NPC Resources Berhad
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NPC Resources Berhad (502313-P)

2011
ANNUAL REPORT

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NOTICE OF THE TWELFTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twelfth Annual General Meeting of the Company will be held at the Conference Room 3, 6th Floor, The Palace Hotel, No. 1, Jalan Tangki, Karamunsing, 88100 Kota Kinabalu, Sabah, on Monday, 25 June 2012 at 11.00 am to transact the following business:

AGENDA

ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2011 and the Reports of the Directors and Auditors thereon. **Resolution 1**

2. To declare a final single tier dividend of 2 sen per share in respect of the financial year ended 31 December 2011. **Resolution 2**

3. To consider and if thought fit, to pass the following resolutions:

   " That pursuant to Section 129(6) of the Companies Act, 1965, the following directors be and are hereby re-appointed as Directors of the Company to hold office until the conclusion of the next Annual General Meeting:

   a) Mr Loo Ngin Kong **Resolution 3**
   b) Dato' Seri Tengku Dr. Zainal Adlin Bin Tengku Mahamood " **Resolution 4**

4. To re-elect the following Directors retiring in accordance with Article 93 of the Company's Articles of Association:

   a) Madam Wong Siew Ying **Resolution 5**
   b) Mr Tan Vun Su **Resolution 6**

5. To approve the payment of Directors' fees of RM80,000.00 for the financial year ended 31 December 2011. **Resolution 7**

6. To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 8**

SPECIAL BUSINESS

7. To consider and if thought fit, to pass the following resolution:

Ordinary Resolution

Authority to issue shares pursuant to Section 132D, Companies Act, 1965 **Resolution 9**

" THAT subject always to the Companies Act, 1965, Articles of Association of the Company and approvals from the relevant statutory and regulatory authorities, where such approvals are necessary, full authority be and is hereby given to the Directors pursuant to Section 132D of the Companies Act, 1965, to issue shares in the Company from time to time at such price upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued pursuant to this Resolution does not exceed 10% of the issued share capital of the Company for the time being and that the Directors be and are empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing and quotation of the additional new ordinary shares to be issued and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company. "

8. To consider and if thought fit, to pass the following resolution:

Ordinary Resolution

Proposed Renewal of the Existing Shareholders' Mandate For Recurrent Related Party Transactions Of A Revenue Or Trading Nature **Resolution 10**

" THAT, approval be and is hereby given, for the Renewal of the Existing Shareholders' Mandate for the Company and/or its Subsidiaries to enter into recurrent related party transactions of a revenue or trading nature as set out in Section 2.4.2 of the Circular to Shareholders dated 4 June 2012 with the related parties described therein provided such transactions are necessary for the Group's day to day operations, carried out in the normal course of business, at arm's length, on normal commercial terms, not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders;

THAT, such approval shall continue to be in force until:

(a) the conclusion of the next annual general meeting of the Company, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed; or

(b) the expiration of the period within which the next annual general meeting of the Company after that date is required to be held pursuant to Section 143(1) of the Companies Act, 1965 ("CA") (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of CA); or

(c) revoked or varied by a resolution passed by the shareholders in general meeting,

whichever is the earlier.

AND FURTHER THAT the directors be and are hereby authorized to complete and do such acts and things as may be required by the relevant authorities (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorized by this Ordinary Resolution. "

9. To consider and if thought fit, to pass the following resolution:

Ordinary Resolution

Proposed Renewal of Authority For The Company To Purchase Its Own Shares Of Up To Ten Percent (10%) Of Its Issued And Paid Up Share Capital **Resolution 11**

" THAT subject to the provisions of the Companies Act, 1965 ("the Act"), the Memorandum and Articles of Association of the Company and the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), all other applicable laws, rules, regulations, and orders and the approvals of all relevant regulatory authorities, the Company is hereby authorized to purchase and/or hold such amount of ordinary shares of RM1.00 each ("Shares") in the Company as may be determined by the Directors from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company, provided that the aggregate number of shares to be purchased and/or held pursuant to this resolution shall not exceed ten percent (10%) of the total issued and paid up share capital of the Company and that an amount of the funds not exceeding the retained profits of the Company, be utilized for Share buy-back;

AND THAT such Shares purchased may be retained as treasury shares and/or distributed as dividends and/or resold on the market of Bursa Securities and/or be cancelled, as the Directors may deem fit and expedient in the interest of the Company;

AND THAT such authority hereby given shall take effect immediately and shall continue to be in force until:

(a) the conclusion of the next Annual General Meeting of the Company at which time it shall lapse unless by a resolution passed at the meeting, the authority is renewed; or

(b) the expiration of the period within which the next Annual General Meeting of the Company after that date is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or

(c) revoked or varied by a resolution passed by the Shareholders in a general meeting,

whichever is the earlier.

AND FURTHER THAT the Directors be hereby authorised to do all such acts and things as may be required by the relevant authorities (including executing any relevant documents) as they may consider expedient or necessary to complete and give effect to the aforesaid authorisation."

10. To consider and if thought fit, to pass the following resolution:

Special Resolution

Proposed Amendments to the Articles of Association of the Company **Resolution 12**

" THAT the Proposed Amendments to the Articles of Association of the Company as set out in the Appendix A to the Company's Annual Report 2011, be and are hereby approved. "

11. To transact any other business of the Company of which due notice shall have been given in accordance with the Company's Articles of Association and the Companies Act, 1965.

GENERAL MEETING RECORD OF DEPOSITORS

FURTHER NOTICE IS HEREBY GIVEN THAT for the purpose determining a member who shall be entitled to attend this Twelfth Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd., in accordance with Article 68(b) of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991, to issue a General Meeting Record of Depositors as at 18 June 2012. Only a depositor whose name appears on the Record of Depositors as at 18 June 2012 shall be entitled to attend the said meeting or appoint proxies to attend and/ or vote on his behalf.

By Order of the Board
NPC Resources Berhad

Dorothy Luk Wei Kam (MAICSA 7000414)
Tan Vun Su (MIA 8095)
Company Secretaries

Kota Kinabalu, Sabah
Dated: 4 June 2012

Notes:

a) A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965, shall not apply to the Company.

b) A member shall be entitled to appoint one (1) but not more than two (2) proxies to attend and vote at the same meeting and where a member appoints two (2) proxies to attend and vote instead of him at the same Meeting, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.

c) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if such appointor is a corporation, either under its Common Seal or the hands of its officers or attorney duly authorised.

d) The instrument appointing a proxy shall be deposited at the Registered Office of the Company at Lot 9, T3, Taman Tshun Ngen, Mile 5, Jalan Labuk, 90000 Sandakan, Sabah, not less than forty-eight (48) hours before the time for holding the Meeting or any adjournment thereof.

Explanatory Notes On Special Business

(a) Ordinary Resolution Pursuant To The Proposed Authority To Directors To Issue New Shares Under Section 132D Of The Companies Act, 1965

The proposed Resolution No. 9, if passed, shall give power to the Directors to issue ordinary shares in the capital of the Company up to an aggregate amount not exceeding 10% of the issued share capital of the Company for the time being. This authority unless revoked or varied at a general meeting will expire at the next Annual General Meeting.

The general mandate sought for issue of securities is a renewal of the mandate that was approved by the shareholders on 24 June 2011. The Company did not utilize the mandate that was approved last year. The renewal of the general mandate is to provide flexibility to the Company to issue new securities without the need to convene separate general meeting to obtain its shareholders' approval so as to avoid incurring additional cost and time. The purpose of this general mandate is for possible fund raising exercises including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital and/or acquisitions.

(b) Ordinary Resolution In Relation To The Proposed Renewal of the Existing Shareholders' Mandate For Recurrent Related Party Transactions Of A Revenue Or Trading Nature

The proposed Resolution No. 10, if passed, will allow the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature with the mandated related parties provided that such transactions are necessary for the Group's day to day operations, carried out in the normal course of business, at arm's length, on commercial terms which are not more favourable to the related parties than those generally available to the public and not detrimental to the minority shareholders. Shareholders are directed to refer to the Circular to Shareholders dated 4 June 2012 for more information.

(c) Ordinary Resolution In Relation To The Proposed Renewal of Authority For The Company To Purchase Its Own Shares Of Up To Ten Percent (10%) Of Its Issued And Paid Up Share Capital

The proposed Ordinary Resolution No. 11, if passed, shall empower the Directors of the Company to buy back and/or to hold the shares of the Company not exceeding ten percent (10%) of its issued and paid up share capital from time to time being quoted on Bursa Malaysia Securities Berhad as may be determined by the Directors of the Company from time to time through Bursa Malaysia Securities Berhad upon such terms and conditions as the Directors may deem fit and expedient in the interests of the Company. Shareholders are directed to refer to the Statement to Shareholders dated 4 June 2012 for more information.

(d) Special Resolution In Relation To The Proposed Amendments To The Articles Of Association Of The Company

The proposed Special Resolution No. 12, if passed, will render the Articles of Association of the Company to be in line with the amendments to the Listing Requirements of Bursa Malaysia Securities Berhad.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Loo Ngin Kong
(Executive Chairman)
Dato' Seri Tengku Dr Zainal Adlin Bin Tengku Mahamood
(Independent Non-Executive Deputy Chairman)
Dato' Loo Pang Kee
(Executive Director/Group Managing Director)
Wong Siew Ying
(Executive Director)
Lim Ted Hing
(Independent Non-Executive Director)
Dr Edmond Fernandez
(Independent Non-Executive Director)
Dato' Sri Koh Kin Lip, JP
(Non-Independent Non-Executive Director)
Tan Vun Su
(Executive Director)

AUDIT COMMITTEE

Lim Ted Hing
(Chairman)
Dr Edmond Fernandez
(Member)
Dato' Sri Koh Kin Lip, JP
(Member)

COMPANY SECRETARIES

Dorothy Luk Wei Kam (MAICSA 7000414)
Tan Vun Su (MIA 8095)

REGISTERED OFFICE

Lot 9, T3
Taman Tshun Ngen
Mile 5, Jalan Labuk
90000 Sandakan, Sabah
Tel : 089-274488
Fax : 089-226711

SHARE REGISTRAR

Symphony Share Registrars Sdn. Bhd.
Block D13, Pusat Dagangan Dana 1,
Jalan PJU 1A/46,
47301, Petaling Jaya, Selangor

Tel : 03-78418000
Fax : 03-78418008

INDEPENDENT AUDITORS

Ernst & Young
Chartered Accountants
16th Floor, Wisma Khoo Siak Chiew
Jalan Buli Sim Sim
90000 Sandakan
Sabah

PRINCIPAL BANKERS

AmBank (M) Berhad
AmIslamic Bank Berhad
Public Bank Berhad
RHB Bank Berhad

SOLICITORS

M.F. Poon, Hiew & Associates
Advocates & Solicitors
Mezzanine Floor, Lot 1 & 2,
Block B, Taman Grandview,
Jalan Buli Sim-Sim.
90000 Sandakan, Sabah

STOCK EXCHANGE LISTING

Main Board of the
Bursa Malaysia Securities Berhad

DIRECTORS' PROFILE

Loo Ngin Kong, a Malaysian citizen, aged 75, was appointed as Executive Chairman of NPC on 31 January 2002. He has over 40 years' experience in the fields of oil palm plantation and palm oil milling. He started his business venture in the plantation industry in the 1960s and 1970s when he was involved in oil palm cultivation and contracting works for Federal Land Development Authority ("FELDA") in Pahang Darul Makmur and Low Nam Hui Sdn. Bhd. and its subsidiaries and Johor Tenggara Development Authority in Johor Darul Takzim. He expanded his business to Sabah in 1981 when he acquired Growth Enterprise Sdn. Bhd., now a subsidiary of the Company. He also sits on the Board of various private limited companies. He is the father of Dato' Loo Pang Kee, a director and a substantial shareholder of the Company and the husband of Wong Siew Ying, a director and a deemed substantial shareholder of the Company. Save as disclosed in note 31 to the Financial Statements, he has no other conflict of interest with the Company. He has never been convicted for any offence within the past 10 years. He attended all the five (5) board meetings held during the financial year from 1 January 2011 to 31 December 2011.

