

CHIN TECK PLANTATIONS BERHAD

(3250-V)

(Incorporated in Malaysia)

annual report **2013**

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FINANCIAL HIGHLIGHTS AND FINANCIAL CALENDAR

FINANCIAL HIGHLIGHTS - GROUP

	2013 RM'000	2012 RM'000
Revenue	102,508	119,224
Profit before tax	34,430	68,399
Income tax expense	(9,519)	(15,724)
Profit net of tax	24,911	52,675
Dividends	17,816	27,409
Issued and paid-up share capital	91,363	91,363
Equity attributable to owners of the Company	621,398	615,987
Earnings per stock unit		
- Basic	27.27 sen	57.65 sen
- Diluted	27.27 sen	57.65 sen
Dividends		
- First interim dividend	13% less 25% taxation	16% less 25% taxation
- Second interim dividend	13% less 25% taxation	24% less 25% taxation
Dividend cover (times)	1.40	1.92
Net assets per stock unit	RM6.80	RM6.74

FINANCIAL CALENDAR

Financial year	1 September 2012 to 31 August 2013
Announcement of results	
First financial quarter ended 30 November 2012	30 January 2013
Second financial quarter ended 28 February 2013	29 April 2013
Third financial quarter ended 31 May 2013	31 July 2013
Fourth financial quarter ended 31 August 2013	31 October 2013
Dividends payment	
First interim	30 January 2013
Second interim	30 August 2013
Despatch of 2013 Annual Report	2 January 2014
Fifty Fifth Annual General Meeting	24 January 2014

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fifty Fifth Annual General Meeting of the Company will be held at the Conference Room, Suite 2B-3A-3, Block 2B, Level 3A, Plaza Sentral, Jalan Stesen Sentral 5, Kuala Lumpur Sentral, 50470 Kuala Lumpur on Friday, 24 January 2014 at 10.30 am for the following purposes: -

1. To receive and adopt the Directors' Report and the Financial Statements for the financial year ended 31 August 2013 and the Independent Auditors' Report thereon. (Resolution 1)
2. To approve the directors' fees for the financial year ended 31 August 2013 and to authorise the directors to divide such fees in the proportions and manner to be determined by them. (Resolution 2)
3. To re-elect the following directors retiring under Article 94 of the Articles of Association of the Company: -
 - (i) Mr Goh Yeok Beng (Resolution 3)
 - (ii) Mr Keong Choon Keat (Resolution 4)
4. To consider and if thought fit, pass the following resolutions pursuant to Section 129(6) of the Companies Act, 1965: -
 - (i) "That Mr Goh Eng Chew, who retires pursuant to Section 129 of the Companies Act, 1965 be re-appointed a director of the Company to hold office until the next Annual General Meeting of the Company." (Resolution 5)
 - (ii) "That Mr Wong Aun Phui, who retires pursuant to Section 129 of the Companies Act, 1965 be re-appointed a director of the Company to hold office until the next Annual General Meeting of the Company." (Resolution 6)
 - (iii) "That Mr Goh Beng Hwa @ Gho Bin Hoa, who retires pursuant to Section 129 of the Companies Act, 1965 be re-appointed a director of the Company to hold office until the next Annual General Meeting of the Company." (Resolution 7)
 - (iv) "That Mr Goh Pock Ai, who retires pursuant to Section 129 of the Companies Act, 1965 be re-appointed a director of the Company to hold office until the next Annual General Meeting of the Company." (Resolution 8)
 - (v) "That Dr Gan Kim Leng, who retires pursuant to Section 129 of the Companies Act, 1965 be re-appointed a director of the Company to hold office until the next Annual General Meeting of the Company." (Resolution 9)
5. To re-appoint auditors and authorise the directors to fix their remuneration. (Resolution 10)
6. As special business, to consider and if thought fit, pass the following resolutions: -

To retain the following directors as Independent Non-Executive Directors of the Company: -

 - (i) Mr Goh Beng Hwa @ Gho Bin Hoa (Resolution 11)
 - (ii) Mr Sio Sit Po (Resolution 12)
 - (iii) Dr Gan Kim Leng (Resolution 13)
 - (iv) Mr Keong Choon Keat (Resolution 14)
7. To transact any other ordinary business of the Company of which proper notice shall have been given to the Company.

By Order of the Board

Gan Kok Tiong
Company Secretary

Kuala Lumpur
2 January 2014

NOTES:

1. A depositor shall not be regarded as a member entitled to attend this Meeting and to speak and vote thereat unless his/her name appears in the Record of Depositors as at 17 January 2014 (which is not less than 3 market days before the date of this Meeting) issued by Bursa Depository Sdn Bhd ("Bursa Depository") upon request by the Company in accordance with the rules of the Bursa Depository.
2. A member entitled to attend and vote at this Meeting may appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company.
3. If the member is a corporation, the Form of Proxy must be executed under its common seal or under the hand of a person duly authorised in writing.
4. The Form of Proxy must be deposited at the Registered Office, Suite 2B-3A-2, Block 2B, Level 3A, Plaza Sentral, Jalan Stesen Sentral 5, Kuala Lumpur Sentral, 50470 Kuala Lumpur not less than 48 hours before the time fixed for the Meeting or any adjournment thereof.
5. Resolutions proposed under Item 6, based on the satisfactory outcome of the review of the Nomination Committee, if passed, will enable Mr Goh Beng Hwa @ Gho Bin Hoa, Mr Sio Sit Po, Dr Gan Kim Leng and Mr Keong Choon Keat, who have served as Independent Non-Executive Directors of the Company for more than 9 years as at the date of this Notice, to continue to serve in this capacity. The profile of Mr Goh Beng Hwa @ Gho Bin Hoa, Mr Sio Sit Po, Dr Gan Kim Leng and Mr Keong Choon Keat are set out in page 6 of the Annual Report.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Further details of directors who are standing for re-election and re-appointment at the Fifty Fifth Annual General Meeting.

- | | |
|--------------------------------|---|
| (a) Goh Yeok Beng | - Retiring pursuant to Article 94 of the Articles of Association.
His profile is set out on page 7 and his shareholding in the Company and subsidiary is set out on page 82. |
| (b) Keong Choon Keat | - Retiring pursuant to Article 94 of the Articles of Association.
His profile is set out on page 6 and his shareholding in the Company and subsidiary is set out on page 82. |
| (c) Goh Eng Chew | - Retiring pursuant to Section 129 of the Companies Act, 1965.
His profile is set out on page 5 and his shareholding in the Company and subsidiary is set out on page 82. |
| (d) Wong Aun Phui | - Retiring pursuant to Section 129 of the Companies Act, 1965.
His profile is set out on page 5 and his shareholding in the Company and subsidiary is set out on page 82. |
| (e) Goh Beng Hwa @ Gho Bin Hoa | - Retiring pursuant to Section 129 of the Companies Act, 1965.
His profile is set out on page 6 and his shareholding in the Company and subsidiary is set out on page 82. |
| (f) Goh Pock Ai | - Retiring pursuant to Section 129 of the Companies Act, 1965.
His profile is set out on page 5 and his shareholding in the Company and subsidiary is set out on page 82. |
| (g) Dr Gan Kim Leng | - Retiring pursuant to Section 129 of the Companies Act, 1965.
His profile is set out on page 6 and his shareholding in the Company and subsidiary is set out on page 82. |

CORPORATE INFORMATION

BOARD OF DIRECTORS

**Executive Chairman
(Non-Independent)**

Goh Eng Chew

**Senior Executive Director
(Non-Independent)**

Goh Pock Ai

**Executive Directors
(Non-Independent)**

Wong Aun Phui
Goh Wei Lei

**Non-Executive Directors
(Independent)**

Goh Beng Hwa @ Gho Bin Hoa
Sio Sit Po
Dr Gan Kim Leng
Keong Choon Keat

**Non-Executive Directors
(Non-Independent)**

Gho Lian Chin
Goh Yeok Beng
Goh Tju Kiang @ Gho Tju Kiang @ Gho Tju Kiong

Alternate Director

Gho Bun Tjin (alternate to Gho Lian Chin)

AUDIT COMMITTEE

**Chairman
Members**

Keong Choon Keat
Dr Gan Kim Leng
Sio Sit Po

NOMINATION COMMITTEE & REMUNERATION COMMITTEE

**Chairman
Members**

Gho Lian Chin
Goh Beng Hwa @ Gho Bin Hoa
Dr Gan Kim Leng
Keong Choon Keat
Goh Yeok Beng

COMPANY SECRETARY

Gan Kok Tiong B.Commerce (Accounting)(Hons.), CA(M), CPA

REGISTERED OFFICE

Suite 2B-3A-2
Block 2B, Level 3A, Plaza Sentral
Jalan Stesen Sentral 5, Kuala Lumpur Sentral
50470 Kuala Lumpur, Malaysia
Telephone: +603 2261 4633
Fax: +603 2261 4733

INDEPENDENT AUDITORS

Ernst & Young
Chartered Accountants
Level 23A Menara Milenium
Jalan Damanlela, Pusat Bandar Damansara
50490 Kuala Lumpur, Malaysia

SHARE REGISTRAR AND MANAGING AGENT

Sin Thye Management Sdn Bhd
Suite 2B-3A-2
Block 2B, Level 3A, Plaza Sentral
Jalan Stesen Sentral 5, Kuala Lumpur Sentral
50470 Kuala Lumpur, Malaysia
Telephone: +603 2261 4633
Fax: +603 2261 4733

LEGAL FORM AND DOMICILE

Public Limited Liability Company
Incorporated and Domiciled in Malaysia

WEBSITE

www.chintek.com.my

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

PROFILE OF DIRECTORS

Goh Eng Chew (Executive Chairman)

82-year-old Mr Goh, a Singaporean, has more than forty years of plantation and financial experience. Appointed to the Board on 1 January 1971. He later served as Executive Director on 21 January 1984 and as Chairman from 17 December 1994. He was appointed as the Executive Chairman on 1 March 1996. He had been Chairman of a licensed commercial bank, a licensed finance company and a real estate company, all of which were formerly listed in Singapore. He is also the Executive Chairman of Negri Sembilan Oil Palms Berhad. Other public companies in which he heads the Board are Eng Thye Plantations Berhad, Timor Oil Palm Plantation Berhad and Tiong Thye Company Berhad, the major shareholder of the Company. He is deemed interested in certain related party transactions as disclosed on page 86 of the Annual Report. He has had no convictions for any offences within the past ten years. He is the brother of Goh Pock Ai and Goh Tju Kiang @ Gho Tju Kiang @ Gho Tju Kiong and the father of Goh Wei Lei.

Number of Board meetings attended during the financial year ended 31 August 2013: 3/4

Goh Pock Ai (Senior Executive Director)

73 years of age, Singaporean. Appointed to the Board on 2 June 1979. He later served as Executive Director on 23 April 1983 and as Senior Executive Director from 1 May 2008. He has vast experience and extensive knowledge in the oil palm plantation industry and property development. Other public companies in which he is a director are Negri Sembilan Oil Palms Berhad, Eng Thye Plantations Berhad, Timor Oil Palm Plantation Berhad and Tiong Thye Company Berhad, the major shareholder of the Company. He is deemed interested in certain related party transactions as disclosed on page 86 of the Annual Report. He has had no convictions for any offences within the past ten years. He is the brother of Goh Eng Chew and Goh Tju Kiang @ Gho Tju Kiang @ Gho Tju Kiong.

