deposits for acquisition of machinery	168	5,639	-	-
Prepayment of equity shares in a foreign company	5,054	3,058	-	-
	5,222	8,697	-	-
Total trade and other receivables (current and non-current)	19,703	25,256	122,812	116,185
Add: Cash and cash equivalents (Note 24)	35,304	44,402	600	2,315
Less: Prepayments and non refundable deposits	(10,125)	(11,591)	(1,123)	(987)
Total loans and receivables	44,882	58,067	122,289	117,513

(a) Trade receivables

Trade receivables are non-interest bearing and generally on 7 to 30 days (2011: 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 2012 RM'000	Group 2011 RM'000
Neither past due nor impaired	8,442	11,303
1 to 30 days past due not impaired	91	96
31 to 60 days past due not impaired	91	124
61 to 90 days past due not impaired	13	49
More than 91 days past due not impaired	221	212
	416	481
Impaired	229	229
	9,087	12,013

Notes to the Financial Statements
For the financial year ended 31 December 2012 (cont'd)

21. Trade and other receivables (cont'd)

(a) Trade receivables (cont'd)

Receivables that are neither past due nor impaired

Trade 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.

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM415,931 (2011: RM481,484) that are past due at the reporting date but not impaired.

Receivables that are impaired

There has been no movement in the allowances for impairment account for the financial year ended 31 December 2012.

(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.

Other receivables that are impaired

There has been no movement in the allowances for impairment account for the financial year ended 31 December 2012.

Notes to the Financial Statements
For the financial year ended 31 December 2012 (cont'd)

22. Inventories

	Group 2012 RM'000	Group 2011 RM'000
Cost		
Crude palm oil	10,136	11,456
Palm kernels	411	466
Quarry stocks	6,689	3,942
Fertilisers and chemicals	1,709	1,776
Store, spares and consumable supplies	1,022	609
Nurseries	500	357
	20,467	18,606

There were no inventories stated at net realisable value as at 31 December 2012 and 2011.

23. Short term investments

	Group 2012 RM'000	Group 2011 RM'000
Medium-term money market fund	13,223	10,547
Short-term money market fund	372	621
	13,595	11,168

Short term investments earn interest at respective short term deposit rates. The weighted average effective interest rates at 31 December 2012 were 2.22% to 3.00% (2011: 2.22% to 3.00%) per annum. per annum.

24. Cash and bank balances

	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Cash at bank and on hand	6,476	7,226	600	109
Short term deposits with licensed banks	15,233	26,008	-	2,206
Cash and bank balances	21,709	33,234	600	2,315
Short term investments (Note 23)	13,595	11,168	-	-
Cash and cash equivalents	35,304	44,402	600	2,315

Notes to the Financial Statements
For the financial year ended 31 December 2012 (cont'd)

24. Cash and bank balances (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 rate as at 31 December 2012 for the Group was 3.15% (2011: 2.98%).

Short term deposits with licensed banks of the Group amounting to RM155,849 (2011: RM155,658) are pledged as securities for borrowings (Note 25).

25. Loans and borrowings

	Group	
	2012 RM'000	2011 RM'000
Current		
Secured:		
Obligation under finance leases (Note 32(b))	1,062	674
Revolving credit	10,000	-
Bank loans:		
- 7% p.a. fixed rate RM loans	300	307
- RM loan at COF + 1.125% p.a.	2,100	2,100
	13,462	3,081
Non-current		
Secured:		
Obligation under finance leases (Note 32(b))	1,127	1,021
Bank loans:		
- 7% p.a. fixed rate RM loans	44	387
- RM loan at COF + 1.125% p.a.	10,347	12,446
- RM loan at COF + 1.5% p.a.	63,508	24,995
	75,026	38,849
Total loans and borrowings	88,488	41,930

Notes to the Financial Statements
For the financial year ended 31 December 2012 (cont'd)

25. Loans and borrowings (cont'd)

The remaining maturities of the loans and borrowings as at 31 December 2012 are as follows:

Group	2012 RM'000	2011 RM'000
On demand or within one year	13,462	3,081
More than 1 year and less than 2 years	6,141	3,170
More than 2 years and less than 5 years	23,889	21,201
5 years or more	44,996	14,478
	88,488	41,930

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 6.85% p.a. (2011: 6.55% p.a.). These obligations are denominated in Ringgit Malaysia (RM).