Dato' Seri Tengku Dr. Zainal Adlin bin Tengku Mahamood, a Malaysian citizen, aged 72, was appointed as Non-Executive Deputy Chairman of NPC on 31 January 2002. He was redesignated as Independent Non-Executive Deputy Chairman on 12 July 2004. He obtained his Advanced Course in Local Government Administration Certificate from the University of Birmingham, United Kingdom and Institute of Local Government Studies, Sigtuna, Sweden in 1967. In 1981, he obtained the Top Management Programme Certificate from the Asian Institute of Management, and in 1995 was conferred Doctor of Philosophy (Hon.) from University Kebangsaan Malaysia. He began his career as a professionally trained pilot in the late fifties and early sixties. He subsequently served in the Kelantan Civil Service and the Malaysian Home and Diplomatic Service and had served in the capacity of Assistant District Officer, acting District Officer and Assistant State Secretary of Kelantan from 1961 to 1967 and was seconded from the Home and Diplomatic Service to the Sabah State Government for five (5) years from 1968 to 1973 in the capacity of Chief Executive Officer of the newly formed Sabah State Housing Commission. From 1974 to prior to retirement from Government service in 1996, he served the Yayasan Sabah in various capacities including Group Projects Development Manager, Deputy Director, Group Deputy Managing Director and Corporate Advisor. He is the appointed Chairman of the Sabah Tourism Board by the Sabah State Government since May 2000 to date. He is the President Emeritus and Past Chairman of the World Wide Fund for Nature (WWF) Malaysia. He has no family relationship with any other directors or major shareholders of the Company nor any conflict of interest with the Company. He has never been convicted for any offence within the past 10 years. He attended all the five (5) board meetings held during the financial year from 1 January 2011 to 31 December 2011.

Dato' Loo Pang Kee, a Malaysian citizen, aged 43, was appointed as Group Managing Director of NPC on 31 January 2002. He is an alumnus of Harvard Business School. He has over twenty (20) years of working experience in the field of plantation-based activities. His responsibilities include overseeing the overall management activities of the Group, the expansion of the Group's business ventures and the formulation and implementation of the Group's business strategies. In 2007, he completed the Executive Education - Owner/ President Management Program organised by Harvard Business School, the United States of America. He is the son of Loo Ngin Kong, a director and a substantial shareholder of the Company. Save as disclosed in note 31 to the Financial Statements, he has no other conflict of interest with the Company. He has never been convicted for any offence within the past 10 years. He attended four (4) out of five (5) board meetings held during the financial year from 1 January 2011 to 31 December 2011.

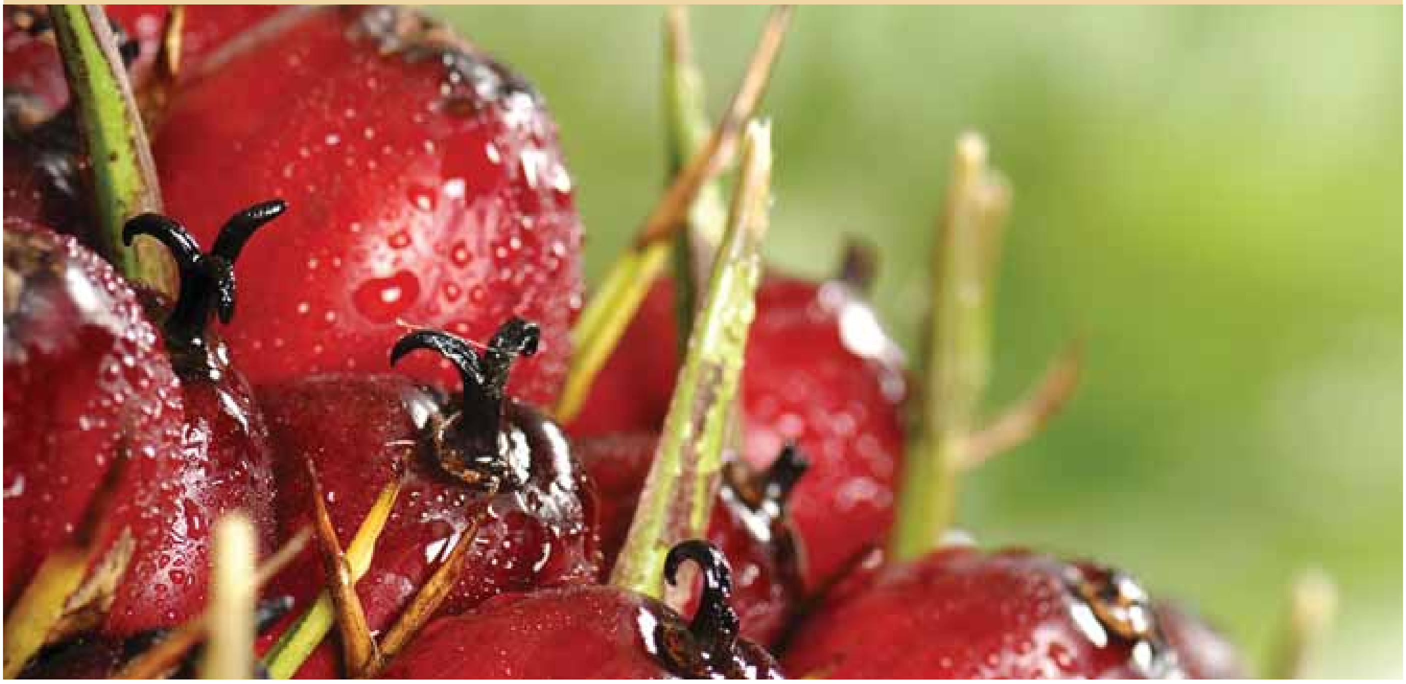
Wong Siew Ying, a Malaysian citizen, aged 58, was appointed as Executive Director of NPC on 31 January 2002. She has played an instrumental role in the management of the NPC group of companies over the last 30 years and her areas of responsibility include managing the Group's financial affairs, project funding requirements and credit management. She is the wife of Loo Ngin Kong, a director and a substantial shareholder of the Company. Save as disclosed in note 31 to the Financial Statements, she has no other conflict of interest with the Company. She has never been convicted for any offence within the past 10 years. She attended all the five (5) board meetings held during the financial year from 1 January 2011 to 31 December 2011.

Lim Ted Hing, a Malaysian citizen, aged 57, was appointed as the Independent Non-Executive Director of NPC on 25 February 2002. He currently sits on the Audit Committee, Remuneration Committee and Nomination Committee. He is a member of the Malaysian Institute of Accountants and a Fellow of the Institute of Chartered Accountants in England and Wales ("ICAEW"). He obtained his Fundamentals of Accounting from the North East London Polytechnic in 1977. Upon completion, he joined Malvern & Co., a firm of chartered accountants based in London, as an Articled Clerk during which he completed the ICAEW professional examinations in 1983. He joined Ernst & Young in 1985 and was the Senior Manager of its office in Sandakan prior to joining Syarikat Tekala Sdn. Bhd. in 1994 as the Group Financial Controller. Later in June 1996, he was appointed as an Executive Director/Chief Operating Officer of Tekala Corporation Berhad, a company listed on the Main Market of Bursa Malaysia, and its subsidiaries. Other than his business interest in Tekala Group, he also sits on the board of several other private limited companies. He has no family relationship with any other directors or major shareholders of the Company nor any conflict of interest with the Company. He has never been convicted for any offence within the past 10 years. He attended all the five (5) board meetings held during the financial year from 1 January 2011 to 31 December 2011.

Dr. Edmond Fernandez, a Malaysian citizen, aged 57, was appointed as the Independent Non-Executive Director of NPC on 25 February 2002. He currently sits on the Audit Committee, Remuneration Committee and Nomination Committee. He graduated in 1981 from the University of Mysore, India. He started his medical practice in 1982 as a Medical Officer in Queen Elizabeth Hospital, Kota Kinabalu, Sabah and later in 1984, he was posted to Sandakan Health Department, Sabah as the Area Medical Officer. From 1988 onwards, he practised as a Private Medical Practitioner with Klinik Elopura Sdn. Bhd. ("KESB") and he was appointed as the Director of KESB in 1995. In 2001, he obtained his Licientiate of the Faculty of Occupational Medicine from Ireland and he was also appointed as a committee member of the Sandakan Water Watch Committee. He is the founding President of the Sandakan Toastmasters Club and the current chairman of the Plantation Health Committee of the Malaysian Medical Association. He has no family relationship with any other directors or major shareholders of the Company. Save as disclosed in note 31 to the Financial Statements, he has no other conflict of interest with the Company. He has never been convicted for any offence within the past 10 years. He attended all the five (5) board meetings held during the financial year from 1 January 2011 to 31 December 2011.

Dato' Sri Koh Kin Lip, JP, a Malaysian citizen, aged 63, was appointed as the Non-Independent Non-Executive Director of NPC on 12 July 2007. He was subsequently appointed as an Audit Committee member on 27 February 2008. He received his early education in Sabah prior to his pursuit of higher education in Plymouth Polytechnic, United Kingdom. Upon completion, he was awarded a Higher National Diploma in Business Studies and a Council's Diploma in Management Studies. He returned to Malaysia in 1977 and joined The Standard Chartered Bank, Sandakan as a trainee assistant. In 1978, he joined his family business and was principally involved in administrative and financial matters of the family business. In 1985, he assumed the role as a Chief Executive Officer for the family business. In 1987 he was pivotal and instrumental in the formation of Rickoh Holdings Sdn. Bhd., the flagship company of the family business which engaged in various core business activities ranging from properties investments, properties letting, securities investments, oil palm plantations, sea and land transportation for crude palm oil and palm kernel, information technology, property development, hotel business, trading in golf equipment and accessories, and quarry operations. He is also involved in similar enterprises in his personal capacity with some of his business associates. He is holding numerous directorships in most of these companies. He also sits on the boards as a non-independent non-executive director of Malaysia AE Models Holdings Berhad, a company listed on the Main Market of Bursa Malaysia and as an independent non-executive director of Daya Materials Berhad and Cocoaland Holdings Berhad, which are companies listed on the Main Market of Bursa Malaysia. He has no family relationship with any other directors or major shareholders of the Company. Save as disclosed in note 31 to the Financial Statements, he has no other conflict of interest with the Company. He has never been convicted for any offence within the past 10 years. He attended all the five (5) board meetings held during the financial year from 1 January 2011 to 31 December 2011.