Number of Board meetings attended during the financial year ended 31 August 2013: 4/4

Wong Aun Phui (Executive Director)

92 years of age, Malaysian. Has more than fifty years of plantation and banking experience. Appointed to the Board on 29 January 1961 and as Executive Director on 23 April 1983. He was conferred Senior Cambridge Certificate by Cambridge University. He had served as Assistant Managing Director of Malayan Banking Berhad, Managing Director of Pan Malayan Finance Limited and Adviser of Bank Bumiputra Malaysia Berhad (now known as CIMB Bank Berhad). Formerly, Chairman of Bandar Raya Development Berhad. Other public companies in which he is a director are Negri Sembilan Oil Palms Berhad, Eng Thye Plantations Berhad, Timor Oil Palm Plantation Berhad and Pan Malaysia Corporation Berhad. He does not have any family relationship with any director and/or major shareholder of the Company nor any conflict of interest with the Company. He has had no convictions for any offences within the past ten years.

Number of Board meetings attended during the financial year ended 31 August 2013: 4/4

Goh Wei Lei (Executive Director)

45 years of age, Singaporean. He was first appointed as alternate director of Goh Eng Chew on 29 March 1994. He resigned as alternate director on 29 July 2003 and appointed as director on the same day. He was later appointed as Executive Director on 1 May 2008. Holds a Bachelor of Science from the Oregon State University, USA. He has vast experience and extensive knowledge in oil palm plantation and property development. Other public companies in which he is a director are Negri Sembilan Oil Palms Berhad, Eng Thye Plantations Berhad, Timor Oil Palm Plantation Berhad and Tiong Thye Company Berhad, the major shareholder of the Company. He is deemed interested in certain related party transactions as disclosed on page 86 of the Annual Report. He has had no convictions for any offences within the past ten years. He is the son of Goh Eng Chew.

Number of Board meetings attended during the financial year ended 31 August 2013: 4/4

PROFILE OF DIRECTORS

Goh Beng Hwa @ Gho Bin Hoa (Independent Non-Executive Director)

82 years of age, Singaporean. Appointed to the Board on 16 November 1969. He is a member of the Nomination Committee and Remuneration Committee. He had worked for several years in a listed licensed commercial bank in Singapore and was formerly the Managing Director of a licensed finance company listed in Singapore. He does not hold any directorship in other public companies. He does not have any family relationship with any director and/or major shareholder of the Company nor any conflict of interest with the Company. He has had no convictions for any offences within the past ten years.

Number of Board meetings attended during the financial year ended 31 August 2013: 4/4

Sio Sit Po (Independent Non-Executive Director)

65 years of age, Singaporean. He was first appointed as an alternate director on 16 June 1995 and ceased as alternate director on 10 January 1997. Subsequently, he was appointed as a director on 3 February 1997. He is a member of the Audit Committee. Holds a Bachelor of Science (Hons) from the Nanyang University, Singapore. Worked in a licensed commercial bank listed in Singapore since graduation till 1999. Other public companies in which he is a director are Negri Sembilan Oil Palms Berhad and Eng Thye Plantations Berhad. He does not have any family relationship with any director and/or major shareholder of the Company nor any conflict of interest with the Company. He has had no convictions for any offences within the past ten years.

Number of Board meetings attended during the financial year ended 31 August 2013: 4/4

Dr Gan Kim Leng (Independent Non-Executive Director)

71 years of age, Malaysian. Appointed to the Board on 29 October 1999. A dental surgeon. He is a member of the Audit Committee, Nomination Committee and Remuneration Committee. He holds a Bachelor of Dental Surgery from the University of Sydney, Australia. He does not hold any directorship in other public companies. He does not have any family relationship with any director and/or major shareholder of the Company. He does not have any family relationship with any director and/or major shareholder of the Company nor any conflict of interest with the Company. He has had no convictions for any offences within the past ten years.

Number of Board meetings attended during the financial year ended 31 August 2013: 4/4

Keong Choon Keat (Independent Non-Executive Director)

69 years of age, Malaysian. Appointed to the Board on 26 April 2001. He is the Chairman of the Audit Committee and a member of the Nomination Committee and Remuneration Committee. He is a member of the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants and a fellow member of the Institute of Chartered Accountants in England and Wales. Attached to Bristol Myers & Company Ltd, England as an Accountant in 1968 and left to join Malaysian Tobacco Company Bhd as an Accountant in 1969. From 1974 to 1999, he was attached to UMW Holdings Bhd where he held various management positions from General Manager to Director, Group Accounts before being promoted to the position of an Executive Director in 1988. Upon retirement in 1999, he joined a consultancy firm providing outplacement and career management consultancy services in Malaysia. Other public companies in which he is a director are JT International Berhad, Negri Sembilan Oil Palms Berhad and Crest Builder Holdings Berhad. He does not have any family relationship with any director and/or major shareholder of the Company nor any conflict of interest with the Company. He has had no convictions for any offences within the past ten years.

Number of Board meetings attended during the financial year ended 31 August 2013: 4/4

PROFILE OF DIRECTORS

Gho Lian Chin (Non-Independent Non-Executive Director)

66 years of age, Singaporean. Appointed to the Board on 13 July 1995. Holds a Bachelor of Science from the University of Melbourne, Australia. He is the Chairman of the Nomination Committee and Remuneration Committee. He worked in a licensed commercial bank listed in Singapore as its representative in a foreign country. Subsequently, he was engaged to manage the property division of the bank. He was also formerly a director of a licensed finance company and a real estate company both of which were listed in Singapore. He has extensive experience and knowledge in the rubber industry. Other public companies in which he is a director are Negri Sembilan Oil Palms Berhad, Eng Thye Plantations Berhad, Timor Oil Palm Plantation Berhad and Tiong Thye Company Berhad, the major shareholder of the Company. He is deemed interested in certain related party transactions as disclosed on page 86 of the Annual Report. He has had no convictions for any offences within the past ten years. He is the brother of Gho Bun Tjin.

Number of Board meetings attended during the financial year ended 31 August 2013: 4/4

Goh Yeok Beng (Non-Independent Non-Executive Director)

65 years of age, Singaporean. Appointed to the Board on 23 December 1998. He is a member of the Nomination Committee and Remuneration Committee. He has vast experience and extensive knowledge in the oil palm plantation industry and rubber industry. Other public companies in which he is a director are Negri Sembilan Oil Palms Berhad, Timor Oil Palm Plantation Berhad and Tiong Thye Company Berhad, the major shareholder of the Company. He is deemed interested in certain related party transactions as disclosed on page 86 of the Annual Report. He has had no convictions for any offences within the past ten years.

Number of Board meetings attended during the financial year ended 31 August 2013: 4/4

Goh Tju Kiang @ Gho Tju Kiang @ Gho Tju Kiong (Non-Independent Non-Executive Director)

67 years of age, Singaporean. Appointed to the Board on 10 April 2006. Holds a Bachelor of Business from South Australian Institute of Technology. He has vast experience and extensive knowledge in banking and finance. Attached to DBS Bank Ltd as Senior Officer from 1973 to 1974 and left to join Tat Lee Bank Ltd from 1974 to 1998, during which time he held various positions; credit officer, sub-manager, manager, senior manager, executive director, deputy president and president (from 1995 to 1998). Other public companies in which he is a director are Negri Sembilan Oil Palms Berhad, Timor Oil Palm Plantation Berhad (alternate director) and Tiong Thye Company Berhad, the major shareholder of the Company. He is deemed interested in certain related party transactions as disclosed on page 86 of the Annual Report. He has had no convictions for any offences within the past ten years. He is the brother of Goh Eng Chew and Goh Pock Ai.

Number of Board meeting attended during the financial year ended 31 August 2013: 3/4

Gho Bun Tjin (alternate to Gho Lian Chin)

63 years of age, Singaporean. He was first appointed as an alternate director on 18 February 1994 and ceased as alternate director on 21 June 1995. Subsequently, he was appointed as alternate director of Gho Lian Chin on 8 September 1995. Holds a Bachelor of Science from the University of Waterloo, Canada. He worked for a short period in a licensed commercial bank listed in Singapore. He is now working in a commercial company overseeing the general management. Other public companies in which he is an alternate director are Negri Sembilan Oil Palms Berhad, Eng Thye Plantations Berhad, Timor Oil Palm Plantation Berhad and Tiong Thye Company Berhad, the major shareholder of the Company. He is deemed interested in certain related party transactions as disclosed on page 86 of the Annual Report. He has had no convictions for any offences within the past ten years. He is the brother of Gho Lian Chin.

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors of Chin Teck Plantations Berhad, I take great pleasure in presenting the Annual Report and the Audited Financial Statements of the Group and of the Company for the financial year ended 31 August 2013.

During the financial year under review, the average selling prices of crude palm oil weakened due to high levels of inventory. The authorities have since taken initiatives to address this extremely high level of inventory in the country in order to normalise the inventory situation and stabilise prices.

Since the end of the financial year under review, selling prices of crude palm oil have improved underpinned by fundamentals such as lower production and higher demand. The recent unfavourable weather conditions has also caused concern on production. The implementation of biodiesel programmes is expected to hold up crude palm oil prices.

Financial and operations review of the Group

During the financial year under review, revenue of the Group decreased by 14.02% to RM102,508,426 when compared with that in the previous financial year mainly due to decreases in the average selling prices of ffb, crude palm oil and palm kernel.

The Group suffered losses in its share of results of associates due mainly to losses suffered by the joint ventures engaged in oil palm plantation located in Lampung Province, Indonesia as the joint ventures encountered a suspension in routine harvesting since the previous financial year due to unrest in the surrounding villages located in the vicinity of the plantations. Appropriate actions are being taken by the management of the joint ventures together with the relevant authorities and law enforcement agencies to resume the harvesting activities. The resumption of normal operations is pending clearance by the relevant authorities.

The Group also suffered losses in its share of results of a jointly controlled entity as harvesting of young mature palms of the jointly controlled entity's joint venture engaged in oil palm plantation located at The Regency of Ogan Komering Ilir, South Sumatera Province, Indonesia has been delayed due to unrest in the villages nearby the estate. Commencement of harvesting is pending clearance by the relevant authorities.

The joint venture engaged in property development continued to perform satisfactorily with a contribution of RM3,350,679 to the profit before tax of the Group.

Overall, profit after tax of the Group under review decreased by 52.71% to RM24,910,949 and correspondingly, earnings per stock unit decreased to 27.27 sen.

Production of ffb increased due to young immature palms attaining maturity.

During the financial year 2013, an additional 218 hectares of old and low yield palms were replanted. Replanting of approximately 180 hectares of old and low yield palms will take place during the financial year 2014.