Revolving credit

This is denominated in RM, bears interest at 4.8% p.a. and 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.

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 2012 (cont'd)

26. Trade and other payables

	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Trade payables				
Trade payables				
Third parties	9,140	14,070	-	-
Other payables				
Amounts due to subsidiaries	-	-	29,782	17,397
Accruals	4,819	5,159	713	792
Retention sum payable to contractor	6,246	785	-	-
Sundry payables	2,627	2,185	41	46
	13,692	8,129	30,536	18,235
Total trade and other payables	22,832	22,199	30,536	18,235
Add: Loans and borrowings (Note 25)	88,488	41,930	-	-
Total financial liabilities carried at amortised cost	111,320	64,129	30,536	18,235

(a) Trade payables

These amounts are non-interest bearing. Trade payables are normally settled on 30 to 90 days (2011: 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 (2011: 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 2012 (cont'd)

28. Share capital and treasury shares

	Number of ordinary shares of RM1 each		Amount	
	2012	2011	2012 RM'000	2011 RM'000
Authorised share capital:				
At 1 January and 31 December	500,000,000	500,000,000	500,000	500,000

	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 1 December 2011	215,456,915	(9,478,300)	215,457	(11,096)
Bonus issue	102,989,295	-	102,989	-
Purchase of treasury shares	-	(200)	-	*
At 31 December 2012	318,446,210	(9,478,500)	318,446	(11,096)

* Below RM1,000

(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's residual assets.

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.

Notes to the Financial Statements
For the financial year ended 31 December 2012 (cont'd)

28. Share capital and treasury shares (cont'd)

(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 200 of its issued ordinary shares from open market at an average price of RM1.06 per share. The total consideration paid for the repurchase includes transaction costs of RM294.

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.

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. Foreign currency tranlation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign subsidiaries whose functional currencies are different from that of the Group's presentation currency.

31. 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 2012 RM'000	Company 2011 RM'000
Transaction with a Director's spouse:		
Rent of premises	16	13
Transaction with a Director of the Company, Dato' Seri Mah King Thian @ Mah King Thiam:		
Acquisition of equity interest in Carbon Asia Pacific Pty. Ltd.	*	-

* Below RM1,000

Notes to the Financial Statements
For the financial year ended 31 December 2012 (cont'd)

31. Related party transaction (cont'd)

(a) Sale and purchase of goods and services (cont'd)

	Company 2012 RM'000	Company 2011 RM'000
Transactions with subsidiary companies:		
Management fees received	2,983	2,236
Interest on advances given	630	713
Interest on advances obtained	630	713
Gross dividend income	1,800	106,960

(b) Compensation of key management personnel

	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Short-term employee benefits	4,676	4,157	1,424	1,268
Defined contribution plan	437	383	148	134
	5,113	4,540	1,572	1,402

32. Commitments

(a) Capital commitments

Capital expenditure commitments as at the reporting date are as follows:

	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Property, plant and equipment:				
Approved and contracted for	28,316	63,885	263	329
Approved but not contracted for	8,195	42,964	-	-
	36,511	106,849	263	329

Notes to the Financial Statements
For the financial year ended 31 December 2012 (cont'd)

32. Commitments (cont'd)

(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	
	2012 RM'000	**2011 RM'00**
Minimum lease payments:		
Not later than 1 year	1,212	765
Later than 1 year and not later than 2 years	907	651
Later than 2 years and not later than 5 years	229	431
Total minimum lease payments	2,348	1,847
Less: Amounts representing finance charges	(159)	(152)
Present value of minimum lease payments	2,189	1,695
Present value of payments:		
Not later than 1 year	1,062	674
Later than 1 year and not later than 2 years	904	605
Later than 2 years and not later than 5 years	223	416
Present value of minimum lease payments	2,189	1,695
Less: Amount due within 12 months (Note 25)	(1,062)	(674)
Amount due after 12 months (Note 25)	1,127	1,021

Notes to the Financial Statements
For the financial year ended 31 December 2012 (cont'd)

33. Fair value of financial instruments

A. Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts carrying amounts are not reasonable approximate of fair value.