Tan Vun Su, a Malaysian citizen, aged 45, was appointed as Executive Director of NPC on 7 November 2008. He joined the NPC Group in October 1998 as Group Accountant. After completing his G.C.E. 'A' Level at Raffles Junior College, Singapore in 1986, he returned to Malaysia and joined KPMG, Sandakan Office as an audit trainee in 1987. He obtained his professional qualification in Accountancy with the Malaysian Association of Certified Public Accountants ("MACPA") in June 1992. He is also a member of the Malaysian Institute of Accountants. In 1987, he started his career with KPMG as an audit trainee by signing a four (4) year articleship with the firm to undertake the professional examinations of MACPA. He has about seven (7) years of audit working experience serving a wide variety of clients and was seconded to KPMG, Kuala Lumpur Office from 1990 to 1991 to gain more audit exposure. In 1994, he joined Coopers and Lybrand, Kota Kinabalu as an Assistant Audit Manager before joining Sabah Shipyard Sdn. Bhd., Labuan as Accountant in 1995. In 1997, he joined TimberMaster Timber Complex (Sabah) Sdn. Bhd. as Accountant where he was in charge of the finance and account department prior to joining the NPC Group of companies. He is currently overseeing the finance and accounting functions of the NPC Group. He has no family relationship with any other directors or major shareholders of the Company nor any conflict of interest with the Company. He has never been convicted for any offence within the past 10 years. He attended all the five (5) board meetings held during the financial year from 1 January 2011 to 31 December 2011.



CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, it gives me great pleasure to present the Annual Report and the Audited Financial Statements for the Group and also the Company for the financial year ended 31 December 2011.

BACKGROUND

NPC RESOURCES BERHAD is principally an investment holding company while its subsidiaries are involved in investment holding, provision of management services, operation of oil palm plantations and palm oil mills, trading of fresh fruit bunches ("FFB"), provision of transportation services, property letting, fish rearing and operation of hotel. The Company was listed on the Main Board of the Kuala Lumpur Stock Exchange on 7 May 2002.

The Group currently operates approximately 8,774 hectares of plantation land and two palm oil processing mills which have a combined production capacity of 135 tonnes of FFB per hour, all of which are located in the state of Sabah. The palm oil processing mills owned by the Group are located at Kilometre 87, Sandakan-Lahad Datu Highway, Segaliud Lokan in the district of Kinabatangan ("SROPP mill") and at Kilometre 70, Sandakan-Telupid-Kota Kinabalu Highway in the district of Labuk-Sugut ("Berkat mill").

Todate, the Group has a total plantation land area of 45,214 hectares in Kalimantan Timur, Indonesia, 39,650 hectares of which have been issued with certificates of Hak Guna Usaha by the Indonesian authority ("HGU certificates"). The Group had commenced setting up nursery and land clearing on certain parts of these areas.

INDUSTRY TREND AND DEVELOPMENT

The Malaysian oil palm industry has shown stellar performance with record highs in key performance indicators, namely price of palm oil products, crude palm oil production, imports, exports volume as well as revenue. Average annual price of palm oil for the year breached the RM3,000 mark to register at RM3,219, while export revenue of palm products reached a record high of RM80.4 billion, an increase of 34.5% against 2010's RM59.8 billion.

The oil palm planted area in 2011 reached 5.00 million hectares, an increase of 3.0% against 4.85 million hectares recorded the previous year. This was mainly due to increase in planted area in Sarawak which recorded an increase of 11.0% or 102,169 hectares. Sabah is still the largest oil palm planted state with 1.43 million hectares or 28.6% of total oil palm planted area, followed by Sarawak with 1.02 million hectares with 20.4%.

CPO production in 2011, increased by 11.3% to reach a record high of 18.91 million tonnes. Sarawak's CPO production increased by 23.7% to 2.7 million tonnes while Sabah and Peninsular Malaysia increased by 9.9% and 9.2% to 5.84 million tonnes and 10.37 million



tonnes respectively. The increase in production was mainly due to the recovery in the fresh fruit bunches (FFB) yield after experiencing two years of declining yield in 2009 and 2010. Improved weather conditions as well as more areas coming into peak production had also contributed to the increased production.

Palm oil stocks in 2011 closed at 2.06 million tonnes, an increase of 27.4% against 1.62 million tonnes recorded in 2010. Higher palm oil production by 1.92 million tonnes and higher imports by 0.19 million tonnes had contributed to the high closing stocks for the year.

The average CPO price recorded for the year 2011 was the highest ever annual average price, reaching RM3,219.00 per tonne, increased by RM518.00 or 19.2% against RM2,701.00 in the previous year. CPO prices traded firmer at RM3,659.00 per tonne during the first quarter of the year, supported by positive sentiments related to world supply tightness of vegetable oils and low domestic palm oil stocks level during this period. Subsequently, during the second quarter of the year, bullish market sentiments supported by firmer crude oil price, coupled with world vegetable oils supply tightness, especially that of palm oil and soyabean oil, supported positive price sentiments.

Despite pressured by prolonged Euro-zone financial debt crisis during the second half of the year, which weakened the world vegetable oils market, CPO price still traded stable, averaging at RM3,027.00 per tonne, though, its reached the lowest in October 2011 at RM2,838.50 per tonne.

The average price of palm kernel in 2011 rose marginally by 27.1% or RM470.50 to RM2,206.00 from RM1,735.50 recorded in the previous year because of domestic tight supply situation during the first quarter of the year. In the case of FFB, its average price at 1% OER was higher by 25.6% to RM36.28 from RM29.48 achieved in the previous year, which was in tandem with higher CPO and PK prices. Based on the national OER, the average price of FFB in 2011 was equivalent to RM732 per tonne as against RM587 per tonne in the previous year.

(Source: Overview of the Malaysian Oil Palm Industry 2011 by the MPOB)

GROUP PERFORMANCE

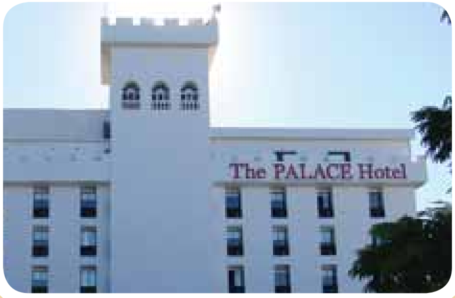
For the financial year ended 2011, the average CPO price realised by the Group was RM3,150 per tonne representing a 18% increase as compared to RM2,668 per tonne realised in 2010 and the average palm kernel (PK) price realised was RM2,179 per tonne, representing a 28% increase as compared to RM1,698 per tonne realised in 2010. The Group achieved total CPO production of 123,859 tonnes and PK production of 30,308 tonnes for the financial year ended 2011 as compared to the CPO production of 121,095 tonnes and PK production of 29,825 tonnes in 2010. The total FFB processed by the Group for 2011 was 591,774 tonnes as compared to 565,665 tonnes in previous financial year. The higher CPO and PK production and higher average CPO and PK price realised contributed to a higher Group turnover of RM458,862,880 for 2011 as compared to RM396,328,299 for 2010.

The CPO and PK extraction rates of the Group had decreased to 20.93% and 5.12% for 2011 as compared to 21.41% and 5.27% respectively for 2010. Despite the increase in CPO and PK average price realized, the profit net of tax of RM37,248,814 recorded for 2011 was relatively flat as compared to RM37,334,507 recorded for 2010 as a result of lower milling margin which was due to the combined effects of labour shortage and monsoon period resulting in lower quality of CPO achieved.

SIGNIFICANT EVENTS

(a) On 16 March 2011, a wholly-owned subsidiary, Miasa Plantation Sdn Bhd ("MIASA") entered into a Second Amendment of the Conditional Shares Sale And Purchase Agreement ("Second Amendment Agreement") with Mr Ir. Ikhsanudin and Mr Firdaus ("Vendors of ABS") in relation to the Proposed Acquisition of 2,375 fully paid up shares of IDR 100,000 each representing 95% equity interest in PT Agronusa Bumi Sejahtera ("ABS"). As ABS has obtained an additional Grant of Location Permit for Oil Palm Plantation with the total land area of approximately 5,117 hectares located at East Kalimantan, Indonesia ("the Additional ABS Land") on 8 November 2010 ("ABS Location Permit II") and obtained the Grant of Plantation Business Permit for Oil Palm Plantation for the Additional Land on 4 January 2011 ("ABS IUP II"), MIASA and the Vendors of ABS have agreed to enter into the Second Amendment Agreement to amend the purchase consideration for the Sale Shares and several terms and conditions stated in the original Conditional Shares Sale And Purchase Agreement to take into account and reflect the Additional ABS Land. Due to the increase of the parcel area of the land granted to ABS pursuant to the ABS Location Permit II and ABS IUP II obtained, the maximum purchase consideration for the Proposed Acquisition of ABS shall be revised to USD 399 x 13,455 hectares x 95% totaling USD 5,100,117.75. Based on the cadastral measurement of the ABS Land, the total land area of ABS is reduced to 5,564 hectares and thus the maximum purchase consideration shall be revised to USD 399 x 5,564 hectares x 95% totalling USD 2,109,034.20.

(b) On 7 July 2011, a wholly-owned subsidiary, Permata Alam Sdn Bhd ("PERMATA") together with PT Rimba Melawai Mahakam, Ir. Heppy Trenggono and Hj. Rima Melati (collectively referred to as "the Sellers") entered into a Conditional Sale And Purchase Agreement ("the CSPA") with PT Jaya Prima Sentosa ("the Purchaser") in relation to the Proposed Disposal of 5,000 fully paid up shares of IDR 1,000,000 each, representing 100% equity interests in PT Prasetia Utama ("PU") at a consideration of USD 6,368,176.50 ("the Proposed Disposal"). PERMATA has 90% beneficial interests in the equity of PU. Upon completion of the Proposed Disposal, PERMATA shall no longer pursue the application for approval from the Ministry of Law and Human Rights of the Republic of Indonesia to convert PU into a foreign investment company in order to ultimately acquire PU as a subsidiary.



DIVIDENDS

(a) For the financial year ended 31 December 2010, the final single-tier dividend of 2 sen per share amounting to RM2,400,000 which was approved by the shareholders at the Annual General Meeting on 24 June 2011 was paid on 18 August 2011.

(b) An interim single tier dividend of 2 sen per share amounting to RM2,400,000 for the financial year ended 31 December 2011 which was approved by the Board of Directors on 24 August 2011 was paid on 28 September 2011.

(c) At the forthcoming Annual General Meeting, a final single tier dividend of 2 sen per share in respect of the financial year ended 31 December 2011 amounting to RM2,400,000 will be proposed for shareholders' approval.

CORPORATE SOCIAL RESPONSIBILITY PRACTICES

The Group adopts the following practices as part of its environmental conservation efforts:-

(a) zero burning in land development and re-development activities;
(b) soil and water conservation methods tailored to the topography and drainage characteristics of the land;
(c) recycling of empty fruit bunches ("EFB");
(d) self-sufficiency in energy inputs in our palm oil mills; and
(e) where practical, buffaloes are used for infield FFB evacuation thus reducing the consumption of non-renewable fuel.

GROUP PROSPECTS

Plantation segment

Given the strength of current CPO and PK prices, the Group's plantation segment will remain profitable for the next financial year and its performance will be in line with the industry norm. There is yet to be any revenue and profit contribution from the Group's plantation operation in Indonesia for the next financial year as it is still in the preliminary development and planting stage.

Hotel segment

The hotel segment continues to operate in a challenging environment due to the opening up of new hotels in Kota Kinabalu. Nevertheless, the hotel management will continue to strive to increase the occupancy rate to improve the hotel segment's performance for the next financial year by promoting various functions, seminar/meeting and wedding packages to different customer segments. The hotel was awarded a four-star hotel status by the Ministry of Tourism during the financial year 2011.

Fishery segment

The fishery segment is expected to generate lower level of revenue and profit for the next financial year from its current fish rearing activities. The fishery management will continue focusing on producing new grouper fries of which certain portion will be sold to other fish farmers to generate immediate additional revenue and the rest will be reared for sales as mature livestock.