Dividends

Total gross dividends of 26% in respect of the financial year ended 31 August 2013 were paid during the financial year, i.e. a first interim dividend of 13% less 25% taxation and a second interim dividend of 13% less 25% taxation. The total dividend payments for the financial year under review decreased by 35% to RM17,815,832.

In view of the payment of the interim dividends, the Board do not recommend a final dividend in respect of the financial year ended 31 August 2013. However, a first interim dividend of 13% less 25% taxation and a special dividend of 17% less 25% taxation in respect of the financial year ending 31 August 2014 have been declared and this will be paid on 30 December 2013.

Outlook for financial year 2014

Since the end of the previous financial year, the selling prices of ffb, crude palm oil and palm kernel have improved. The upward trend in the average selling prices is expected to have a favourable impact on the overall financial performance for the financial year 2014.

CHAIRMAN'S STATEMENT

Appreciation

On behalf of the Board of Directors, I would like to thank the management and staff for their diligence and commitment. Our suppliers and customers also deserve our thanks for their understanding and support. Lastly, I would like to thank our shareholders for their patience and support.

Goh Eng Chew
Executive Chairman

26 December 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

Description of business

Chin Teck Plantations Berhad ('Company') was incorporated on 14 August 1958.

The principal activities of the Company are the cultivation of oil palms, production and sale of fresh fruit bunches ('ffb'), crude palm oil and palm kernel and investment holding.

The Company currently has three estates, namely, Jemima and Sungei Sendayan Estate, Gua Musang Estate and Keratong Estate with a total land bank of approximately 11,327 hectares.

The Company also owns three mills with a total milling capacity of 68 m/t per hour.

Through joint ventures, the Company also has interests in oil palm plantations in Indonesia and property development in Malaysia.

Group financial review

Revenue of the Group for the financial year 2013 decreased by 14.02% to RM102,508,426 from RM119,224,230 in the preceding financial year.

This is mainly due to decreases in the average selling prices of ffb, crude palm oil and palm kernel when compared with those of the preceding financial year.

Average selling prices per tonne:-

	Financial year		+/- %
	2013 RM	2012 RM	
ffb	475	661	-28.14
Crude palm oil	2,489	3,152	-21.03
Palm kernel	1,262	2,061	-38.77

Overall operating expenses increased by 13.54% to RM71,166,752 from RM62,678,513 due mainly to increase in the production of ffb, active application of fertilisers and an increase in administrative expenses.

Interest income increased by 7.26% to RM5,745,816 from RM5,356,821. Dividend income increased by 4.37% to RM2,148,880 from RM2,058,931.

Other income increased by 8.64% to RM2,120,695 from RM1,952,018 due mainly to a higher amount of unrealised gain on foreign exchange (i.e RM1,503,891 in 2013 and RM144,909 in 2012) even though the net fair value gain on available-for-sale investment securities transferred from equity upon disposal was lower (i.e RM87,852 in 2013 and RM1,458,127 in 2012).

The Group suffered losses in its share of results of associates due mainly to losses suffered by the joint ventures engaged in oil palm plantation located in Lampung Province, Indonesia as the joint ventures encountered a suspension in routine harvesting since the previous financial year due to unrest in the surrounding villages located in the vicinity of the plantations. Appropriate actions are being taken by the management of the joint ventures together with the relevant authorities and law enforcement agencies to resume the harvesting activities. The resumption of normal operations is pending clearance by the relevant authorities.

The Group also suffered losses in its share of results of a jointly controlled entity as harvesting of young mature palms of the jointly controlled entity's joint venture engaged in oil palm plantation located at The Regency of Ogan Komering Ilir, South Sumatera Province, Indonesia has been delayed due to unrest in the villages nearby the estate. Commencement of harvesting is pending clearance by the relevant authorities.

The joint venture engaged in property development continued to perform satisfactorily with a contribution of RM3,350,679 to the profit before tax of the Group.

The effective tax rate is 27.65% which is higher than the statutory tax rate of 25% due mainly to the effect of its share of results in an associate and in a jointly controlled entity.

Overall, profit after tax of the Group under review decreased by 52.71% to RM24,910,949 and correspondingly, earnings per stock unit decreased to 27.27 sen.

Financial review (cont'd.)

Cash and bank balances increased by 3.67% to RM223,554,996 from RM215,646,709 mainly due to net cash inflows generated from operating activities offset by cash outflows used in investing activities as a result of purchase of investment securities.

In line with a lower profit net of tax attributable to owners of the Company, the amount of dividend paid is also lower i.e a decrease of 35% to RM17,815,832 from RM27,408,975. However, the dividend payout ratio increased to 71.52% from 52.03%.

The Group did not have any borrowings in the financial year 2013 and its strategy in the current financial year, which was unchanged from previous financial year, was to maintain a debt free capital structure and to pay steady amount of dividends to shareholders.

Shareholders' equity increased by 0.88% to RM621,397,608 or RM6.80 per stock unit.

Operational review

During the financial year 2013, the total average planted area was 10,925 hectares of which 80.15% or 8,756 hectares are mature and 19.85% or 2,169 hectares are immature.

	Hectares	
Age in years		
Mature area		
Above 25	688	6.30%
21 – 25	4,116	37.68%
16 – 20	753	6.89%
11 – 15	458	4.19%
6 – 10	1,785	16.34%
Below 6	956	8.75%
	8,756	80.15%
Immature	2,169	19.85%
	10,925	100.00%

During the financial year 2013, an additional 218 hectares of old and low yield palms were replanted.

Replanting of approximately 180 hectares of old and low yield palms will take place during the financial year 2014.

The Group has a replanting schedule covering a period of ten years and this schedule is reviewed quarterly which will ensure progressive replanting on a yearly basis. At each review, prevailing conditions and circumstances are taken into consideration to determine the replanting programme.

Production of ffb increased by 12.43% to 177,240 m/t. Purchases of ffb also increased by 13.85% to 13,619 m/t. Correspondingly, production of crude palm oil increased by 17.56% to 30,298 m/t and production of palm kernel also increased by 15.08% to 8,358 m/t.

The increase in the production of ffb is due to young immature palms attaining maturity.

Annual ffb yield per hectare is 20.24 m/t.

The mills processed 156,994 m/t of ffb during the financial year 2013. The overall average oil and kernel extraction rates of the mills are 19.30% and 5.32% respectively.

The Group faces shortage of labour in Malaysia. Measures such as improving incentives and welfare are considered and implemented to attract workers. Furthermore, the Group also recruits foreign workers from various sources rather than depending on a single source.

The Group has also taken measures to plant better yielding seedlings during its replanting programme.

Good agriculture and milling practices are constantly being implemented with the aim to improve productivity and efficiency.

In an effort to optimise the utilisation of land, the Group is continuously studying the possibility and feasibility of planting other cash-crops in areas that are not suitable for planting of oil palms.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Joint ventures on oil palm plantations in Indonesia

For the financial year 2013, the Group suffered an overall loss of RM10,301,183 from its share of the results of the joint ventures engaged in oil palm plantation in Indonesia due mainly to losses suffered by the joint ventures operating oil palm plantation located in Lampung Province, Indonesia. The joint ventures encountered a suspension in routine harvesting since the previous financial year due to unrest in the surrounding villages located in the vicinity of the plantations. Appropriate actions has been taken by the management of the joint ventures together with the relevant authorities and law enforcement agencies to resume the harvesting activities. The resumption of normal operations is pending clearance by the relevant authorities.

Harvesting of young mature palms of the jointly controlled entity's joint venture engaged in oil palm plantation located at The Regency of Ogan Komering Ilir, South Sumatera Province, Indonesia has been delayed due to unrest in the villages nearby the estate. Commencement of harvesting is pending clearance by the relevant authorities.

As at 31 August 2013, a total area of 21,224 hectares haven been planted of which 88.27% or 18,734 hectares are mature and 11.73% or 2,490 hectares are immature.

	Hectares	%
Age in years		
Mature		
16 – 20	912	4.30%
11 – 15	7,218	34.01%
6 – 10	6,516	30.70%
Below 6	4,088	19.26%
	<hr/>	<hr/>
	18,734	88.27%
Immature	2,490	11.73%
	<hr/>	<hr/>
	21,224	100.00%

Production – m/t

ffb	66,045
Crude palm oil	15,353
Palm kernel	3,682

The low production is due to the reasons as mentioned above.

The overall average oil and kernel extraction rates of the mills are 21.71% and 5.21% respectively.

Joint ventures on property development

The Bandar Springhill township, a 1990-acre development by West Synergy Sdn Bhd, the Group's 40% owned associate has progressed well after the opening of the UCSI International school in September 2012. Since then, Bandar Springhill had been gathering investor interest. The completion of the overhead bridge over the Seremban-Port Dickson Highway, connecting both the eastern and western sectors of the township in March 2013 would facilitate the launch of projects in future. West Synergy Sdn Bhd plans to step up the pace of its development activities to enable it to launch its projects at the most opportune time and to intensify its marketing efforts.

Prospects

Since the end of the previous financial year, the selling prices of ffb, crude palm oil and palm kernel have improved. The upward trend in the average selling prices is expected to have a favourable impact on the overall financial performance for the financial year 2014.

The Group remains optimistic about the long term prospects of palm oil business. Palm oil is one of the vital oils in meeting the world's dietary and energy requirements. Besides its nutritional values, palm oil is widely available and affordable. Palm oil also has vast potential as a renewable energy source. Hence, the global demand for palm products should continue to grow.

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors is committed to ensure that a high standard of corporate governance is practised throughout the Group in discharging its responsibilities to protect and enhance shareholders' value and the financial performance of the Group.

The Board of Directors continuously evaluate the status of the Group's corporate governance practices and procedures with a view to adopt and implement the principles and recommendations as set out in the Malaysian Code on Corporate Governance 2012 ("Code") wherever applicable in the best interests of the shareholders of the Company.

The Board considers that it has generally applied the principles and recommendations of the Code to the extent described in this statement.

1. Board of Directors

Board Charter

The Board has formulated and adopted a charter ('Board Charter') which set out a specific functions inter-alia the following:-

- Board composition
- Duties and responsibilities of the Board
- Duties and responsibilities of the management
- Board committees – Audit Committee, Nomination Committee and Remuneration Committee
- Board meetings
- Supply of information
- Code of conduct
- Directors' training
- Directors' remuneration
- Shareholders and other communication
- Financial reporting
- Social responsibilities

The Board Charter are reviewed periodically to ensure their relevance and compliance and is accessible through the Company's website.

Board responsibilities

The Board retains full and effective control of the Company and is responsible for the overall performance of the Company. It focuses mainly on strategies, performance and critical business issues and is responsible for the following: -

- Group's strategic plans
- Conduct of the Group's business
- Principal risks identification and their management
- Succession planning for senior management
- Shareholders communication policy
- Group's internal control system and management information system

Composition of the Board

The Board currently consists of eleven directors: -

- An Executive Chairman
- Three Executive Directors
- Four Independent Non-Executive Directors
- Three Non-Independent Non-Executive Directors

There is an alternate director on the Board.