	2012		2011	
	Carrying Amount RM'000	Fair Value RM'000	Carrying Amount RM'000	Fair Value RM'000
Group				
Financial Liabilities:				
Loans and borrowings (non current)				
- Obligations under finance lease	1,127	1,049	1,021	991

B. 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
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.

33. Fair value of financial instruments (cont'd)

B. Determination of fair value (cont'd)

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.

The fair value of the financial guarantees is negligible as the probability of the financial guarantees being called is remote as those subsidiaries will be able to meet their short term loans and borrowings obligations as and when they are due.

34. Financial risk management objectives and policies

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

Notes to the Financial Statements
For the financial year ended 31 December 2012 (cont'd)

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

(a) Credit risk (cont'd)

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 RM110,190,000 (2011: RM93,890,000) relating to corporate guarantees provided by the Company to banks for credit facilities granted to subsidiaries.

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

Credit risk concentration profile

At the reporting date, approximately 84% (2011: 80%) 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.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 21.

(b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations associated with financial liabilities that are settled by delivery of cash or another financial assets. 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 15% (2011: 7%) of the Group's loans and borrowings will mature in less than one year based on the carrying amount reflected in the financial statements.

Notes to the Financial Statements
For the financial year ended 31 December 2012 (cont'd)

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

(b) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities

(i) The table below summarises the maturity profile of the Group's financial assets and liabilities at the reporting date based on contractual undiscounted amounts.

	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
2012				
Financial assets:				
Trade and other receivables	9,578	-	-	9,578
Cash and cash equivalents	35,304	-	-	35,304
Total undiscounted financial assets	44,882	-	-	44,882
Financial liabilities:				
Trade and other payables	22,832	-	-	22,832
Loans and borrowings	13,612	30,039	44,996	88,647
Total undiscounted financial liabilities	36,444	30,039	44,996	111,479
Total net undiscounted financial assets/(liabilities)	8,438	(30,039)	(44,996)	(66,597)
2011				
Financial assets:				
Trade and other receivables	13,665	-	-	13,665
Cash and cash equivalents	44,402	-	-	44,402
Total undiscounted financial assets	58,067	-	-	58,067
Financial liabilities:				
Trade and other payables	22,199	-	-	22,199
Loans and borrowings	3,172	24,433	14,478	42,083
Total undiscounted financial liabilities	25,371	24,433	14,478	64,282
Total net undiscounted financial assets/(liabilities)	32,696	(24,433)	(14,478)	(6,215)

(ii) At the reporting date, all the Company's financial assets and liabilities which based on contractual undiscounted amounts are due either on demand or settle within one year.

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

(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 investments in financial assets are mainly short term in nature and have been mostly placed in fixed deposits.

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

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 RM145,810 (2011: 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 (2011: 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 RM175,899 (2011: RM176,946) higher/lower.

(e) Commodity price risk

The price of agricultural commodities are subject to wide fluctuations due to unpredictable factors such as weather, government policies, changes in global demand resulting from population growth and changes in standards of living, and global production of similar and competitive crops.

Sensitivity analysis for commodity price risk

At the reporting date, if the Crude Palm Oil price had been 5% higher/lower, with all other variables held constant, the Group's profit net of tax would have been RM6,036,591 (2011: RM7,534,458) higher/lower.

Notes to the Financial Statements
For the financial year ended 31 December 2012 (cont'd)

35. 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 2012 and 31 December 2011.

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 within acceptance level. The Group includes within net debt, loans and borrowings, trade and other payables, less cash and cash equivalents.