ACKNOWLEDGEMENT

On behalf of the Board of Directors, I would like to express our sincere gratitude to the management and valued employees of the Group who have continued with their commitment, dedication and co-operation during the year.

I would also like to express our sincere appreciation for the long-standing support, co-operation and guidance of our valued customers, suppliers, business associates, bankers and regulatory authorities.

Lastly, to the shareholders of the Company, we thank you for your faith in us and for your continuous support to the Group.

Thank you.

Loo Ngin Kong
Executive Chairman

STATEMENT ON CORPORATE GOVERNANCE

A. BOARD OF DIRECTORS

Board responsibilities

The Board and Management are committed to ensuring good corporate governance are observed throughout the Group. The Board views corporate governance as synonymous with three key concepts; namely transparency, accountability as well as corporate performance.

The Board of Directors plays a primary role in corporate governance by setting out the strategic direction of the Group, establishing goals and monitoring the achievement of the goals. A Strategic Plan has been adopted as one of the key policies in ensuring that the Group crystallises its future plans and provides a clear direction for the Board and Officers of the Group. A structured risk management process has also been established to better identify, formalise, monitor within the various operating units and manage the business risks affecting the Group.

Other key responsibilities of the Board include the following:-

(a) overseeing the conduct of the Group's business to evaluate whether the business is being properly managed;
(b) approving the Group's budget and reviewing the Group's actual results against budget; and
(c) reviewing the adequacy and the integrity of the Group's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

To facilitate the Board in carrying out their responsibilities, the Board has drawn up and approved the approval guidelines for group transactions, specifying the approval limits with regards to type and quantum or threshold of transactions to be entered into.

Board Committees

The Board has three standing committees; the Audit Committee, the Remuneration Committee and Nomination Committee. The Board of Directors delegates certain responsibilities to the Audit Committee in order to enhance business and operational efficiency as stated on pages 29 to 30 of this Annual Report. The Chairman of the Audit Committee reports back to the Board the outcome of the Committee meetings. The membership and Terms of Reference of the Committee are as stated on pages 28 to 31 of this Annual Report.

Board Balance

The Board of Directors comprises eight members comprising four Executive Directors, one Non-Independent Non-Executive Director and three Independent Non-Executive Directors. The Board is well balanced in size and composition and the interest of shareholders of the Company are fairly represented through the current composition. The Board recognizes the importance and contribution of its non-executive directors. They represent the element of objectivity, impartiality and independent judgement of the Board. This ensures that there is sufficient check and balance at the Board level.

The Directors combined in them expertise and experience in various fields such as palm oil industry, investment, public services and accounting. Their expertise, experience and background result in thorough examination and deliberations of the various issues and matters affecting the Group. The profile of each Director is presented on pages 9 to 12 of this Annual Report. In addition, all the members of the Board have attended the Mandatory Accreditation Program as required and prescribed by Bursa Malaysia Securities Berhad ("Bursa Malaysia").

Pursuant to best practices, Mr. Lim Ted Hing has been identified and appointed as the Senior Independent Non-Executive Director, to whom any concerns pertaining to the Group may be conveyed.

Board Meetings

The Board had held 5 meetings during the financial year ended 31 December 2011. Details of the attendance of the Directors at the Board Meetings are as follows:

NAME	MEETINGS ATTENDED	MAXIMUM POSSIBLE MEETINGS TO ATTEND
1. Loo Ngin Kong	5	5
2. Dato' Seri Tengku Dr. Zainal Adlin Bin Tengku Mahamood	5	5
3. Dato' Loo Pang Kee	4	5
4. Wong Siew Ying	5	5
5. Lim Ted Hing	5	5
6. Dr. Edmond Fernandez	5	5
7. Dato' Sri Koh Kin Lip, JP	5	5
8. Tan Vun Su	5	5

At the board meetings, the Board had among others:-

(a) reviewed and approved the Unaudited Quarterly Financial Results of the Group;
(b) reviewed and approved the year end Financial Statements and Annual Report of the Company together with the Reports of the Directors and Auditors;
(c) reviewed the Internal Auditors' Report;
(d) reviewed each quarter's related party transactions;
(e) reviewed and approved the Group's Annual Budget;
(f) reviewed management reports on business operations; and
(g) deliberated, and in the process evaluated the viability of business propositions and corporate proposals.

The Board's deliberations of issues discussed and decisions reached were recorded in the minutes of meetings. Minutes of each board meeting are circulated to all Directors for their perusal prior to confirmation of the minutes before the commencement of the next Board meeting.

In the interval between Board meetings, for matters requiring urgent Board decisions, Board approvals were sought via circular resolutions which were attached with sufficient information required for an informed decision.

Supply of information

The Company Secretaries, in consultation with the Executive Chairman and the Group Managing Director, issue formal agenda with the relevant board meeting papers, at least one (1) week prior to each meeting. Any one of the Directors may at any time and the Company Secretaries shall on requisition of a Director summon a meeting of Directors. All Directors have access to the advice and services of the Management and Company Secretaries together with all information within the Group whether as full board members or in their individual capacity, in furtherance of their duties. The appointment and removal of Company Secretaries are matters for the Board as a whole. The Board recognises the strong and positive support of the Company Secretaries for ensuring that Board procedures are followed and that applicable rules and regulations are complied with. Directors are informed and aware they may take independent professional advice, if necessary and appropriate in furtherance of their duties, at the expense of the Group.

Appointments

In compliance with the Listing Requirements, a Nomination Committee was established by the Board on 22 November 2002. The Committee comprises two Independent Non-Executive Directors. The members as at the date of this Annual Report are:

1. Mr. Lim Ted Hing (Independent Non-Executive Director) - Chairman
2. Dr. Edmond Fernandez (Independent Non-Executive Director)

The Committee is entrusted to formally and transparently review annually the Board structure, size and composition; to nominate candidates to fill vacancies; and recommend for re-election of Directors who are retiring. All Directors will be subject to the same assessment criteria and process. The Board through this Committee ensures that there is an appropriate induction and training programme for new Board members. The Committee is entitled to the services of the Company Secretaries who must ensure 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 regulatory requirements.

In making recommendations and performing its annual review, the Committee considers the directors'

(a) mix of skills, knowledge, expertise and experience;
(b) professionalism and integrity; and
(c) in the case of audit committee members, each member's ability to discharge responsibilities and functions as required such as the ability to read, analyse and interpret financial statements.

The full Committee met twice during the financial year. The meeting on 25 February 2011 was to assess the effectiveness of the Board, Board Committees and the contribution of individual director.

On 28 April 2011, the Committee met to consider and recommend the:-

(a) re-appointment of Mr Loo Ngin Kong and Dato' Seri Tengku Dr Zainal Adlin bin Tengku Mahamood retiring as directors pursuant to Section 129(6) of the Companies Act, 1965 at the Eleventh Annual General Meeting; and
(b) re-election of Dr Edmond Fernandez and Dato' Sri Koh Kin Lip, JP retiring as directors pursuant to Article No. 93, at the Eleventh Annual General Meeting.

Reappointment/Re-election

Pursuant to Section 129(2) of the Companies Act, 1965, Directors who are over the age of seventy (70) years shall retire at every annual general meeting and may offer themselves for re-appointment to hold office until the next annual general meeting.

In accordance with the Company's Articles of Association, all Directors who are appointed by the Board are subject to election by shareholders at the next Annual General Meeting after their appointment. The Articles also provide that at least one third of the remaining Directors be subject to re-election by rotation at each Annual General Meeting and that all Directors shall retire from office at least once every three (3) years but shall be eligible for re-election.

B. DIRECTOR'S REMUNERATION

The Level and Make -Up of Remuneration

In compliance with the Listing Requirements, a Remuneration Committee was established by the Board on 22 November 2002. The Committee comprises two Independent Non-Executive Directors. The members as at the date of this Annual Report are:

1. Mr. Lim Ted Hing (Independent Non-Executive Director)
2. Dr. Edmond Fernandez (Independent Non-Executive Director)

The Board as a whole determines the remuneration of the Directors with individual Directors abstaining from decisions in respect of their own remuneration.

Procedure

The Committee is delegated with the following duties in accordance with its approved terms of reference:
- to annually review in a formal and transparent manner, the remuneration packages of all the Executive Directors and make recommendations therewith; and
- to recommend to the Board the Company's framework for retaining and rewarding the Executive Directors.

The Committee shall ensure that the Company attracts and retains the Directors needed to run the Group successfully. The Executive Directors are to be appropriately rewarded giving due regard to the performance of the Directors and business, whilst the Non-executive Directors are to be rewarded to reflect their experience and level of responsibilities.

The full Committee met once during the financial year. The meeting on 25 February 2011 was to review and recommend revision to Executive Directors' remuneration for financial year 2011 with regards to industry norm for remuneration to Executive Directors, the present economic conditions, the performance of the Group for 2011 and the prospect for 2012.

Disclosure

The details of the remuneration for the Directors of the Company during the financial year ended 31 December 2011 are as follows:

Directors' Remuneration	Executive Directors RM	Non-Executive Directors RM
Fees	40,000	40,000
Emoluments	3,785,142	282,108
Benefits-in-kind	57,788	-
Total	3,882,930	322,108

The number of Directors whose remuneration during the financial year ended 31 December 2011 falls within the following bands is as follows:

Directors' Remuneration RM	NUMBER OF DIRECTORS	
	Executive	Non-Executive
Below 50,000	-	1
50,001 to 100,000	-	3
100,001 to 500,000	-	-
500,001 to 550,000	1	-
550,001 to 600,000	-	-
600,001 to 650,000	1	-
650,001 to 900,000	-	-
900,001 to 950,000	1	-
950,001 to 1,800,000	-	-
1,800,001 to 1,850,000	1	-

C. DIRECTORS' TRAINING AND EDUCATION

All Directors have attended the Mandatory Accreditation Programme as required by Bursa Malaysia.

The Directors are required to attend talks, seminars, workshops, conferences and other training programmes to update themselves on, inter-alia, areas relevant to the Group's operations; Directors' responsibilities and corporate governance issues, new business development, as well as on changes to statutory requirements and regulatory guidelines.

Details of training attended by the Directors for the financial year ended 31 December 2011 are as follows:

Training Programme	Attended by:
National Seminar on Biogas and Palm Oil Mill Effluent Treatment organised by Malaysian Palm Oil Board	• Loo Ngin Kong
Licensed Secretaries Training Programme (Level 1-3) organised by Suruhanjaya Syarikat Malaysia	• Loo Ngin Kong • Wong Siew Ying
Various presentations and briefings on Sabah Tourism	• Dato' Seri Tengku Dr Zainal Adlin bin Tengku Mahamood
Internal briefings on recent accounting standards and tax developments	• Dato' Loo Pang Kee
Mastering Tax Cases – Strategies to Minimise Tax organised by Malaysian Institute of Accountants Seminar on Sustainable Forest Management organised by Sabah Forestry Department	• Lim Ted Hing
12th Technical Update "Health Promotion: Maintaining A Healthy Workforce for Increased Productivity" and 13th Tehnical Update "Are We Doing Enough to Comply with DOSH's Code's of Practice & Guidelines in the Workplace" organised by Academy of Occupational & Environmental Medicine, Malaysia Seminar OSHMS Reg.201X, ICOP IAQ 2010 dan Generik CHRA Zon Sabah organised by Jabatan Keselamatan dan Kesihatan Pekerjaan Malaysia	• Dr Edmond Fernandez
Invest Malaysia 2011 organised by Maybank Investment Bank Berhad	• Dato' Sri Koh Kin Lip, JP
2012 Budget Proposals and Recent Tax Developments organised by Ernst & Young	• Dato' Sri Koh Kin Lip, JP • Tan Vun Su
Internal Controls for Oil Palm Industry organised by Association of Chartered Certified Accountants	• Tan Vun Su

D. SHAREHOLDERS

Dialogue between Companies and Investors
The Board believes in clear and regular communication with its shareholders and institutional investors. Besides the various announcements made during the financial year and release of financial results on a quarterly basis, the Board anticipates through its Tenth Annual Report to provide shareholders with an overview of the Group's performance and its business activities.