STATEMENT ON CORPORATE GOVERNANCE

1. Board of Directors (cont'd.)

Composition of the Board (cont'd.)

The Executive Chairman and Executive Directors have vast experience and extensive knowledge in managing the Group's core business, plantations. The Non-Executive Directors have broad business and commercial experience. The Independent Directors are actively involved in various Board Committees and they provide independent assessments and opinions.

The Executive Chairman functions both as Chairman of the Board and Executive Director. The Board is mindful of the combined roles but is comfortable that there is no undue risk involved as the Executive Directors will be informed and consulted before the Executive Chairman makes any significant decision and all major matters and issues are referred to the Board for consideration and approval. The roles and contributions of Independent Directors also provide an element of objectivity, independent judgement and check and balance on the Board. Furthermore, all related party transactions are dealt with in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The Board considers that its complement of the Independent Non-Executive Directors and Non-Independent Non-Executive Directors provides an effective Board with a mix of general management, accounting and finance and business experience and fairly reflects the investment in the Company by shareholders. The Board complies with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad that requires at least two or one third of the Board, whichever is higher, to be independent directors.

Besides, the Board believes that the interests of shareholders are best served by the Executive Chairman, who will act in the best interests of the shareholders as a whole since he is representing a major shareholder who has substantial interest in the Company, he is well placed to act on behalf of the shareholders and in their best interests.

All concerns regarding the Company can be conveyed to any one of the directors. As such, the Board has not appointed a senior Independent Non-Executive Director to whom concerns regarding the Company may be conveyed.

The Board acknowledges the importance of board diversity, including gender diversity, for it to function effectively. Female representation will be considered when vacancies arise and suitable candidates are identified.

The Board has established Board committees, which operate within the defined terms of reference. These committees are: -

- Audit Committee
- Nomination Committee
- Remuneration Committee

The Report on Audit Committee for the financial year ended 31 August 2013 is set out on pages 22 to 24 of the Annual Report.

Details of the Nomination Committee and Remuneration Committee are set out on pages 15 to 17 of the Annual Report.

The Board of Directors met four times during the financial year ended 31 August 2013. The Executive Chairman and the Executive Directors explained to the Board the rationale of the matters discussed and the implications on the Company. The directors participated in the discussion and comments were considered before a decision was made.

STATEMENT ON CORPORATE GOVERNANCE

1. Board of Directors (cont'd.)

Composition of the Board (cont'd.)

The attendances of the directors were as follows: -

Name	Number of meetings attended
Goh Eng Chew	3
Goh Pock Ai	4
Wong Aun Phui	4
Goh Wei Lei	4
Goh Beng Hwa @ Gho Bin Hoa	4
Sio Sit Po	4
Dr Gan Kim Leng	4
Keong Choon Keat	4
Gho Lian Chin	4
Goh Yeok Beng	4
Goh Tju Kiang @ Gho Tju Kiang @ Gho Tju Kiong	3

Supply of information

Each director receives monthly financial statements, which contain information on financial performance and plantation statistics.

Agenda of Board meeting and Board papers for each agenda item are sent to the directors prior to Board meeting. The Board papers include amongst others, quarterly financial results, performance of the estates, financial position of the Company, the sales of crude palm oil and palm kernel, the market value of its quoted investments, summary of budget and capital expenditure, proposals for major acquisitions and disposals and corporate issues, if any.

Directors have access to information within the Group. Any comments and suggestions for improvements are directed to the Executive Chairman and/or Executive Directors. Directors may also obtain independent professional advice as and when necessary.

Directors also have direct access to the services of the Company Secretary.

Appointments to the Board

The Nomination Committee was established on 26 April 2001. The members of the Nomination Committee are as follows: -

Chairman	Gho Lian Chin	- Non-Independent Non-Executive Director
Members	Goh Beng Hwa @ Gho Bin Hoa	- Independent Non-Executive Director
	Dr Gan Kim Leng	- Independent Non-Executive Director
	Keong Choon Keat	- Independent Non-Executive Director
	Goh Yeok Beng	- Non-Independent Non-Executive Director

The duties and functions of the Nomination Committee are: -

- To propose new nominees for the Board and Board Committee
 - Recommend to the Board, candidates for directorships to be filled by the shareholders or the Board;
 - Consider, in making its recommendations, candidates for directorships proposed by the executive directors and, within the bounds of practicability, by any other senior executive or any director or shareholder;
 - Recommend to the Board, directors to fill the seats on Board Committees
- to assess directors, including executive directors, on an on-going basis
- to annually review the required mix of skills and experience and core competencies of non-executive directors, effectiveness of the Board as a whole and the Board Committees

The directors have direct access to the services of the Company Secretary who is responsible for ensuring that all appointments are properly made and all necessary information is obtained from directors, both for the Company's own records and for the purposes of meeting the requirements of the Companies Act, 1965, Main Market Listing Requirements of Bursa Malaysia Securities Berhad and other regulatory requirements.

One meeting of the Nomination Committee was held during the financial year ended 31 August 2013. All members attended the meeting.

STATEMENT ON CORPORATE GOVERNANCE

2. Board of Directors (cont'd.)

Directors' training

The Board recognises the importance of continuous training for its members. The directors are encouraged to attend various training programmes and seminars.

All directors are required to attend the training programmes that are prescribed by Bursa Malaysia Securities Berhad from time to time.

All the directors and alternate director had successfully attended the Mandatory Accreditation Programme ("MAP").

During the financial year ended 31 August 2013, the directors and alternate director attended the following programmes: -

Name	Programme	Duration
Goh Eng Chew	Managing talent & succession for business continuity	1/2 day
Goh Pock Ai	Managing talent & succession for business continuity	1/2 day
Wong Aun Phui	Managing talent & succession for business continuity	1/2 day
Goh Wei Lei	Managing talent & succession for business continuity	1/2 day
	Advocacy sessions on corporate disclosure for directors	1/2 day
Goh Beng Hwa @ Gho Bin Hoa	Managing talent & succession for business continuity	1/2 day
Sio Sit Po	Managing talent & succession for business continuity	1/2 day
Dr Gan Kim Leng	Managing talent & succession for business continuity	1/2 day
Keong Choon Keat	Managing talent & succession for business continuity	1/2 day
Goh Yeok Beng	Managing talent & succession for business continuity	1/2 day
	Advocacy sessions on corporate disclosure for directors	1/2 day
Gho Lian Chin	Managing talent & succession for business continuity	1/2 day
	Advocacy sessions on corporate disclosure for directors	1/2 day
Goh Tju Kiang @	Managing talent & succession for business continuity	1/2 day
Gho Tju Kiang @		
Gho Tju Kiong		
Gho Bun Tjin	Managing talent & succession for business continuity	1/2 day

Re-election of directors

In accordance with the Articles of Association of the Company, all directors who are appointed by the Board are subject to re-election by shareholders at the first Annual General Meeting after their appointment.

The Articles of Association of the Company provides that one-third of the directors, or if their number is not three or a multiple of three, then the number nearest to one third shall retire from office once at least three years but shall be eligible for re-election.

Directors who are of or over the age of seventy years shall retire pursuant to Section 129 of the Companies Act, 1965 and shall be re-appointed under the provision of Section 129(6) of the said Act annually.

The Company would like to continue to retain Goh Beng Hwa @ Gho Bin Hoa, Sio Sit Po, Dr Gan Kim Leng and Keong Choon Keat (who have served as Independent Directors of the Company for more than nine years), on the Board of Directors as Independent Non-Executive Directors and to hold office until the conclusion of the next Annual General Meeting. The Nomination Committee and the Board are confident and believe that they can be tasked to discharge their duties and responsibilities independently and objectively, notwithstanding their tenure on the Board.

Goh Beng Hwa @ Gho Bin Hoa, Sio Sit Po, Dr Gan Kim Leng and Keong Choon Keat have offered themselves for election to act as Independent Non-Executive Directors at the Annual General Meeting on 24 January 2014.

STATEMENT ON CORPORATE GOVERNANCE

2. Directors' remuneration

It is the Company's policy that the level of directors' remuneration is sufficient to attract and retain the directors of the calibre needed to run the Group successfully. In the case of Executive Directors, the component parts of the remuneration are structured to link rewards to corporate and individual performance. In the case of Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by the Non-Executive Directors concerned.

The Remuneration Committee was established on 26 April 2001. The members of the Remuneration Committee are as follows: -

Chairman	Gho Lian Chin	- Non-Independent Non-Executive Director
Members	Goh Beng Hwa @ Gho Bin Hoa	- Independent Non-Executive Director
	Dr Gan Kim Leng	- Independent Non-Executive Director
	Keong Choon Keat	- Independent Non-Executive Director
	Goh Yeok Beng	- Non-Independent Non-Executive Director

The primary duty and responsibility of the Remuneration Committee is to recommend to the Board the remuneration of the Executive Directors and Non-Executive Directors. However, the determination of remuneration packages of directors is a matter for the Board as a whole and individual directors are required to abstain from discussion of their own remuneration.

One meeting of the Remuneration Committee was held during the financial year ended 31 August 2013. All members attended the meeting.

The shareholders at the annual general meeting approve the annual fees payable to the directors. The basic salary for each Executive Director takes into account the compensation practices of other comparable companies and the performance of each individual director. Salary will be reviewed annually (although not necessary increased). Appropriate adjustments will be made to reflect performance and increased responsibilities. Executive Directors are entitled to a commission, which is dependent on the financial performance of the Company based on an established formula.

The details of the total remuneration of the Executive Directors and Non-Executive Directors for the financial year ended 31 August 2013 are as follows:-

	No. of Directors	Fees RM	Salaries RM	Commission RM	Other RM	Total RM
Executive Directors						
	1	41,000	360,000	243,562	9,000	653,562
	1	31,000	264,000	177,137	12,000	484,137
	1	31,000	234,000	154,995	12,000	431,995
	1	31,000	222,000	154,995	12,000	419,995
	4	134,000	1,080,000	730,689	45,000	1,989,689
Non-Executive Directors						
	1	61,000	-	-	30,000	91,000
	1	49,000	-	-	30,000	79,000
	1	43,000	-	-	24,000	67,000
	1	43,000	-	-	18,000	61,000
	1	37,000	-	-	18,000	55,000
	1	37,000	-	-	18,000	55,000
	1	31,000	-	-	9,000	40,000
	7	301,000	-	-	147,000	448,000
	11	435,000	1,080,000	730,689	192,000	2,437,689

3. Shareholders

Dialogue between the Company and investors

The annual and quarterly reports and the various mandatory announcements are the primary modes of communication to report on the Group's financial performance and operations and corporate developments. The annual reports are sent to shareholders. Shareholders and the members of the public can also obtain information on the annual and quarterly reports and the announcements made by accessing the websites of the Company and Bursa Malaysia Securities Berhad. It is not the practice of the Company to organise briefings sessions or investors forums for analysts and fund managers.