		Group		Company	
	Note	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Loans and borrowings	25	88,488	41,930	-	-
Trade and other payables	26	22,832	22,199	30,536	18,235
Less: Cash and cash equivalents	24	(35,304)	(44,402)	(600)	(2,315)
Net debt		76,016	19,727	29,936	15,920
Capital:					
Equity attributable to owners of the parent		402,991	391,157	325,346	332,741
Capital and net debt		479,007	410,884	355,282	348,661
Gearing ratio		16%	5%	8%	5%

36. Segment information

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

(i) Plantation - Cultivation oil palm
(ii) Mill - Milling and sale of oil palm products
(iii) Power plant - Power generation
(iv) 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.

36. Segment information (cont'd)

	Plantation		Mill		Power plant		All other segments		Adjustment and elimination		Note	Per consolidated financial statements	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000		2012 RM'000	2011 RM'000
Revenue:													
External customers	19,661	34,656	196,063	252,507	-	-	3,310	3,023	-	-		219,034	290,186
Inter-segment	51,035	60,463	-	-	-	-	5,649	4,349	(56,684)	(64,812)	A	-	-
Total revenue	70,696	95,119	196,063	252,507	-	-	8,959	7,372	(56,684)	(64,812)		219,034	290,186
Results:													
Impairment losses written back	-	-	-	-	-	-	400	-	-	-		400	-
Interest income	356	339	1,484	1,450	31	-	658	765	(1,584)	(1,713)		945	841
Depreciation and amortisation	2,371	2,303	2,217	2,427	65	30	922	934	641	487		6,216	6,181
Segment profit	27,732	96,189	3,934	5,724	(248)	(360)	6,068	109,037	(7,382)	(146,275)	B	30,104	62,200
Assets:													
Additions to non-current assets	7,719	9,511	6,649	8,907	59,712	16,686	1,938	732	(2,254)	(554)	C	73,764	35,282
Segment assets	342,268	335,630	88,663	96,656	94,020	36,661	54,209	50,512	740	2,340	D	579,900	521,799
Segment liabilities	7,307	9,319	31,960	28,855	70,147	26,212	2,664	2,038	46,139	45,880	E	158,217	112,304

Notes to the Financial Statements
For the financial year ended 31 December 2012 (cont'd)

36. 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:

	2012 RM'000	2011 RM'000
Property, plant and equipment	73,143	34,427
Biological assets	621	855
	73,764	35,282

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

	2012 RM'000	2011 RM'000
Deferred tax assets	2,443	2,191
Inter-segment assets	(1,703)	149
	740	2,340

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

	2012 RM'000	2011 RM'000
Deferred tax liabilities	46,139	45,880

Geographical information

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

37. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2012 were authorised for issue in accordance with a resolution of the directors on 11 March 2013.

Notes to the Financial Statements
For the financial year ended 31 December 2012 (cont'd)

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 2012 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		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Total retained earnings of the Company and its subsidiaries				
- Realised	159,756	248,258	18,075	128,385
- Unrealised	(12,405)	(12,121)	(79)	(5)
	147,351	236,137	17,996	128,380
Less: Consolidation adjustments	(51,772)	(49,341)	-	-
Retained earnings as per financial statements	95,579	186,796	17,996	128,380

List of Properties of the Group

as at 31 December 2012

	Location of Property Sabah	Tenure	Year of Expiry	Land Area		Description	Net Book Value As At 31.12.2012 RM'000	Year Acquired
1	Prolific, Wong Tet-Jung Plantations Off KM 63.7, Sandakan-Lahad Datu Highway	Leasehold 99 years	2069	39.752	hectares	Oil Palm Plantation & Oil Mill	17,509	2001
			2070	30.607	hectares			
			2074	8.010	hectares			
			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 District of Labuk Sugut	Leasehold 99 years	2073	2.250	hectares	Plantable Reserve		2002
				408.725	**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	149	2002
2	Melabau, Suara Baru, Gelang Usaha 0.2 Km East of KM 96, Sandakan-Lahad Datu Highway	Leasehold 99 years	2069	27.480	hectares	Oil Palm Plantation	619	2002
			2078	17.110	hectares	Oil Palm Plantation & Quarry	35,783	2001
			2079	260.780	hectares			
			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, Ultisearch Trading 2.6 KM north of KM 31, Sukau Road	Leasehold 99 years	2085	10.120	hectares	Oil Palm Plantation	13,964	2001
			2094	386.100	hectares			
			2096	168.700	hectares			
			2098	47.750	hectares			
				612.670	**hectares**			
4	Bakara Bukit Garam/Sg. Lokan Off KM 76.5, Sandakan-Lahad Highway	Leasehold 99 years	2085	150.300	hectares	Oil Palm Plantation	12,857	2001
			2087	400.000	hectares			
				550.300	**hectares**			
5	Cepatwawasan & Kovusak KM 4.5, Jalan Beluran	Leasehold 99 years	2061	992.700	hectares	Oil Palm Plantation	40,885	2001
			2071	133.550	hectares			
			2078	485.300	hectares			
				1,611.550	**hectares**			
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	15,056	2001