The Board recognises the importance of timely and equal dissemination of information to shareholders. As such, it strictly adheres to the disclosure requirements of the Bursa Malaysia.

To provide regular research coverage of the Company to existing and prospective investors, the Company is a participating company in the CMDF – Bursa Research Scheme.

Annual General Meeting ("AGM")
The Board understands that the AGM is the principal forum for dialogue with shareholders. Hence opportunities will be made for shareholders to raise questions pertaining to the business activities of the Group. Each item of special business included in the notice of the meeting will be accompanied by an explanatory statement for the proposed resolution to facilitate full understanding and evaluation of issues involved. In respect of re-election of Directors, the Board will ensure that full information is disclosed through the notice of meeting regarding Directors who are retiring and who are willing to serve if re-elected.

E. ACCOUNTABILITY AND AUDIT

Financial Reporting
In presenting the annual financial statements and quarterly announcements to the shareholders, the Directors aim to present a balanced and understandable assessment of the Group's position and prospects. The Statement by Directors pursuant to Section 169 of the Companies Act, 1965 is set out on page 41 of this annual report.

Internal Control
The Directors acknowledge their responsibilities for maintaining a sound system of internal control which is necessary to safeguard the Group's assets and shareholders' investment. In this respect, the Board affirms its overall responsibility for the Group's internal control system, which encompasses risk management practices as well as financial, operational and compliance controls. Information on the Group's internal control system is presented in the Statement on Internal Control laid out on pages 33 to 34 of this annual report.

Relationship with Auditors
Key features underlying the relationship of the Audit Committee with the external auditors are included in the Audit Committee's terms of reference as detailed on pages 28 to 31 of this annual report. A summary of the activities of the Audit Committee during the year, including the evaluation of the internal audit process, is set out in the Audit Committee Report on pages 31 to 32 of this annual report.

Compliance statement
The Group had substantially complied with the Best Practices of the Code throughout the financial year.

This Statement on Corporate Governance is made in accordance with the resolution of the Board of Directors dated 24 April 2012.

DIRECTORS' RESPONSIBILITY STATEMENT

in respect of the preparation of the audited financial statements

The Directors are required by the Companies Act, 1965 to ensure that financial statements prepared for each financial year give a true and fair view of the state of affairs of the Group and of the Company as at the end of the financial year and of their results and cash flows for the financial year. The Directors consider that in presenting the financial statements, the Group has used appropriate accounting policies that are consistently applied and supported by reasonable and prudent judgments and estimates.

The Directors have a general responsibility for ensuring the Group and the Company keep accounting records and financial statements, which disclose with reasonable accuracy the financial position of the Group and of the Company. The Directors have taken steps to ensure that such financial statements comply with the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia.

The Directors are also responsible for taking steps that are reasonably open to them to safeguard the assets of the Group and prevent and detect fraud and other irregularities.

ADDITIONAL COMPLIANCE INFORMATION

The following additional information is provided in compliance with the Listing Requirement of the Bursa Malaysia:-

1. **Utilisation of Proceeds Raised From Corporate Proposals**

   This was not applicable during the financial year.

2. **Share Buybacks**

   During the financial year, there were no share buybacks by the Company.

3. **Options, Warrants or Convertible Securities**

   There were no options, warrants or convertible securities issued during the financial year.

4. **American Deposit Receipt ('ADR') or Global Deposit Receipt ('GDR') Programme**

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

5. **Imposition of Sanctions/Penalties**

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

6. **Non-Audit Fees**

   The amount of non-audit fees paid to an associate of the auditors for the year is RM59,950.

7. **Profit Estimate, Forecast or Projection**

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

8. **Profit Guarantee**

   During the financial year, there were no profit guarantee given by the Company.

9. **Material Contracts**

   There were no material contracts entered into by the Company and/or its subsidiaries which involve Directors' and major shareholders' interest either still subsisting at the end of the financial year.

10. **Recurrent Related Party Transactions**

    The details of the related party transactions are set out in note 31 to the financial statements.

AUDIT COMMITTEE REPORT

COMPOSITION OF THE AUDIT COMMITTEE

The members of the Audit Committee and their respective designations are as follows:-

NAME	DESIGNATION	DIRECTORSHIP
(a) Lim Ted Hing	Chairman	Independent Non-Executive Director
(b) Dr. Edmond Fernandez	Member	Independent Non-Executive Director
(c) Dato' Sri Koh Kin Lip, JP	Member	Non-Independent Non-Executive Director

The Audit Committee was formed by the Board of Directors on 19 March 2002.

The Chairman of the Audit Committee, Mr. Lim Ted Hing is a Chartered Accountant with the Malaysian Institute of Accountants (MIA).

The Company has complied with the Malaysian Code of Corporate Governance (Revised 2007) and Paragraph 15.09(1)(b) of the Bursa Malaysia Listing Requirements which require that all members of the audit committee should be non-executive directors.

Terms of reference

The Audit Committee is governed by the following terms of reference:

1. Composition of the audit committee

   The Audit Committee shall be appointed by the Board of Directors from among their numbers and shall comprise at least three directors, all must be non-executive directors with a majority of them shall be independent of other fellow directors, substantial shareholders, senior management and operating executives and unencumbered by any relationships that might, in the opinion of the Board of Directors, be considered conflict of interest. The members of the Audit Committee shall elect a chairman from among themselves who shall be an independent director.

   All members of the audit committee should be financially literate and at least one member of the audit committee:-

   (a) must be a member of the Malaysian Institute of Accountants (MIA); or
   (b) if he is not a member of the MIA, he must have at least 3 years' working experience and:-

      (i) he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or

(ii) 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; or
(iii) fulfills such other requirements as prescribed or approved by Bursa Malaysia.

No alternate director shall be appointed as a member of the audit committee.

2. Authority

The Audit Committee is authorised by the Board of Directors to:

(a) investigate any activities within its terms of reference;
(b) have the resources required to perform its duties;
(c) have full and unrestricted access to any information and documents relevant to its activities;
(d) have direct communication channels with the internal and external auditors and senior management of the Group;
(e) be able to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers necessary; and
(f) be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Group, whenever deemed necessary.

3. Duties

The duties of the Committee should include the following:

(a) to recommend the nomination of a person or persons as external auditors, and to consider the audit fee and any questions of re-appointment, resignation or dismissal of external auditors;
(b) to discuss with the external auditors before audit commences, the nature and scope of the audit contained in the audit plan, and ensure coordination where more than one audit firm is involved;
(c) to review the assistance given by the Company and its officers to the external and internal auditors;
(d) to review the adequacy and the integrity of the Group's internal control systems and management information systems with the external auditors;
(e) to review the quarterly and year-end financial statements of the Company prior to the approval by the Board; focusing particularly on:

    (i) any changes in or implementation of major accounting policies and practices;
    (ii) significant and unusual events;
    (iii) significant adjustments arising from the audit;

(iv) the going concern assumption; and
(v) compliance with applicable Financial Reporting Standards in Malaysia and other legal requirements;

(f) to discuss problems and reservations arising from the interim and final audits, and any matter the auditors may wish to discuss (in the absence of management where necessary);
(g) to review the external auditors' audit report, management letter and management's response;
(h) to perform the following in respect of the internal audit function:
(i) review the adequacy of the scope, functions, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work;
(ii) review the internal audit program, processes and results of the internal audit program, process or investigation undertaken and where necessary ensure that appropriate actions taken on the recommendations of the internal auditors;
(iii) review any appraisal or assessment of the performance of the internal audit function;
(iv) approve any appointment or termination of internal auditors; and
(v) inform itself of resignation of internal auditors and provide the resigning internal auditors an opportunity to submit reasons for resigning;

(i) to consider any related party transactions and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;
(j) to consider the major findings of internal investigations and management's response; and
(k) to report the above to the Board and consider other topics as defined by the Board.

4. Quorum and procedures for meetings

The Audit Committee meetings shall not be less than four times a year. In addition, the Chairman may call for additional meetings at any time at the Chairman's discretion.

Representatives of external auditors may be required to be in attendance at meetings where matters relating to the audit of the statutory accounts are to be discussed. However, at least twice a year, the Audit Committee shall meet with the external auditors without any executive Board Members present, if deemed necessary.

The Committee shall meet at least once annually with the internal auditors to discuss the internal audit findings for the financial year without any executive Board Members present, if deemed necessary.

Other appropriate officers of the Group may be invited to attend, except for those portions of the meetings where their presence is considered inappropriate, as determined by the Chairman of the Audit Committee.

The quorum for the meeting shall be any two members, one of whom shall be an independent director.

The Company Secretaries shall be Secretaries to the Audit Committee. The Secretaries in conjunction with the Chairman, shall draw up agenda, which shall be circulated together with the relevant support papers, at least one (1) week prior to each meeting to the members of the Committee.

The Committee shall regulate the manner of proceedings of its meetings, having regard to normal conventions on such matter.

Minutes of each meeting shall be kept and distributed to each member of the Audit Committee. The Audit Committee Chairman shall report on each meeting to the Board of Directors.

5. Retirement and resignation

   In the event of any vacancy in an audit committee resulting in the non-compliance of subparagraphs 15.09(1) of Bursa Malaysia Listing Requirements, the vacancy must be filled within 3 months.

6. Review of the audit committee

   The Board of Directors must review the term of office and performance of the Audit Committee and each of its members at least once every 3 years to determine whether such audit committee and members have carried out their duties in accordance with their terms of reference.

INTERNAL AUDIT

The Company has outsourced its internal audit function to an independent accounting firm, which reports directly to the Audit Committee. The main activities undertaken by the internal auditors during the financial year are as follow:

(a) to review the key internal controls relating to the boiler safety, mill maintenance programme, mill utilisation, capital expenditure, FFB quality control and water treatment of one of the mills of the Group;
(b) to review the harvesting program, manuring program and fire/crisis management of an estate division of the Group; and
(c) to report the findings and recommendations from the above review to the Audit Committee.

The results of the internal audit function are set out in the Statement of Internal Control.

MEETINGS AND SUMMARY OF ACTIVITIES

The Committee had held five meetings during the financial year. The attendance record of the Audit Committee members in each of the meetings is as follows:

NAME	MEETINGS ATTENDED	MAXIMUM POSSIBLE MEETINGS TO ATTEND
Lim Ted Hing	5	5
Dr. Edmond Fernandez	5	5
Dato' Sri Koh Kin Lip, JP	5	5

The main activities undertaken by the Committee were as follows:

(a) reviewed the unaudited Quarterly Financial Results of the Group and its disclosure requirements before recommending them for the Board's approval;
(b) reviewed the year end financial statements of the Company prior to submission to the Board for their consideration and approval. This review was to ensure that the financial statements were drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable Financial Reporting Standards in Malaysia;
(c) reviewed each quarter's related party transactions and report the same to the Board;
(d) reviewed the audit plans and service charter presented by the external auditors; and
(e) reviewed the internal audit program, processes and results of the internal audit processes.