Annual general meeting

The annual general meeting is the principal forum for dialogue with shareholders. Notice of the annual general meeting and the annual report are despatched to shareholders. Notice of the annual general meeting is also published in a leading English newspaper. At the annual general meeting, shareholders have direct access to the directors and are given the opportunity to ask questions during the question and answer session prior to the resolution to receive and adopt the audited annual financial statements and directors' report. Suggestions and comments by shareholders are noted by directors for consideration.

4. Accountability and audit

Financial reporting

In presenting the annual and quarterly financial statements to shareholders, the directors aim to present a balanced and understandable assessment of the Group's position and prospects. The Audit Committee assists the Board in ensuring accuracy, adequacy and completeness of information for disclosure.

The Statement by Directors pursuant to Section 169(15) of the Companies Act, 1965 is set out on page 33 of the annual report and the Statement explaining the directors' responsibility for preparing the annual audited accounts pursuant to paragraph 15.27 (a) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad is set out on page 26 of the annual report.

Internal control

The directors acknowledge their responsibilities for the Group's system of internal control, which has been designed to meet the Group's particular needs. The system of internal control is designed to manage risks to which the business of the Group is exposed rather than eliminate the risk of failure to achieve business objectives.

The directors continue to maintain a sound system of internal control to safeguard shareholders' investment and Group's assets.

Internal audit

The internal audit functions have been outsourced to J. S. Lim & Co., chartered accountants (Malaysia), with the primary objective to carry out reviews of the business processes as well as the internal control systems to determine if the accounting and internal control system procedures have been complied with as well as to identify recommendations to strengthen the accounting and internal control system so as to foster a strong management control environment.

Relationship with the independent auditors

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

The role of the Audit Committee in relation to the independent auditors is set out in the report on Audit Committee on pages 22 to 24 of the annual report.

STATEMENT ON CORPORATE GOVERNANCE

5. Code of Conduct

The Board has established a code of business conduct ('Code of Conduct') to be complied with by the directors and members of the management. The Code of Conduct is in addition to any other obligations that are imposed on the directors by any applicable rules, laws and regulations.

The Code of Conduct covers the following:-

- Honesty and integrity
- Compliance with laws
- Conflict of interests
- Confidentiality

The Code of Conduct will be reviewed by the Board periodically.

6. Strategies for Sustainability

It is the aspiration of the Board to manage its plantation operations in a socially and environmentally responsible manner.

Sustainable strategies and practices have been outlined for implementation:-

- Zero burning policy
- Effective water management
- Soil enrichment and conservation
- Pest management
- Health and safety at work place
- Human resource development
- Maintaining a debt free capital structure and to pay steady amount of dividends to shareholders

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors is pleased to present the statement about the risk management and internal control of the Group comprising the Company and its subsidiary.

Responsibility

The Board has overall responsibility for maintaining an effective and sound system of risk management and internal control and for reviewing its adequacy and recognises that there are inherent limitations to any system of risk management and internal control.

The system of risk management and internal control has been designed to meet the particular needs of the Group and to manage risks, which the Group is exposed rather than eliminating the risk of failure in achieving business objectives.

In pursuing these objectives, risk management and internal control can only provide reasonable and not absolute assurance against material misstatement or loss. Furthermore, it should be recognised that the cost of managing risk and control procedures should not outweigh or exceed the expected benefits.

Risk management

Management regularly review, identify, evaluate, monitor and manage the significant risks faced by the Group. In addition, the internal auditors, using a risk-based approach, annually review the operational procedures and processes to ensure the integrity of the management information system.

The Audit Committee chaired by an Independent Non-Executive Director and its members comprising Independent Non-Executive Directors, provide an independent review of the process of the Group for producing financial data, the adequacy, effectiveness and integrity of risk management and the system of internal control.

Key elements of internal control

- **Organisational structure**

The Group is headed by the Executive Chairman and assisted by three Executive Directors. The Executive Chairman and Executive Directors have many years of experience in managing the Group's core business i.e. plantations.

There is in place an operating structure with clear defined lines of accountability and delegated authority for the estates.

- **Policies manual**

There is a Policy Manual including Authority Limit to serve as guidance for the operations and personnel of the Group to function within the accepted practices of the Group.

- **Audit committee and internal audit**

The Audit Committee was established with a view to assist the Board in discharging its duties. The internal audit function has the primary objective to carry out a review of the internal control system to determine if the accounting and internal control procedures have been complied with as well as to identify recommendations to strengthen the accounting and internal control system so as to foster a strong management control environment.

The internal auditors report directly to the Audit Committee. An internal audit report is prepared by J. S. Lim & Co., chartered accountants (Malaysia), and presented to the Audit Committee. The internal audit report summarises the audit approach, scope, significant audit findings, the overall opinion for the internal control review, management comments on the audit findings and recommendations. The internal audit report also covers the follow-up by the management on implementation of recommendations in their earlier reports.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Key elements of internal control (cont'd.)

- **Financial report**

The Group has in place a reporting mechanism whereby Directors receive monthly financial statements, which contain information on financial performance and plantation statistics.

Periodical meetings of the Board and Audit Committee are held. Quarterly financial results, performance of the estates, financial position of the Company, the market value of its quoted investments, the sales of fresh fruits bunches, crude palm oil and palm kernel, summary of budgets and capital expenditure, plantations statistics and progress of oil palm planting and financial performance of the joint ventures on oil palm plantation in Indonesia and performance of the joint venture engaged in property development are presented to the Board at the Board meetings.

- **Estates visits**

Executive Directors and the Plantation Controller regularly visit the Group's estates to monitor the state of affairs of the estates. During the visits, the estate managers report on the progress and performance of the respective estates and discuss and resolve the estates operational and key management issues.

Other Directors also visit the Group's estates from time to time and their comments and suggestions for improvements are directed to the Executive Chairman and/or Executive Directors.

- **Review of recurrent related party transactions**

All recurrent related party transactions are dealt with in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The Audit Committee and the Board review the recurrent related party transactions at the respective meetings of the Audit Committee and the Board.

Conclusion

Based on the foregoing as well as the inquiries and information provided, the Board is assured that the risk management process and system of internal control is operating adequately and satisfactory in all material aspects to meet the business objectives of the Group for the financial year under review and up to the date of approval of this statement.

Review of the statement by external auditors

As required by paragraph 15.23 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the external auditors has reviewed this statement for the inclusion in the annual report for the financial year ended 31 August 2013 and reported that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of internal controls of the Group.

REPORT ON AUDIT COMMITTEE

The Board of Directors of Chin Teck Plantations Berhad is pleased to present the report on the Audit Committee for the financial year ended 31 August 2013.

Members of the Audit Committee

The members of the Audit Committee during the financial year ended 31 August 2013 are as follows: -

Chairman	Keong Choon Keat	- Independent Non-Executive Director
Members	Dr Gan Kim Leng	- Independent Non-Executive Director
	Sio Sit Po	- Independent Non-Executive Director

Terms of reference

The Terms of Reference of the Audit Committee are as follows: -

1. Formation

1.1 The Board pursuant to its resolution formed the Audit Committee on 25 June 1994.

2. Membership

2.1 The members of the Audit Committee shall be appointed by the Board from amongst their number and shall consist of not fewer than three (3) members all of whom shall be independent directors.

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

- (i) must be a member of the Malaysian Institute of Accountants; or
- (ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years' working experience and: -
- (iii) (a) he must have passed the examinations specified in Part 1 of the 1st Schedule of the Accountants Act 1967; or
- (b) he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967.

2.3 No alternate director can be appointed as a member of the Audit Committee.

2.4 The members of the Audit Committee shall elect a Chairman from amongst their number who shall be an independent director.

2.5 If a member of the Audit Committee retires, resigns, dies or for any reason ceases to be a member resulting in the non-compliance of paragraph 2.1 and 2.2 above, the Board shall within three (3) months of that event, fill the vacancy.

2.6 The Company Secretary or such other person as the Audit Committee may determine shall be the Secretary of the Audit Committee.

3. Meeting

3.1 Meetings of Audit Committee shall be held at least four (4) times a year.

3.2 In order to form a quorum in respect of a meeting of an Audit Committee, the majority of members present must be independent directors.

3.3 Upon the request of the external auditors, the Chairman of the Audit Committee shall convene a meeting of the Audit Committee to consider any matter the external auditors believes should be brought to the attention of the Board or shareholders.

3.4 The Audit Committee shall meet with the external auditors without the presence of the executive directors at least twice a year.

3.5 At least 5 calendar days' notice should be given to members of the Audit Committee before a meeting is held. In an emergency meeting, the notice can be shortened provided majority of members agree.

3.6 Each member is entitled to one vote. Decision arising from any meeting shall be by majority of votes. The Chairman has no casting vote.

3.7 Other directors and employees may attend any particular Audit Committee meeting only at the Audit Committee's invitation, specific to the relevant meeting.

REPORT ON AUDIT COMMITTEE

Terms of reference (cont'd.)

4. Authority

4.1 The Audit Committee is authorised to investigate any activity within its term of reference.

4.2 The Audit Committee shall have the resources, which are required to perform its duties.

4.3 The Audit Committee shall have full and unrestricted access to any information pertaining to the Group and is authorised to seek any information it requires from any employees and all employees are directed to co-operate with any request made by the Audit Committee and is free to summon any employee to appear before the meeting of the Audit Committee.

4.4 The Audit Committee is authorised to communicate directly with the external auditors and person(s) carrying out the internal audit function.

4.5 The Audit Committee is authorised to obtain independent professional service or other service and to secure the attendance of persons with relevant experience and expertise at the meeting of the Audit Committee, if it considers necessary.

5. Duties and functions

5.1 The duties and functions of the Audit Committee shall be: -

- (a) to review with the external auditors, the audit plan.
- (b) to review with the external auditors, their evaluation of the system of internal controls.
- (c) to review with the external auditors, their audit report.
- (d) to review the assistance given by the employees to the external auditors.
- (e) to review the adequacy of the scope, functions and resources of the internal audit functions and that it has the necessary authority to carry out its work.
- (f) to review the internal audit programme, processes, the results of the internal audit programme, process or investigation and consider the findings and recommendations of the internal audit and management's response.
- (g) to review any appraisal or assessment of the performance of members of the internal audit function and approve any appointment or termination of senior staff members of the internal audit function and take cognisance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.
- (h) to review the quarterly results and year end financial statements, prior to the approval by the Board, focusing particularly on: -
 - any change in or implementation of accounting policies and practices
 - the going concern assumption
 - significant and unusual events
 - significant adjustments arising from the audit
 - compliance with accounting standards and other legal requirements
- (i) to review any related party transaction and conflict of interest situation that may arise within the Group including any transaction, procedure or course of conduct that raises questions of management integrity.
- (j) to discuss problems and reservations arising from the interim and final audits, and any matter the auditor may wish to discuss (in the absence of management where necessary)
- (k) to consider the appointment of the external auditors, audit fee and any questions of resignation or dismissal.

5.2 To consider other topics as defined by the Board.

6. Minutes

6.1 The Audit Committee shall cause minutes to be duly entered in books provided for the purpose of all proceedings of meetings of Audit Committee.