List of Properties of the Group
as at 31 December 2012 (cont'd)

	Location of Property Sabah	Tenure	Year of Expiry	Land Area		Description	Net Book Value As At 31.12.2012 RM'000	Year Acquired
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	33,106	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 & Plantable Reserve	7,790	2005
9	Ladang Cepat-KPD 85 KM South-West of Beaufort	Leasehold 99 years	2087	**1,614,440**	**hectares**	Oil Palm Plantation	49,235	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	1,821	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	225	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	252	2011
11	Mistral Engineering Sdn Bhd CL075561910 Off KM 63.7, Sandakan-Lahad Datu Highway	Leasehold 99 years	2074	**3.115**	**hectares**	Biogas power plant	392	2012
12	Cash Horse (M) Sdn Bhd CL075561929 Sungai Segaliud Off KM 63.7, Sandakan-Lahad Datu Highway	Leasehold 99 years	2074	**7.070**	**hectares**	Biomass power plant	894	2012

List of Properties of the Group
as at 31 December 2012 (cont'd)

	Location of Property Kuala Lumpur	Tenure	Year of Expiry	Land Area	Description	Net Book Value As At 31.12.2012 RM'000	Year Acquired
13	Minelink HS (D) 118739, No. PT 9103 Damansara Heights Mukim of Kuala Lumpur	Freehold	-	896.976 Sq.M	High-end residential property	3,434	2008
	Minelink HS (D) 118740, No. PT 9104 Damansara Heights Mukim of Kuala Lumpur	Freehold	-	877.693 Sq.M	High-end residential property	3,360	2008
	Minelink HS (D) 118741, No. PT 9105 Damansara Heights Mukim of Kuala Lumpur	Freehold	-	896.829 Sq.M	High-end residential property	3,433	2008
	Minelink HS (D) 118742, No. PT 9106 Damansara Heights Mukim of Kuala Lumpur	Freehold	-	878.490 Sq.M	High-end residential property	3,363	2008
	Minelink HS (D) 118743, No. PT 9107 Damansara Heights Mukim of Kuala Lumpur	Freehold	-	884.183 Sq.M	High-end residential property	3,385	2008
	Minelink HS (D) 118744, No. PT 9108 Damansara Heights Mukim of Kuala Lumpur	Freehold	-	863.043 Sq.M	High-end residential property	3,304	2008

Statistical Report
as at 28 February 2013

Issued & Fully Paid-Up Share Capital	:	318,446,210 (including treasury shares of 9,478,500)
Authorised Share Capital	:	500,000,000
Type of Share	:	Ordinary Share of RM1.00 each
No. of Shareholders	:	8,187
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	58	0.708	2,349	0.001
100 to 1,000	562	6.865	405,001	0.131
1,001 to 10,000	4,842	59.143	24,209,688	7.836
10,001 to 100,000	2,457	30.011	69,445,483	22.477
100,001 to 15,448,394*	266	3.249	110,018,739	35.608
15,448,395 and above**	2	0.024	104,886,450	33.947
TOTAL :	**8,187**	**100.000**	**308,967,710**	**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 28 February 2013

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' Seri 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 28 February 2013

	Directors	No. of Shares Direct	%	No. of Shares Indirect	%	
1	Dato' Seri Mah King Thian @ Mah King Thiam	-	-	118,831,200	38.46	(1)
2	Dato' Seri Mah King Seng	-	-	118,831,200	38.46	(1)
3	Tan Ah Seng	150	-	-	-	
4	Chua Kim Yin	-	-	-	-	
5	Chan Kam Leong	-	-	500,000	0.16	(2)
6	Choong Pak Wan	15,000	-	-	-	

Notes:
(1) Deemed interested pursuant to Section 6A of the Companies Act 1965 by virtue of his shareholdings in MHC Plantations Bhd.
(2) Deemed interested pursuant to Section 134 of the Companies Act 1965 by virtue of his spouse's interest.