Details of training attended by each Audit Committee member are disclosed on pages 22 to 23 of the Statement on Corporate Governance.

This Audit Committee Report is made in accordance with the resolution of the Audit Committee dated 24 April 2012.

STATEMENT ON INTERNAL CONTROL

Responsibility

The Board recognises that it is responsible for the Group's system of internal control and for reviewing its adequacy and integrity.

The Board confirms that there is an ongoing process for identifying, evaluating and managing the significant risks faced by the Group, present throughout the financial year under review and up to date of approval of the annual report and financial statements, and is in accordance with the guidance as contained in the publication – Statement on Internal Control Guidance for Directors of Public Listed Companies.

As with any internal control system, controls can only provide reasonable but not absolute assurance against material misstatement or loss, as it is designed to manage rather than eliminate the risk of failure to achieve business objectives.

Risk Management Framework and Control Self - Assessment

The Board's primary objective and direction in managing the Group's risks are focused on the achievement of the Group's business objectives. The risk management framework has been formalised in compliance with Bursa Malaysia Listing Requirements with emphasis on compliance with the Corporate Governance and Internal Control. The Board reviews the risk management framework annually and the management has been entrusted to continuously monitor the principal risks of the Group identified, evaluate existing controls and formulate the necessary action plans with its respective process owners. The Executive Directors are tasked with the responsibility of continuous monitoring and reviewing strategic directions and significant operational matters of the Group.

Other Key Elements of Internal Control

Scheduled meetings at head office and operation sites were held to identify, discuss and resolve business and operational issues. The Board was aware of, and involved in, when necessary in resolving, any significant issues identified at those meetings. The Executive Directors are actively involved in the day-to-day operations of the Group.

The Group has a clear management structure that clearly defines lines of accountability and delegated authority. There is also proper segregation of duties to ensure safe custody of the Group's assets. The Group's organisation chart includes the Management Committee, headed by the Group Managing Director. The Management Committee meets monthly at head office or operation sites to discuss and review the Group's operations and ensures that they are carried out in accordance with standards set and expected by the Board. There is a structured and formal employee appraisal system that ensures employees are remunerated based on their performance.

The Board has reviewed the Group's budget for the current financial year. The budgeting process includes the preparation of budgets by individual operating units, which are approved at management level and ultimately by the Board. Actual performance and results are monitored against budgets, with reasons for significant variances identified and highlighted to management and the Board for the appropriate corrective measures.

Internal Audit Function

The Board remains committed towards continuous improvement and enhancement of its internal controls to ensure that there is increased certainty of the achievement of business objectives, thus enhancing shareholder value.

The Group has outsourced its Internal Audit function to an independent accounting firm, which reports directly to the Audit Committee. The internal audit was carried out based on the Internal Audit plan that was reviewed by the Audit Committee and approved by the Board of Directors. The amount of internal audit fees paid to the internal auditors for the year is RM18,000.

The risk based internal audit approach has examined, evaluated and ensured compliance with the Group's policies, procedures and system of controls. It has also evaluated the effectiveness of the internal control system and assessed the consequences of any potential risks and suggested any improvements required.

A number of minor internal control weaknesses were identified during the year, all of which have been or are being addressed. None of the weaknesses have resulted in any material losses, contingencies or uncertainties that would require a disclosure in the Group's Annual Report. The board confirms that its system of internal control was operational throughout the financial year and up to the date of approval of the Annual Report.

FINANCIAL STATEMENTS

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DIRECTORS' REPORT

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

Principal activities

The principal activities of the Company are investment holding and provision of management services.

The principal activities of the subsidiaries are operation of oil palm plantation, palm oil mill and trading of fresh fruit bunches. Other activities include investment holding, property letting, provision of management services on purchasing of consumable stores, provision of transportation services, hotelier and fishery.

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	37,248,814	5,733,769
Profit attributable to:		
Owners of the parent	33,716,188	5,733,769
Non-controlling interests	3,532,626	-
	37,248,814	5,733,769

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

		RM
(a)	In respect of the financial year ended 31 December 2010 as reported in the Directors' report of that year:	
	Final single tier dividend of 2 sen per ordinary share, on 120,000,000 ordinary shares, approved by the shareholders at the Annual General Meeting on 24 June 2011 and paid on 18 August 2011	2,400,000
(b)	In respect of the financial year ended 31 December 2011:	
	Interim single tier dividend of 2 sen per ordinary share, on 120,000,000 ordinary shares, approved by the Board on 24 August 2011 and paid on 28 September 2011	2,400,000
		4,800,000

(c) At the forthcoming Annual General Meeting, a final single tier dividend in respect of the financial year ended 31 December 2011 of 2 sen per ordinary share on 120,000,000 ordinary shares, amounting to a dividend payable of RM2,400,000 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2012.

Directors

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

Loo Ngin Kong
Dato' Seri Tengku Dr. Zainal Adlin Bin Tengku Mahamood
Dato' Loo Pang Kee
Wong Siew Ying
Lim Ted Hing
Dr. Edmond Fernandez
Dato' Sri Koh Kin Lip, JP
Tan Vun Su

Directors' benefits

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

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors or the fixed salary of a full-time employee of the Company as shown in Note 10 to the financial statements) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in Note 31 to the financial statements.

Directors' interests

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

	Number of ordinary shares of RM1 each			
	1.1.2011	**Acquired**	**Sold**	**31.12.2011**
The Company				
Direct Interest:				
Loo Ngin Kong	7,961,724	-	-	7,961,724
Dato' Seri Tengku Dr. Zainal Adlin Bin Tengku Mahamood	1	-	-	1
Dato' Loo Pang Kee	10,206,906	-	-	10,206,906
Wong Siew Ying	3,622,684	-	-	3,622,684
Lim Ted Hing	804,000	-	-	804,000
Dr. Edmond Fernandez	32,300	-	-	32,300
Dato' Sri Koh Kin Lip, JP	19,783,344	-	-	19,783,344
Tan Vun Su	1	-	-	1
Indirect interest:				
Dato' Loo Pang Kee	38,400,000	-	-	38,400,000
Wong Siew Ying	38,400,000	-	-	38,400,000
Dato' Sri Koh Kin Lip, JP	2,817,350	-	-	2,817,350
Indirect interest of Loo Ngin Kong and Wong Siew Ying in the Company by virtue of shareholdings of their children	6,200,000	-	-	6,200,000
Indirect interest of Dato' Sri Koh Kin Lip, JP in the Company by virtue of shareholding of his child	70,000	-	-	70,000

Directors' interest (continued)

The Directors, Loo Ngin Kong, Dato' Loo Pang Kee, Wong Siew Ying and Dato' Sri Koh Kin Lip, JP by virtue of their interests in shares in the Company, are also deemed to have interest in shares in all of the Company's subsidiaries to the extent the Company has an interest.

Other statutory information

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

 (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts and that adequate provision had been made for doubtful debts; and

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

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

 (i) it necessary to write off any bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent; and

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

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

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

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

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

Other statutory information (continued)

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

(f) In the opinion of the Directors:

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

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

Significant events

In addition to the significant events disclosed elsewhere in this report, other significant events are disclosed in Note 19 and 36 to the financial statements.

Auditors

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

Signed on behalf of the Board in accordance with a resolution of the Directors dated 24 April 2012.

Dato' Loo Pang Kee

Wong Siew Ying

STATEMENT BY DIRECTORS

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

We, Dato' Loo Pang Kee and Wong Siew Ying, being two of the Directors of NPC Resources Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 44 to 129 are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2011 and of their financial performance and cash flows for the year then ended.

The information set out in Note 38 to the financial statements have been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 24 April 2012.

Dato' Loo Pang Kee

Wong Siew Ying

STATUTORY DECLARATION

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

I, Tan Vun Su, being the Director primarily responsible for the financial management of NPC Resources Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 44 to 129 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 at Kota Kinabalu in the State of Sabah on 24 April 2012

Tan Vun Su

Before me,

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF NPC RESOURCES BERHAD (Incorporated in Malaysia)

Report on the financial statements

We have audited the financial statements of NPC Resources Berhad, which comprise the statements of the financial position as at 31 December 2011 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 44 to 129.

Directors' responsibility for the financial statements

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

Auditors' responsibility

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

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

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

Opinion

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
NPC RESOURCES BERHAD (Incorporated in Malaysia) (CONTINUED)

Report on other legal and regulatory requirements

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

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

(b) We have considered the financial statements and the auditors' report of the subsidiary of which we have not acted as auditors, which is indicated in Note 19 to the financial statements, being financial statements that have been included in the consolidated financial statements.

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

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

Other reporting responsibilities

The supplementary information set out in Note 38 on page 98 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other matters

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

Ernst & Young
AF: 0039
Chartered Accountants

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

Kota Kinabalu, Malaysia
24 April 2012

STATEMENTS OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2011

		Group		Company	
	Note	2011 RM	2010 RM	2011 RM	2010 RM
Revenue	4	458,862,880	396,328,299	14,612,800	8,459,700
Cost of sales		(362,156,421)	(303,301,026)	-	-
Gross profit		96,706,459	93,027,273	14,612,800	8,459,700
Other items of income					
Interest income	5	213,486	146,542	2,183,339	1,674,811
Other income	6	3,829,627	3,011,899	236,422	500
Other items of expense					
Marketing and distribution		(34,277,608)	(31,558,072)	-	-
Administrative expenses		(11,303,965)	(9,965,433)	(6,881,282)	(6,190,314)
Finance costs	7	(4,347,925)	(2,055,841)	(4,033,689)	(1,669,550)
Other expenses		(545,694)	(1,592,470)	(456)	-
Profit before tax	8	50,274,380	51,013,898	6,117,134	2,275,147
Income tax expense	11	(13,025,566)	(13,679,391)	(383,365)	(146,894)
Profit net of tax		37,248,814	37,334,507	5,733,769	2,128,253
Other comprehensive income:					
Foreign currency translation		238,007	(860,691)	-	-
Cash flow hedges	12	-	57,530	-	-
Other comprehensive income/ (expense) for the year, net of tax		238,007	(803,161)	-	-
Total comprehensive income for the year		37,486,821	36,531,346	5,733,769	2,128,253

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

	Note	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Profit attributable to:					
Owners of the parent		33,716,188	34,855,343	5,733,769	2,128,253
Non-controlling interests		3,532,626	2,479,164	-	-
		37,248,814	37,334,507	5,733,769	2,128,253
Total comprehensive income attributable to:					
Owners of the parent		33,954,195	34,052,182	5,733,769	2,128,253
Non-controlling interests		3,532,626	2,479,164	-	-
		37,486,821	36,531,346	5,733,769	2,128,253
Earnings per share attributable to owners of the parent (sen per share):					
Basic, for profit for the year	13	28.10	29.05		