6.2 Such minutes shall be signed by the Chairman of the meeting at which the proceedings were held or the Chairman of the next succeeding meeting and if so signed, shall be conclusive evidence without any further proof of the facts thereon stated.

6.3 The Secretary shall circulate the minutes of meetings of Audit Committee to all members of the Board.

REPORT ON AUDIT COMMITTEE

Terms of reference (cont'd.)

7. Reporting of breaches to Bursa Malaysia Securities Berhad

7.1 Where the Audit Committee is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Audit Committee must promptly report such matter to Bursa Malaysia Securities Berhad.

8. Review of the Audit Committee

8.1 The Board must review the terms of office and performance of the Audit Committee and each of its members at least once every three (3) years to determine whether the Audit Committee and the members have carried out their duties in accordance with the terms of reference.

Number of meetings of Audit Committee held during the financial year ended 31 August 2013 and attendance of each member of Audit Committee

During the financial year ended 31 August 2013, a total of four meetings were held.

The attendance of each member is as follows: -

	<u>Number of meetings attended</u>
Members of Audit Committee:	
Keong Choon Keat	4
Dr Gan Kim Leng	4
Sio Sit Po	4

Summary of the activities of the Audit Committee during the financial year ended 31 August 2013

The Audit Committee met at scheduled times. Agendas were planned and itemised so that matters were deliberated and discussed in a focused and detailed manner.

The Audit Committee carried out the following activities during the financial year ended 31 August 2013:-

- Meeting with the external auditors twice without the executive directors being present.
- Review of the quarterly and annual financial statements prior to submission to the Board of Directors for consideration and approval.
- Review of the audit report and any internal control weaknesses report and recommendations made by the external auditors as well as internal audit report and recommendations made by the internal auditors.
- Review of the audit plans for the financial year prepared by the external and internal auditors as well as the recommendation of their respective fees to the Board.
- Consider and recommend to the Board of Directors the re-appointment of external auditors.
- Review the transactions with related parties as disclosed in the annual financial statements.

Internal audit functions

The internal audit functions have been outsourced to J. S. Lim & Co., chartered accountants (Malaysia), with the primary objective to carry out reviews of the business processes as well as the internal control systems to determine if the accounting and internal control system procedures have been complied with as well as to identify recommendations to strengthen the accounting and internal control system so as to foster a strong management control environment.

The internal auditors report directly to the Audit Committee.

During the financial year under review, the internal auditors visited the estates of the Company. The internal auditors presented their report to the Audit Committee at a meeting of the Audit Committee. The internal audit report summarises the audit approach, scope, significant audit findings, the overall opinion for the internal control review, management comments on the audit findings and recommendations. The internal audit report also covers the follow-up by the management on implementation of recommendations in their earlier reports. The total cost of internal audit for the financial year under review amounted to RM64,100.

Health and safety

The Company is committed to provide a safe and healthy working environment for all employees. Health and safety consideration will not be compromised in all processes and activities. Relevant health and safety programmes will be implemented with the ultimate objective of achieving "Zero Accident" at work place. To achieve this objective, the Company has established a Health and Safety Committee which is entrusted with the functions of cultivating safe working practices and behaviour at the work place.

Safety equipment and working procedures are provided to workers at the work place. The workers are also provided with regular training and briefing on health and safety matters.

Injury investigations are conducted and analysis reports are prepared to determine the root cause for preventing or reducing accidents in the future.

Approved codes of health and safety practices are to be strictly adhered to by all parties concerned.

Environmental management

Our palm oil mills adhere to strict compliance with the environmental laws governing mill operations, maintenance and improvements in areas relating to environmental standards, emission standards, noise level management and treatment of effluents and waste disposal.

The mill advisor and visiting engineer reviews environmental issues and compliance. Appropriate recommendations are made and necessary actions are taken for further improvement in compliance with environmental and related standards.

Human resource development

The Company believes that proper training and development programme is necessary in developing and upgrading workers' skills and knowledge to achieve an optimal performance. Workers are encouraged to attend relevant external trainings and seminars. In-house trainings are also conducted for workers.

Recognising the social needs, quarters are provided to staff and workers in the estates. Furthermore, the estates provide facilities to take care of the young children of the workers. Sports facilities such as football fields, badminton courts and table tennis tables, are provided for workers to engage in healthy activities during their free time. The estates also provide transportation for workers' school going children.

To foster a better rapport among the workforce, the estates organise social events on festive and cultural occasions.

Community

Additionally, the Company also makes monetary donations and contributions to charitable organisations from time to time.

STATEMENT ON DIRECTORS' RESPONSIBILITY FOR THE PREPARATION OF ANNUAL AUDITED ACCOUNTS

The Directors are required by the Companies Act, 1965 ('the Act') to prepare financial statements for each financial year which give a true and fair view of the financial position of the Company and of the Group as at the end of the financial year and their financial performance and cash flows for the financial year.

The Directors are responsible for ensuring that the Company and the Group keep accounting records which disclose with reasonable accuracy the financial position of the Company and of the Group and which enable them to ensure that the financial statements of the Company and of the Group comply with the Financial Reporting Standards and the Act in Malaysia.

The Directors consider that the financial statements set out on pages 36 to 80 have been prepared using appropriate accounting policies, which are consistently applied and are in accordance with the Financial Reporting Standards and the Act in Malaysia.

The Directors have engaged independent auditors who are required to undertake inspection and make enquiries they consider to be appropriate for the purpose of enabling them to give their audit report set out on pages 34 and 35.

This statement is made in accordance with a resolution of the Board of Directors dated 31 October 2013.

GROUP FINANCIAL PROFILE

	2009 RM'000	2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000
Revenue	112,266	111,443	143,343	119,224	102,508
Cost of sales	(44,231)	(42,624)	(50,359)	(39,279)	(43,442)
Gross profit	68,035	68,819	92,984	79,945	59,066
Interest income	3,335	3,170	4,444	5,356	5,746
Dividend income	1,135	1,768	1,768	2,059	2,149
Other income	1,972	883	3,932	1,952	2,121
Selling expenses	(2,841)	(2,376)	(2,247)	(2,089)	(2,403)
Administrative expenses	(11,785)	(11,153)	(12,238)	(15,302)	(18,582)
Replanting expenses	(4,673)	(6,319)	(6,290)	(5,850)	(6,683)
Other expense	-	(1,416)	-	(158)	(57)
Share of results of associates	5,622	8,092	15,199	3,468	(5,637)
Share of results of a jointly controlled entity	(1,274)	(895)	(1,780)	(982)	(1,290)
Profit before tax	59,526	60,573	95,772	68,399	34,430
Income tax expense	(13,211)	(13,693)	(19,758)	(15,724)	(9,519)
Profit net of tax	46,315	46,880	76,014	52,675	24,911
Dividends	23,983	27,409	32,890	27,409	17,816
Analysis of share of results of associates and jointly controlled entity:					
Plantations	2,912	5,672	10,404	(247)	(10,301)
Property development	1,650	1,669	3,023	2,773	3,350
Management and advisory services and insurance agent	(214)	(144)	(8)	(40)	24
	4,348	7,197	13,419	2,486	(6,927)
Earnings per stock unit (sen)					
Basic	50.69	51.31	83.20	57.65	27.27
Diluted	50.69	51.31	83.20	57.65	27.27
Net dividend (%)					
First interim	10.50	12.00	13.50	12.00	9.75
Second interim	15.75	18.00	22.50	18.00	9.75
	26.25	30.00	36.00	30.00	19.50
Dividend cover (times)	1.93	1.71	2.31	1.92	1.40
	2009 RM'000	2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000
Net cash flows from operating activities	36,750	36,570	57,597	39,443	25,648
Net cash flows (used in)/from investing activities	(882)	(7,820)	(1,921)	5,222	(1,461)
Net cash flows used in financing activities	(23,983)	(27,409)	(32,890)	(27,409)	(17,816)
Net increase in cash and cash equivalents	11,885	1,341	22,785	17,256	6,371
Effects of exchange rate changes on cash and cash equivalents	773	(1,416)	2,215	145	1,504
Cash and cash equivalents at 1 September	159,559	172,217	172,142	197,142	214,543
Cash and cash equivalents at 31 August	172,217	172,142	197,142	214,543	222,418
Deposits pledged for bank guarantee facilities	1,020	1,048	1,074	1,104	1,137
Cash and bank balances	173,237	173,190	198,216	215,647	223,555

GROUP FINANCIAL PROFILE

	2009 RM'000	2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000
Assets					
Non-current assets					
Property, plant and equipment	39,674	39,304	40,559	41,445	42,602
Biological assets	74,225	74,225	74,225	74,225	74,225
Investments in associates	193,872	194,253	210,093	207,690	192,398
Investment in a jointly controlled entity	24,237	23,217	22,523	20,675	19,534
Investment securities	23,300	34,526	55,912	58,736	72,716
	<u>355,308</u>	<u>365,525</u>	<u>403,312</u>	<u>402,771</u>	<u>401,475</u>
Current assets					
Inventories	2,666	2,447	2,572	2,676	2,823
Receivables	6,701	8,567	7,625	7,798	9,354
Tax receivable	-	-	-	174	-
Cash and bank balances	173,237	173,190	198,216	215,647	223,555
	<u>182,604</u>	<u>184,204</u>	<u>208,413</u>	<u>226,295</u>	<u>235,732</u>
Total assets	<u>537,912</u>	<u>549,729</u>	<u>611,725</u>	<u>629,066</u>	<u>637,207</u>
Current liabilities					
Payables	7,280	6,892	6,999	6,872	8,058
Income tax payable	953	1,482	2,674	-	1,391
	<u>8,233</u>	<u>8,374</u>	<u>9,673</u>	<u>6,872</u>	<u>9,449</u>
Non-current liabilities					
Deferred tax liabilities	6,348	6,389	6,373	6,207	6,360
Total liabilities	<u>14,581</u>	<u>14,763</u>	<u>16,046</u>	<u>13,079</u>	<u>15,809</u>
Equity attributable to owners of the Company					
Share capital	91,363	91,363	91,363	91,363	91,363
Share premium	19,654	19,654	19,654	19,654	19,654
Other reserves	8,433	578	18,149	13,171	11,467
Retained profits	403,881	423,371	466,513	491,799	498,914
Total equity	<u>523,331</u>	<u>534,966</u>	<u>595,679</u>	<u>615,987</u>	<u>621,398</u>
Total equity and liabilities	<u>537,912</u>	<u>549,729</u>	<u>611,725</u>	<u>629,066</u>	<u>637,207</u>
Net assets per stock unit (RM)	<u>5.73</u>	<u>5.86</u>	<u>6.52</u>	<u>6.74</u>	<u>6.80</u>