Statistical Report
as at 28 February 2013 (cont'd)

LIST OF TOP 30 HOLDERS as at 28 February 2013

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	7,460,000	2.414
5	TAN LAI KIM	6,460,000	2.090
6	LI NAI KWONG	4,517,513	1.462
7	JUWITAWAN SDN BHD	3,373,050	1.091
8	MAYBANK NOMINEES (TEMPATAN) SDN BHD *JINCAN SDN BHD*	2,850,000	0.922
9	VUN SHUI MOI @ VUN SIEW MOI	2,332,150	0.754
10	HSBC NOMINEES (ASING) SDN BHD *EXEMPT AN FOR CREDIT SUISSE (SG BR-TST-ASING)*	2,302,500	0.745
11	LEE GUAN HUAT	1,379,850	0.446
12	CIMSEC NOMINEES (TEMPATAN) SDN BHD *CIMB FOR LEOW MING FONG @ LEOW MIN FONG (PB)*	1,350,000	0.436
13	EDMOND HOYT YUNG	1,350,000	0.436
14	MKW JAYA SDN. BHD.	1,328,250	0.429
15	HDM NOMINEES (ASING) SDN BHD *DBS VICKERS SECS (S) PTE LTD FOR GREAT FOREST LIMITED*	1,186,950	0.384
16	GAN HONG LIANG	1,073,850	0.347
17	PUBLIC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR YAP QWEE BENG (E-KPG)*	999,000	0.323
18	TEO SOO CHENG	975,000	0.315
19	ROVENT SDN. BHD.	968,100	0.313
20	MAYBANK NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR GAN TEE JIN*	900,000	0.291
21	HSBC NOMINEES (ASING) SDN BHD *TNTC FOR LSV EMERGING MARKETS SMALL CAP EQUITY FUND, LP*	869,300	0.281
22	AMSEC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR NUMINA GEM SDN BHD*	800,000	0.258
23	LAW PEY NGET	795,750	0.257
24	LIM YEE SHENG	790,700	0.255
25	CHYE AH LAM @ CHAI MING SENG	788,000	0.255
26	HOE SENG COMPANY PTE LIMITED	750,000	0.242
27	MOHAMED IZANI BIN MOHAMED JAKEL	720,000	0.233
28	CITIGROUP NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR YE YU @ YE KIM ONN (471503)*	660,000	0.213
29	CIMSEC NOMINEES (ASING) SDN BHD BANK OF SINGAPORE LIMITED FOR JARSUMA INVESTMENTS LTD	651,000	0.210
30	CHEAH YAW SONG	637,000	0.206
	TOTAL	**167,099,163**	**54.067**

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CEPATWAWASAN GROUP BERHAD
(Company No: 536499-K)

FORM OF PROXY

CDS Account No.	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 Thirteenth Annual General Meeting of the Company to be held at Amadeus 1, Sabah Hotel Sandakan, KM 1, Jalan Utara, Sandakan, Sabah on Wednesday, 24 April 2013 at 10.30 a.m. and at any adjournment thereof and to vote as indicated below:-

	FOR	AGAINST
ORDINARY RESOLUTION 1		
ORDINARY RESOLUTION 2		
ORDINARY RESOLUTION 3		
ORDINARY RESOLUTION 4		
ORDINARY RESOLUTION 5		
ORDINARY RESOLUTION 6		
ORDINARY RESOLUTION 7		
SPECIAL RESOLUTION		

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 ...., 2013

____

Signature / Seal of Member

Notes:

(a) Only members whose names appear on the Record of Depositors as at 18 April 2013 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 the Form of Proxy 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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