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

STATEMENTS OF FINANCIAL POSITION
As at 31 December 2011

	Note	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
ASSETS					
Non-current assets					
Property, plant and equipment	15	180,217,938	182,108,949	731,295	769,150
Land use rights	16	13,072,782	12,896,340	-	-
Biological assets	17	107,787,204	104,614,944	-	-
Intangible asset	18	4,258,029	4,258,029	-	-
Investments in subsidiaries	19	-	-	184,130,577	215,844,274
Other receivables	21	49,314,316	45,272,375	-	43,637,263
Deferred tax assets	25	980,887	1,125,340	980,887	1,125,340
		355,631,156	350,275,977	185,842,759	261,376,027
Current assets					
Inventories	20	32,580,589	21,433,290	-	-
Biological assets	17	1,740,706	1,173,904	-	-
Trade and other receivables	21	23,512,761	18,567,986	72,121,485	80,705,096
Prepayments		287,557	391,463	-	-
Tax refundable		1,240,663	211,648	592,784	131,696
Cash and bank balances	22	27,077,796	12,001,593	6,133,095	377,690
		86,440,072	53,779,884	78,847,364	81,214,482
Investment in a foreign company held for sale	36(c)	16,337,150	-	-	-
		102,777,222	53,779,884	78,847,364	81,214,482
TOTAL ASSETS		458,408,378	404,055,861	264,690,123	342,590,509
EQUITY AND LIABILITIES					
Current liabilities					
Loans and borrowings	23	25,857,997	28,327,146	14,960,258	12,955,789
Trade and other payables	24	42,360,933	38,229,577	75,547,996	181,507,550
Provision for litigation claim	36(a)	861,549	861,549	-	-
Income tax payable		3,010,643	3,530,322	-	-
		72,091,122	70,948,594	90,508,254	194,463,339
Net current assets/ (liabilities)		30,686,100	(17,168,710)	(11,660,890)	(113,248,857)

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STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2011
(CONTINUED)

	Note	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Non-current liabilities					
Loans and borrowings	23	52,640,415	27,479,013	52,392,420	27,271,490
Deferred tax liabilities	25	34,522,400	34,560,634	-	-
		87,162,815	62,039,647	52,392,420	27,271,490
Total liabilities		159,253,937	132,988,241	142,900,674	221,734,829
Net assets		299,154,441	271,067,620	121,789,449	120,855,680
Equity attributable to owners of the parent					
Share capital	26	120,000,000	120,000,000	120,000,000	120,000,000
Retained earnings	27	177,455,321	148,539,133	1,789,449	855,680
Foreign currency translation reserve	29	(622,684)	(860,691)	-	-
		296,832,637	267,678,442	121,789,449	120,855,680
Non-controlling interests		2,321,804	3,389,178	-	-
Total equity		299,154,441	271,067,620	121,789,449	120,855,680
TOTAL EQUITY AND LIABILITIES		458,408,378	404,055,861	264,690,123	342,590,509

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

STATEMENTS OF CHANGES IN EQUITY
For the financial year ended 31 December 2011

	Note	Share capital (Note 26) RM	Cash flow hedge reserve (Note 28) RM	Foreign currency translation reserve (Note 29) RM	Distributable retained earnings (Note 27) RM	Total equity attributable to owners of the parent RM	Non-controlling interests RM	Total equity RM
		Attributable to owners of the parent						
		Non-distributable						
Group								
At 1 January 2010		120,000,000	(57,530)	-	117,283,790	237,226,260	5,563,086	242,789,346
Total comprehensive income		-	57,530	(860,691)	34,855,343	34,052,182	2,479,164	36,531,346
Transactions with owners:								
Acquisition of subsidiary	19	-	-	-	-	-	300,159	300,159
Dividends	14	-	-	-	(3,600,000)	(3,600,000)	-	(3,600,000)
Dividends paid to non-controlling interests		-	-	-	-	-	(4,953,231)	(4,953,231)
At 31 December 2010		120,000,000	-	(860,691)	148,539,133	267,678,442	3,389,178	271,067,620
At 1 January 2011		120,000,000	-	(860,691)	148,539,133	267,678,442	3,389,178	271,067,620
Total comprehensive income		-	-	238,007	33,716,188	33,954,195	3,532,626	37,486,821
Transactions with owners:								
Dividends	14	-	-	-	(4,800,000)	(4,800,000)	-	(4,800,000)
Dividends paid to non-controlling interests		-	-	-	-	-	(4,600,000)	(4,600,000)
	120,000,000	-	(622,684)	177,455,321	296,832,637	2,321,804	299,154,441	

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

	Note	Non-distributable share capital (Note 26) RM	Distributable retained earnings (Note 27) RM	Total equity RM
Company				
At 1 January 2010		120,000,000	2,327,427	122,327,427
Total comprehensive income		-	2,128,253	2,128,253
Transactions with owners:				
Dividends	14	-	(3,600,000)	(3,600,000)
At 31 December 2010		120,000,000	855,680	120,855,680
Total comprehensive income		-	5,733,769	5,733,769
Transactions with owners:				
Dividends	14	-	(4,800,000)	(4,800,000)
At 31 December 2011		120,000,000	1,789,449	121,789,449

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

STATEMENTS OF CASH FLOWS
For The Financial Year Ended 31 December 2011

	Note	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Operating activities					
Profit before tax		50,274,380	51,013,898	6,117,134	2,275,147
Adjustments for:					
Interest income	5	(213,486)	(146,542)	(2,183,339)	(1,674,811)
Gain on disposal of property, plant and equipment	6	(59,801)	(269,754)	-	-
Finance costs	7	4,347,925	2,055,841	4,033,689	1,669,550
Amortisation of land use rights	8	78,921	78,921	-	-
Depreciation of property, plant and equipment	8	10,800,266	10,130,360	60,947	59,471
Loss on disposal of property, plant and equipment	8	12,282	42,860	456	-
Unrealised foreign exchange (gain)/loss	8	(176,217)	8,711	(170,667)	-
Impairment of goodwill	8	-	117,899	-	-
Biological assets written off	8	-	2,477,168	-	-
Total adjustments		14,789,890	14,495,464	1,741,086	54,210
Operating cash flows before changes in working capital		65,064,270	65,509,362	7,858,220	2,329,357
Changes in working capital					
Increase in biological assets		(498,496)	(507,503)	-	-
Increase in inventories		(11,126,612)	(2,714,705)	-	-
(Increase)/decrease in trade and other receivables		(4,900,679)	(652,294)	1,765	102,970
Decrease/(increase) in prepayments		103,906	(100,848)	-	-
Increase in amounts due to subsidiaries		-	-	73,619	71,292
(Decrease)/increase in trade and other payables		(2,065,855)	(3,713,187)	156,535	457,872
Total changes in working capital		(18,487,736)	(7,688,537)	231,919	632,134
Cash flows from operations		46,576,534	57,820,825	8,090,139	2,961,491
Interest received	5	213,486	146,542	2,183,339	1,674,811
Income taxes paid		(14,468,041)	(12,303,273)	(700,000)	-
Interest paid		(4,276,666)	(2,056,352)	(3,963,449)	(1,659,179)
Net cash flows from operating activities		28,045,313	43,607,742	5,610,029	2,977,123

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

	Note	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Investing activities					
Net (repayment of advances from)/advances to subsidiaries		-	-	52,219,109	(46,643,143)
Net cash outflow on acquisition of a subsidiary	19	-	(5,703,024)	-	-
Purchase of property, plant and equipment	15	(9,010,327)	(10,950,531)	(25,757)	(30,460)
Additions of land use rights	16	(372,793)	(171,050)	-	-
Additions of biological assets		(2,687,703)	(585,136)	-	-
Advance to a foreign subsidiary's non-controlling interest		-	(256,575)	-	-
Deposits paid for leases of land		(52,357)	(131,493)	-	-
Deposits and incidental costs paid for the acquisitions of foreign companies		(5,002,812)	(31,972,443)	-	-
Advances of working capital to foreigncompanies to be acquired		(15,318,372)	-	-	-
Deposits received for proposed disposal of investment in a foreign company		6,122,004	-	-	-
Proceeds from disposal of property, plant and equipment		161,589	378,188	2,209	-
Net cash flows (used in)/ from investing activities		(26,160,771)	(49,392,064)	52,195,561	(46,673,603)
Financing activities					
Net (repayment of advances to)/ advances from subsidiaries		-	-	(74,476,011)	33,427,246
Dividends paid		(4,800,000)	(3,600,000)	(4,800,000)	(3,600,000)
Dividends paid to non-controlling interests		(4,600,000)	(4,953,231)	-	-
Proceeds from drawdown of term loans		30,000,000	18,917,972	30,000,000	18,917,972
Net proceeds from drawdown of revolving credits		1,000,000	-	2,000,000	-
Net (repayment)/proceeds from drawdown of bankers' acceptances		(1,691,000)	4,433,000	-	-
Repayment of bank loans		(5,484,574)	(6,085,413)	(4,940,130)	(4,978,910)
Repayment of hire purchase liabilities		(1,063,432)	(1,411,183)	-	-
Net cash flows from/(used in) financing activities		13,360,994	7,301,145	(52,216,141)	43,766,308
Net increase in cash and cash equivalents		15,245,536	1,516,823	5,589,449	69,828
Effect of exchange rate changes on cash equivalents		170,667	-	170,667	-
Cash and cash equivalents at beginning of year		11,661,593	10,144,770	372,979	303,151
Cash and cash equivalents at end of year	22	27,077,796	11,661,593	6,133,095	372,979

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

NOTES TO THE FINANCIAL STATEMENT
For the financial year ended 31 December 2011

1. Corporate Information

NPC Resources Berhad ("the Company) is a public limited liability company incorporated and domiciled in Malaysia, and is listed on the Main Board of the Bursa Malaysia Securities Berhad. The registered office of the Company is located at Lot 9, T3, Taman Tshun Ngen, Mile 5, Jalan Labuk, 90000 Sandakan, Sabah.

The principal activities of the Company are investment holding and provision of management services.

The principal activities of the subsidiaries are operation of oil palm plantation, palm oil mill and trading of fresh fruit bunches. Other activities include investment holding, property letting, provision of management services on purchasing of consumable stores, provision of transportation services, hotelier and fishery.

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

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

NOTES TO THE FINANCIAL STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011 (CONTINUED)

2. Summary of significant accounting policies (continued)

2.2 Changes in accounting policies (continued)

FRS, Amendments to FRS and IC Interpretations	**Effective for annual periods beginning on or after**
Amendments to FRS 132: Classification of Rights Issues	1 March 2010
FRS 3: Business Combination (revised)	1 July 2010
Amendments to FRS 127: Consolidated and separate Financial Statements	1 July 2010
Amendments to FRS 138: Intangible Assets	1 July 2010
FRS 1: First-time Adoption of Financial Reporting Standards	1 July 2010
Amendments to FRS 2: Share-based Payment	1 July 2010
Amendments to FRS 5: Non-current Assets Held for Sale and Discontinued Operations	1 July 2010
Amendments to IC Interpretation 9: Reassessment of Embedded Derivatives	1 July 2010
IC Interpretation 12: Service Concession Arrangements	1 July 2010
IC Interpretation 16: Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Interpretation 17: Distributions of Non-cash Assets to Owners	1 July 2010
Amendments to IC Interpretation 15: Agreements for the Construction of Real Estate	30 August 2010
Amendments to FRS 1: Limited Exemption for First-Time Adopters	1 January 2011
Amendments to FRS 1: Additional Exemptions for First-time Adopters	1 January 2011
Amendments to FRS 2: Group Cash-settled Share-based Payment Transactions	1 January 2011
Amendments to FRS 7: Improving Disclosures about Financial Instruments	1 January 2011
IC Interpretation 4: Determining whether an Arrangement Contains a Lease	1 January 2011
IC Interpretation 18: Transfers of Assets from Customers	1 January 2011
Improvements to FRSs (2010)	1 January 2011

Adoption of the above standards and interpretations did not have any effect on the financial performance or position of the Group and the Company except for those discussed below:

Revised FRS 3: Business Combinations and Amendments to FRS 127: Consolidated and Separate Financial Statements

The revised standards are effective for annual periods beginning on or after 1 July 2010. The revised FRS 3 introduces a number of changes in accounting for business combinations occurring after 1 July 2010. These changes impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results.