PLANTATIONS STATISTICS

	2009	2010	2011	2012	2013
Malaysia					
Planted Area (Hectares)	10,940	10,958	10,960	10,925	10,925
Age in years					
Mature					
Above 25	24.07%	15.35%	10.57%	8.66%	6.30%
21 – 25	7.80%	5.29%	1.93%	37.05%	37.68%
16 – 20	37.42%	37.57%	38.39%	4.65%	6.89%
11 – 15	9.88%	11.05%	9.84%	7.06%	4.19%
6 – 10	1.39%	4.46%	11.34%	13.46%	16.34%
Below 6	19.44%	26.28%	27.93%	29.12%	28.60%
	100.00%	100.00%	100.00%	100.00%	100.00%
Production (m/t)					
ffb					
- own estates	201,519	169,851	160,146	157,647	177,240
- purchased	28,082	33,532	28,679	11,962	13,619
	229,601	203,383	188,825	169,609	190,859
Crude palm oil	37,500	32,818	30,160	25,773	30,298
Palm kernel	11,224	9,584	8,591	7,263	8,358
Extraction Rate (%)					
Crude palm oil	19.38	19.54	19.57	19.37	19.30
Palm kernel	5.80	5.71	5.57	5.46	5.32
Joint Ventures In Indonesia					
Planted Area (Hectares)	20,136	20,484	20,641	21,122	21,224
Age in years					
Above 25	-	-	-	-	-
21 – 25	-	-	-	-	-
16 – 20	-	-	-	4.32%	4.30%
11 – 15	9.72%	20.45%	21.65%	34.17%	34.01%
6 – 10	32.11%	34.80%	34.40%	30.85%	30.70%
Below 6	58.17%	44.75%	43.95%	30.66%	30.99%
	100.00%	100.00%	100.00%	100.00%	100.00%
Production (m/t)					
ffb					
- own estates	144,575	137,451	127,835	77,556	66,045
- purchased	80,749	50,195	57,449	6,317	4,677
	225,324	187,646	185,284	83,873	70,722
Crude palm oil	48,967	40,827	40,046	19,094	15,353
Palm kernel	10,563	8,472	8,315	3,593	3,682
Palm kernel oil	-	2,180	2,243	-	-
Kernel cake	-	2,724	2,827	-	-
Extraction Rate (%)					
Crude palm oil	21.75	21.76	21.61	22.77	21.71
Palm kernel	4.69	4.51	4.49	4.28	5.21
Palm kernel oil	-	42.67	40.90	-	-
Kernel cake	-	53.30	51.55	-	-

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 August 2013.

Principal activities

The principal activities of the Company are the cultivation of oil palms, production and sale of fresh fruit bunches, crude palm oil and palm kernel and investment holding.

The principal activity of the subsidiary is that of investment holding.

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

Results

	Group RM	Company RM
Profit net of tax	24,910,949	34,783,772

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.

Dividends

The amount of dividends paid by the Company since 31 August 2012 were as follows:

	RM
In respect of the financial year ended 31 August 2013:	
First interim dividend of 13% less 25% taxation, on 91,363,250 ordinary stock units, declared on 19 December 2012 and paid on 30 January 2013	8,907,916
Second interim dividend of 13% less 25% taxation, on 91,363,250 ordinary stock units, declared on 31 July 2013 and paid on 30 August 2013	8,907,916
	<u>17,815,832</u>

In view of the payment of the interim dividends, the directors do not recommend any final dividend in respect of the current financial year.

Directors

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

Goh Eng Chew
Goh Pock Ai
Wong Aun Phui
Goh Wei Lei
Goh Beng Hwa @ Gho Bin Hoa
Gho Lian Chin
Sio Sit Po
Goh Yeok Beng
Gan Kim Leng
Keong Choon Keat
Goh Tju Kiang @ Gho Tju Kiang @ Gho Tju Kiong
Gho Bun Tjin (alternate to Gho Lian Chin)

DIRECTORS' REPORT

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 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 7 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, except as disclosed in Note 28 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 stock units in the Company during the financial year were as follows:

	<----- Number of ordinary stock units of RM1 each ----->			
	1 September 2012	Bought	Sold	31 August 2013
The Company				
Direct interest:				
Goh Pock Ai	500,000	-	-	500,000
Wong Aun Phui	1,030,250	-	-	1,030,250
Goh Beng Hwa @ Gho Bin Hoa	3,108,280	-	-	3,108,280
Sio Sit Po	851,376	-	-	851,376
Goh Yeok Beng	24,000	-	-	24,000
Gan Kim Leng	68,812	-	-	68,812
Indirect interest:				
Goh Eng Chew	34,020,968	-	-	34,020,968
Wong Aun Phui #	2,951,905	-	-	2,951,905
Goh Beng Hwa @ Gho Bin Hoa #	1,803,375	-	-	1,803,375
Gho Lian Chin	33,562,968	-	-	33,562,968
Sio Sit Po	1,293,750	-	-	1,293,750
Gan Kim Leng	2,152,875	-	-	2,152,875

Interest by virtue of the interests of children

Goh Eng Chew and Gho Lian Chin by virtue of their interests in the Company, are also deemed interested in the shares of the subsidiary 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 stock units in the Company and shares of its related corporations during the financial year.

DIRECTORS' REPORT

Other statutory information

- (a) Before the income statements, 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 there were no known bad debts and that no provision for doubtful debts was necessary; 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) it necessary to write off any bad debts or to make any provision for doubtful debts in respect of the financial statements of the Group and of the Company; and
 - (ii) the values attributed to current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) As 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 as and 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.

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 31 October 2013.

Goh Eng Chew

Wong Aun Phui

**STATEMENT BY DIRECTORS
PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965**

We, Goh Eng Chew and Wong Aun Phui, being two of the directors of Chin Teck Plantations Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 36 to 80 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 August 2013 and of their financial performance and cash flows for the year then ended.

Other matters

The supplementary information set out in Note 33 on page 81, is prepared in all material respects, 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 (MIA Guidance) and the directive of Bursa Malaysia Securities Berhad.

Signed on behalf of the Board in accordance with a resolution of the directors dated 31 October 2013.

Goh Eng Chew

Wong Aun Phui

**STATUTORY DECLARATION
PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965**

I, Gan Kok Tiong, being the officer primarily responsible for the financial management of Chin Teck Plantations Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 36 to 81 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 Gan Kok Tiong at Kuala
Lumpur in the Federal Territory on 31
October 2013.

Gan Kok Tiong

Before me,

Ooi Ah Bah
No. W152
Commissioner for Oaths
Kuala Lumpur

Report on the financial statements

We have audited the financial statements of Chin Teck Plantations Berhad, which comprise the statements of financial position as at 31 August 2013 of the Group and of the Company, and the income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 36 to 80.

Directors' responsibility for the financial statements

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

Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of 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 August 2013 and of their financial performance and cash flows for the year then ended.

Report on other legal and regulatory requirements

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

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiary have been properly kept in accordance with the provisions of the Act.
- (b) We are satisfied that the accounts of the subsidiary that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.
- (c) The auditors' report on the accounts of the subsidiary was not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

Other matters

The supplementary information set out in Note 33 on page 81 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 Main Market 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.

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

Tan Shium Jye
No. 2991/05/14(J)
Chartered Accountant

Kuala Lumpur, Malaysia
31 October 2013

**INCOME STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2013**

	Note	Group		Company	
		2013	2012	2013	2012
		RM	RM	RM	RM
Revenue	3	102,508,426	119,224,230	102,508,426	119,224,230
Cost of sales	3	(43,441,751)	(39,279,565)	(43,441,751)	(39,279,565)
Gross profit		59,066,675	79,944,665	59,066,675	79,944,665
Other items of income					
Interest income		5,745,816	5,356,821	5,669,105	5,354,790
Dividend income	4	2,148,880	2,058,931	5,148,880	2,058,931
Other income	5	2,120,695	1,952,018	2,120,695	1,952,018
Other items of expense					
Selling expenses		(2,403,321)	(2,088,610)	(2,403,321)	(2,088,610)
Administrative expenses		(18,581,894)	(15,302,382)	(18,578,043)	(15,298,473)
Replanting expenses		(6,682,561)	(5,849,653)	(6,682,561)	(5,849,653)
Other expenses		(57,225)	(158,303)	(57,225)	(158,303)
Share of results of associates		(5,636,664)	3,468,468	-	-
Share of results of a jointly controlled entity		(1,289,967)	(982,451)	-	-
Profit before tax	6	34,430,434	68,399,504	44,284,205	65,915,365
Income tax expense	9	(9,519,485)	(15,724,370)	(9,500,433)	(15,723,888)
Profit net of tax		24,910,949	52,675,134	34,783,772	50,191,477
Earnings per stock unit attributable to owners of the Company (sen per stock unit)					
Basic	10	27.27	57.65		
Diluted	10	27.27	57.65		

**STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2013**

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Profit net of tax	24,910,949	52,675,134	34,783,772	50,191,477
Other comprehensive income/(loss):				
Foreign currency translation	(5,910,515)	(6,714,700)	-	-
Net gain on fair value changes of available-for-sale investment securities	4,222,290	1,779,305	4,222,290	1,779,305
- Transfer to profit or loss upon disposal	(87,852)	(1,458,127)	(87,852)	(1,458,127)
- Gain on fair value changes	4,310,142	3,237,432	4,310,142	3,237,432
Share of other comprehensive income/(loss) of an associate	3,861	(22,334)	-	-
Total comprehensive income for the year	23,226,585	47,717,405	39,006,062	51,970,782

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

**STATEMENTS OF FINANCIAL POSITION
AS AT 31 AUGUST 2013**

		<----- Group ----->		<----- Company ----->	
	Note	2013 RM	2012 RM	2013 RM	2012 RM
Assets					
Non-current assets					
Property, plant and equipment	12	42,602,217	41,445,148	42,602,217	41,445,148
Biological assets	13	74,224,646	74,224,646	74,224,646	74,224,646
Investment in a subsidiary	14	-	-	48,100,000	48,100,000
Investments in associates	15	192,398,067	207,690,185	114,000,000	114,000,000
Investment in a jointly controlled entity	16	19,533,937	20,675,104	27,585,200	27,585,200
Investment securities	17	72,715,821	58,736,180	72,715,821	58,736,180
		<u>401,474,688</u>	<u>402,771,263</u>	<u>379,227,884</u>	<u>364,091,174</u>
Current assets					
Inventories	18	2,823,166	2,676,247	2,823,166	2,676,247
Receivables	19	9,354,113	7,797,891	9,353,134	7,797,768
Income tax recoverable		-	173,767	-	173,740
Due from a subsidiary	20	-	-	-	13,329
Cash and bank balances	21	223,554,996	215,646,709	222,835,350	215,568,765
		<u>235,732,275</u>	<u>226,294,614</u>	<u>235,011,650</u>	<u>226,229,849</u>
Total assets		637,206,963	629,065,877	614,239,534	590,321,023
Current liabilities					
Payables	22	8,057,545	6,872,505	8,055,955	6,870,915
Income tax payable		1,391,454	-	1,389,402	-
		<u>9,448,999</u>	<u>6,872,505</u>	<u>9,445,357</u>	<u>6,870,915</u>
Non-current liabilities					
Deferred tax liabilities	26	6,360,356	6,206,517	6,360,356	6,206,517
Total liabilities		15,809,355	13,079,022	15,805,713	13,077,432
Equity attributable to owners of the Company					
Share capital	23	91,363,250	91,363,250	91,363,250	91,363,250
Share premium	23	19,654,027	19,654,027	19,654,027	19,654,027
Other reserves	24	11,466,366	13,170,077	38,588,685	34,385,742
Retained profits	25	498,913,965	491,799,501	448,827,859	431,840,572
Total equity		<u>621,397,608</u>	<u>615,986,855</u>	<u>598,433,821</u>	<u>577,243,591</u>
Total equity and liabilities		637,206,963	629,065,877	614,239,534	590,321,023

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 AUGUST 2013**

2013 Group	Note	Equity attributable to owners of the Company, total RM	<----- Non-distributable ---->			<----- Non-distributable ----->		
			Share capital RM	Share premium RM	Retained profits RM	Asset revaluation reserve – land and biological assets RM	Foreign currency translation reserve RM	Fair value adjustment reserve RM
Opening balance at 1 September 2012		615,986,855	91,363,250	19,654,027	491,799,501	16,743,516	(21,218,587)	17,645,148
Total comprehensive income/(loss)		23,226,585	-	-	24,910,949	-	(5,910,515)	4,226,151
Revaluation reserve of leasehold land realised		-	-	-	19,347	(19,347)	-	-
Transactions with owners								
Dividends, representing total transactions with owners	11	(17,815,832)	-	-	(17,815,832)	-	-	-
Closing balance at 31 August 2013		621,397,608	91,363,250	19,654,027	498,913,965	16,724,169	(27,129,102)	21,871,299

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2013 (CONT'D.)

<---- Non-distributable ----> Distributable <----- Non-distributable ----->

2012 Group	Note	Equity attributable to owners of the Company, total RM	Share capital RM	Share premium RM	Retained profits RM	Asset revaluation reserve – land and biological assets RM	Foreign currency translation reserve RM	Fair value adjustment reserve RM
Opening balance at 1 September 2011		595,678,425	91,363,250	19,654,027	466,513,995	16,762,863	(14,503,887)	15,888,177
Total comprehensive income/(loss)		47,717,405	-	-	52,675,134	-	(6,714,700)	1,756,971
Revaluation reserve of leasehold land realised		-	-	-	19,347	(19,347)	-	-
Transactions with owners								
Dividends, representing total transactions with owners	11	(27,408,975)	-	-	(27,408,975)	-	-	-
Closing balance at 31 August 2012		615,986,855	91,363,250	19,654,027	491,799,501	16,743,516	(21,218,587)	17,645,148

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2013 (CONT'D.)

2013 Company	Note	Equity attributable to owners of the Company, total RM	<----- Non-distributable ---->		Distributable	<----- Non-distributable ----->	
			Share capital RM	Share premium RM		Asset revaluation reserve – land and biological assets RM	Fair value adjustment reserve RM
Opening balance at 1 September 2012		577,243,591	91,363,250	19,654,027	431,840,572	16,743,516	17,642,226
Total comprehensive income		39,006,062	-	-	34,783,772	-	4,222,290
Revaluation reserve of leasehold land realised		-	-	-	19,347	(19,347)	-
Transactions with owners							
Dividends, representing total transactions with owners	11	(17,815,832)	-	-	(17,815,832)	-	-
Closing balance at 31 August 2013		598,433,821	91,363,250	19,654,027	448,827,859	16,724,169	21,864,516

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2013 (CONT'D.)

2012 Company	Note	Equity attributable to owners of the Company, total RM	<----- Non-distributable ---->		Distributable	<----- Non-distributable ----->	
			Share capital RM	Share premium RM		Asset revaluation reserve – land and biological assets RM	Fair value adjustment reserve RM
Opening balance at 1 September 2011		552,681,784	91,363,250	19,654,027	409,038,723	16,762,863	15,862,921
Total comprehensive income		51,970,782	-	-	50,191,477	-	1,779,305
Revaluation reserve of leasehold land realised		-	-	-	19,347	(19,347)	-
Transactions with owners							
Dividends, representing total transactions with owners	11	(27,408,975)	-	-	(27,408,975)	-	-
Closing balance at 31 August 2012		577,243,591	91,363,250	19,654,027	431,840,572	16,743,516	17,642,226

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 AUGUST 2013**

	Group 2013 RM	2012 RM	Company 2013 RM	2012 RM
Operating activities				
Profit before tax	34,430,434	68,399,504	44,284,205	65,915,365
Adjustments for:				
Depreciation of property, plant and equipment	1,955,662	1,559,699	1,955,662	1,559,699
Gain on sale of property, plant and equipment	(33,310)	(66,795)	(33,310)	(66,795)
Gross dividend income	(2,148,880)	(2,058,931)	(5,148,880)	(2,058,931)
Interest income	(5,745,816)	(5,356,821)	(5,669,105)	(5,354,790)
Net gain on fair value changes of available-for-sale investment securities (transferred from equity upon disposal)	(87,852)	(1,458,127)	(87,852)	(1,458,127)
Property, plant and equipment written off	57,225	158,303	57,225	158,303
Share of results of associates	5,636,664	(3,468,468)	-	-
Share of results of a jointly controlled entity	1,289,967	982,451	-	-
Unrealised gain on foreign exchange	(1,503,891)	(144,909)	(1,503,891)	(144,909)
Total adjustments	(580,231)	(9,853,598)	(10,430,151)	(7,365,550)
Operating cash flows before changes in working capital	33,850,203	58,545,906	33,854,054	58,549,815
Changes in working capital				
Increase in inventories	(146,919)	(103,922)	(146,919)	(103,922)
Increase in receivables	(1,485,887)	(187,547)	(1,485,887)	(187,547)
Increase/(decrease) in payables	1,185,040	(126,876)	1,185,040	(127,265)
Decrease in amount due from a subsidiary	-	-	13,329	-
Total changes in working capital	(447,766)	(418,345)	(434,437)	(418,734)
Cash flows from operations	33,402,437	58,127,561	33,419,617	58,131,081
Tax paid	(7,754,473)	(18,684,512)	(7,737,500)	(18,684,222)
Net cash flows from operating activities	25,647,964	39,443,049	25,682,117	39,446,859
Investing activities				
Interest received	5,675,481	5,371,564	5,599,626	5,369,506
Net dividends received from				
- investment securities	1,946,445	1,922,226	1,946,445	1,922,226
- an associate	3,600,000	-	-	-
- a subsidiary	-	-	3,000,000	-
Purchase of property, plant and equipment	(3,169,956)	(2,921,301)	(3,169,956)	(2,921,301)
Purchase of investment securities	(10,145,141)	(4,128,636)	(10,145,141)	(4,128,636)
Proceeds from sale of investment securities	632,125	4,623,959	632,125	4,623,959
Proceeds from sale of property, plant and equipment	33,310	383,700	33,310	383,700
Placement of fixed deposits pledged to banks	(32,664)	(30,007)	(32,664)	(30,007)
Net cash flows (used in)/generated from investing activities	(1,460,400)	5,221,505	(2,136,255)	5,219,447
Financing activity				
Dividends paid to owners of the Company, representing net cash flows used in financing activity	(17,815,832)	(27,408,975)	(17,815,832)	(27,408,975)
Net increase in cash and cash equivalents	6,371,732	17,255,579	5,730,030	17,257,331
Effects of exchange rate changes on cash and cash equivalents	1,503,891	144,909	1,503,891	144,909
Cash and cash equivalents at 1 September 2012/2011	214,542,357	197,141,869	214,464,413	197,062,173
Cash and cash equivalents at 31 August (Note 21)	222,417,980	214,542,357	221,698,334	214,464,413

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

1. Corporate information

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at Suite 2B-3A-2, Block 2B, Level 3A, Plaza Sentral, Jalan Stesen Sentral 5, Kuala Lumpur Sentral, 50470 Kuala Lumpur, Malaysia.

The principal activities of the Company are the cultivation of oil palms, production and sale of fresh fruit bunches, crude palm oil and palm kernel and investment holding. The principal activity of the subsidiary is that of investment holding. There have been no significant changes in the nature of the principal activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 31 October 2013.

2. Summary of significant accounting policies

2.1 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 revised FRS which are mandatory for financial periods beginning on or after 1 January 2012 as described fully in Note 2.2.

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

The financial statements are presented in Ringgit Malaysia (RM).

2.2 Changes in accounting policies

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

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

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

Amendments to FRS 7: Disclosure - Transfer of Financial Assets

FRS 101 Presentation of Item of Other Comprehensive Income (Amendments to FRS 101)

Amendments to FRS 112: Deferred Tax Recovery of Underlying Assets

FRS 124 Related Party Disclosures (Revised)

Adoption of the above standards did not have any effect on the financial performance or position of the Group and of the Company.

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

2.3 Standards issued but not yet effective

Description	Effective for annual periods beginning on or after
<i>Amendments to FRS 101: Presentation of Financial Statements (Improvements to FRSs (2012))</i>	1 January 2013
<i>FRS 10 Consolidated Financial Statements</i>	1 January 2013
<i>FRS 11 Joint Arrangements</i>	1 January 2013
<i>FRS 12 Disclosure of Interests in Other Entities</i>	1 January 2013
<i>FRS 13 Fair Value Measurement</i>	1 January 2013
<i>FRS 119 Employee Benefits</i>	1 January 2013
<i>FRS 127 Separate Financial Statements</i>	1 January 2013
<i>FRS 128 Investment In Associate and Joint Ventures</i>	1 January 2013
<i>Amendment to IC Interpretation 2: Members' Shares in Co-operative Entities and Similar Instruments (Improvements to FRSs (2012))</i>	1 January 2013
<i>Amendments to FRS 7: Disclosures - Offsetting Financial Assets and Financial Liabilities</i>	1 January 2013
<i>Amendments to FRS 1: First-time Adoption of Malaysian Financial Reporting Standards - Government Loans</i>	1 January 2013
<i>Amendments to FRS 1: First-time Adoption of Malaysian Financial Reporting Standards (Improvements to FRSs (2012))</i>	1 January 2013
<i>Amendments to FRS 116: Property, Plant and Equipment (Improvements to FRSs (2012))</i>	1 January 2013
<i>Amendments to FRS 132: Financial Instruments: Presentation (Improvements to FRSs (2012))</i>	1 January 2013
<i>Amendments to FRS 134: Interim Financial Reporting (Improvements to FRSs (2012))</i>	1 January 2013
<i>Amendments to FRS 10: Consolidated Financial Statements: Transition Guidance</i>	1 January 2013
<i>Amendments to FRS 11: Joint Arrangements: Transition Guidance</i>	1 January 2013
<i>Amendments to FRS 12: Disclosure of Interest in Other Entities: Transition Guidance</i>	1 January 2013
<i>Amendments to FRS 132: Offsetting Financial Assets and Financial Liabilities</i>	1 January 2014
<i>FRS 5: Financial Instruments</i>	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 disclosed below:

Amendments to FRS 101: Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)

The amendments 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 and performance.

FRS 9 Financial Instruments: Classification and Measurement

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 and the Company's financial assets but will potentially have no impact on classification and measurements of financial liabilities. The Group and the Company will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.