2. Summary of significant accounting policies (continued)

2.2 Changes in accounting policies (continued)

The revised FRS 3 continues to apply the acquisition method to business combinations but with some significant changes. All payments to purchase a business are recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently remeasured through the statement of comprehensive income. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs are expensed. Hence, total incidental costs of RM402,833 which were incurred in prior years and during the current year in relation to the proposed acquisitions of foreign subsidiaries which were not completed as at 31 December 2010 have been charged out to profit or loss as administrative expenses during the current year.

The amendments to FRS 127 require that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction. Therefore, such transactions will no longer give rise to goodwill, nor will they give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary.

Amendments to FRS 7: Improving Disclosures about Financial Instruments

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

NOTES TO THE FINANCIAL STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011 (CONTINUED)

2. Summary of significant accounting policies (continued)

2.3 Standards and interpretations issued but not yet effective

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

FRS, Amendments to FRS and IC Interpretations	Effective for financial periods beginning on or after
Amendments to IC Interpretation 14: Prepayments of a Minimum Funding Requirement	1 July 2011
IC Interpretation 19: Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
FRS 124: Related Party Disclosure	1 January 2012
Amendments to FRS 1: Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	1 January 2012
Amendments to FRS 7: Disclosures – Transfers of Financial Assets	1 January 2012
Amendments to FRS 112: Deferred Tax – Recovery of Underlying Assets	1 January 2012
Amendments to FRS 9 (IFRS 9(2009), FRS 9 (IFRS 9(2010)), and FRS 7 – Mandatory Effective Date of FRS 9 and Transition Disclosures	1 March 2012
Amendments to FRS 101: Presentation of Items of Other Comprehensive Income	1 July 2012
FRS 9 (IFRS 9(2009)): Financial Instruments (IFRS 9 issued by IASB in November 2009)	1 January 2013
FRS 9 (IFRS 9(2010)): Financial Instruments (IFRS 9 issued by IASB in October 2010)	1 January 2013
FRS 10: Consolidated Financial Statements	1 January 2013
FRS 11: Joint Arrangements	1 January 2013
FRS 12: Disclosures of Interests in Other Entities	1 January 2013
FRS 13: Fair Value Measurement	1 January 2013
FRS 119(2011): Employee Benefits	1 January 2013
FRS 127(2011): Separate Financial Statements	1 January 2013
FRS 128(2011): Investment in Associates and Joint Ventures	1 January 2013
IC Interpretation 20: Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
Amendments to FRS 7: Disclosure – Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to FRS 132: Offsetting Financial Assets and Financial Liabilities	1 January 2014
FRS 9 Financial Instruments	1 January 2015

2. Summary of significant accounting policies (continued)

2.3 Standards and interpretations issued but not yet effective (continued)

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:

a) Amendments to FRS 101: Presentation of Items of Other Comprehensive Income

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 financial position or performance.

b) FRS 9: Financial Instruments

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

c) FRS 10: Consolidated financial statements

FRS 10 replaces the portion of FRS 127 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. FRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by FRS 10 will require management to exercise significant judgement to determine which entities are controlled, and therefore, are required to be consolidated by a parent, compared with the requirements that were in FRS 127.

d) FRS 12: Disclosure of Interests in Other Entities

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

e) FRS 127: Separate Financial Statements

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

2. Summary of significant accounting policies (continued)

2.3 Standards and interpretations issued but not yet effective (continued)

f) Amendments to FRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities

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

g) Amendments to FRS 132: Offsetting Financial Assets and Financial Liabilities

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

Malaysian Financial Reporting Standards (MFRS Framework)

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

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

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

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

2. Summary of significant accounting policies (continued)

2.3 Standards and interpretations issued but not yet effective (continued)

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

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

2.4 Basis of consolidation

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

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

Acquisitions of subsidiaries are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

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

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

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the statement of financial position. The accounting policy for goodwill is set out in Note 2.8. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

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

2. Summary of significant accounting policies (continued)

2.5 Transactions with non-controlling interests

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

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

2.6 Foreign currency

a) Functional and presentation currency

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

b) Foreign currency transactions

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

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

2. Summary of significant accounting policies (continued)

2.6 Foreign currency (continued)

b) Foreign currency transactions (continued)

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

c) Foreign operations

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in the profit or loss.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

2.7 Property, plant and equipment

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

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

Long term leasehold land and its related plantation and fishery infrastructure development expenditure are amortised over the respective leases which range from 99 years to 999 years.

Capital work-in-progress is stated at cost and not depreciated as this asset is not available for use.

2. Summary of significant accounting policies (continued)

2.7 Property, plant and equipment (continued)

Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Buildings	2% - 10%
Mill structure	5%
Plantation infrastructure development expenditure on short term leasehold land	Over remaining lease term of land
Oil mill and estate plant and machinery	8% - 20%
Heavy equipment	8% - 20%
Motor vehicles	8% - 20%
Furniture, fittings and equipment	10% - 20%
Platforms, net cages and water tanks	10% - 20%
Renovation	2% - 10%
Hotel plant and machinery	10% - 20%

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

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

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

2.8 Intangible assets

Goodwill

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

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

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

2. Summary of significant accounting policies (continued)

2.8 Intangible assets (continued)

Goodwill (continued)

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

Goodwill and fair value adjustments arising on the acquisition of foreign operation on or after 1 January 2006 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy set out in Note 2.6.

Goodwill and fair value adjustments which arose on acquisitions of foreign operation before 1 January 2006 are deemed to be assets and liabilities of the Company and are recorded in RM at the rates prevailing at the date of acquisition.

2.9 Land use rights

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

2.10 Biological assets

(i) Oil Palm Planting Expenditure

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

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

2. Summary of significant accounting policies (continued)

2.10 Biological assets (continued)

(ii) Broodstocks

All costs incurred on immature broodstocks which are accumulated on a project basis, are capitalised until such time when the broodstocks commence breeding. Costs incurred on immature broodstocks consist of the acquisition cost of the mother fish, cost of feeds and medication, direct labour cost and an appropriate proportion of farm operating overheads.

The costs of broodstocks are amortised over the economic egg production lives of 10 years.

Upon the disposal of broodstocks, the difference between the net disposal proceeds and the net carrying amount is recognised in the income statement.

(iii) Fishery Livestock

Fishery livestock is stated at cost. The cost includes the cost of feeds and medication, direct labour cost and an appropriate proportion of farm operating overheads accumulated on a project basis and is recognised in income statement upon disposal.

2.11 Impairment of non-financial assets

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

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

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

2. Summary of significant accounting policies (continued)

2.11 Impairment of non-financial assets (continued)

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

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

2.12 Subsidiaries

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

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

2.13 Financial assets

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

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

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

2. Summary of significant accounting policies (continued)

2.13 Financial assets (continued)

a) Financial assets at fair value through profit or loss

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

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

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

b) Loans and receivables

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

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

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

c) Held-to-maturity investments

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

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

2. Summary of significant accounting policies (continued)

2.13 Financial assets (continued)

c) Held-to-maturity investments (continued)

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

d) Available-for-sale financial assets

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

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

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

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

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

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

2. Summary of significant accounting policies (continued)

2.14 Impairment of financial assets

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

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

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

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

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

b) Unquoted equity securities carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

2. Summary of significant accounting policies (continued)

2.14 Impairment of financial assets (continued)

c) Available-for-sale financial assets

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income. For available-for-sale debt investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

2.15 Cash and cash equivalents

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

2.16 Inventories

Inventories are stated at lower of cost and net realisable value.

Cost of crude palm oil and milled oil palm produce are determined on the first in, first out method. The cost comprises direct material cost, direct labour cost, other direct charges and an appropriate proportion of factory overheads.

Cost of fresh fruit bunches, consumable stores, culverts, food, beverages, tobacco and operating supplies are determined on the weighted average cost method. The cost comprises the actual cost of purchases and expenses in bringing them into stores.

Cost of oil palm nurseries is determined using the weighted average cost method. The cost comprises the actual cost of seedlings and upkeep expenses.

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

2. Summary of significant accounting policies (continued)

2.17 Provisions

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

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

2.18 Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all conditions attached will be met. Where the grant relates to an asset, the fair value is recognised as deferred capital grant in the statement of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

2.19 Financial liabilities

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

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

a) Financial liabilities at fair value through profit or loss

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

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

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

2. Summary of significant accounting policies (continued)

2.19 Financial liabilities (continued)

b) Other financial liabilities

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

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

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

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

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

2.20 Financial guarantee contracts

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

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

2. Summary of significant accounting policies (continued)

2.21 Hedge accounting

The Group uses derivatives to manage its exposure to commodity price fluctuation arising from operational activities, including commodity swap contracts. The Group applies hedge accounting for certain hedging relationships which qualify for hedge accounting.

For the purpose of hedge accounting, hedging relationship are classified as:

- Fair value hedges, when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment (except for foreign currency risk); or
- Cash flow hedges, when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment; or
- Hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges which meet the strict criteria for hedge accounting are accounted for as follows:

a) Fair value hedges

The change in the fair value of an interest rate hedging derivative is recognised in the profit or loss as finance costs. The change in the fair value of the hedged item attributable to the risk hedged is recorded as a part of the carrying value of the hedged item and is also recognised in profit or loss as finance costs.

For fair value hedges relating to items carried at amortised cost, the adjustment to carrying value is amortised through profit or loss over the remaining term to maturity. Effective interest rate amortisation may begin as soon as an adjustment exists and shall begin no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

2. Summary of significant accounting policies (continued)

2.21 Hedge accounting (continued)

a) Fair value hedges (continued)

If the hedge item is derecognised, the unamortised fair value is recognised immediately in profit or loss.

When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in profit or loss.

Fair value hedge accounting is discontinued if the hedging instrument expires or sold, terminated or exercised, the hedge no longer meets the criteria for hedge accounting or the Group revokes the designation.

b) Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised directly in other comprehensive income into cash flow hedge reserve, while any ineffective portion is recognised immediately in profit or loss as other operating expenses.

Amounts recognised in other comprehensive income previously are reclassified from equity to profit or loss when the hedged transaction affects profit or loss, such as when the hedged interest income or interest expense is recognised or when a forecast sale occurs. Where the hedged item is a non-financial asset or a non-financial liability, the amounts recognised previously in other comprehensive income are removed and included in the initial carrying amount of the non-financial asset or liability. The Group has elected not to apply basis adjustments to hedges of forecast transactions that result in the recognition of a non-financial asset or a non-financial liability.

If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognised in other comprehensive income remain in equity until the forecast transaction or firm commitment affects profit or loss.

The Group uses commodity swap contracts as hedges of its exposure to commodity price fluctuation arising from operational activities. Refer to Note 12 for more details.

2. Summary of significant accounting policies (continued)

2.21 Hedge accounting (continued)

c) Hedges of net investments in foreign operations

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a way similar to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised in other comprehensive income while any gains or losses relating to the ineffective portion are recognised in profit or loss. On disposal of the foreign operation, the cumulative amount of any such gains or losses recorded in other comprehensive income is reclassified from equity to profit or loss.

d) Derivatives that are not designated or do not qualify for hedge accounting

Any gains or losses arising from changes in fair value on derivatives during the year that do not qualify for hedge accounting are directly recognised in profit or loss.

2.22 Borrowing costs

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

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

2.23 Employee benefits

Defined contribution plans

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

2. Summary of significant accounting policies (continued)

2.24 Leases

a) As lessee

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

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

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

b) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.25(vii).

2.25 Revenue

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

(i) Sale of fresh fruit bunches, crude palm oil, palm kernel and fish

Revenue from sale of fresh fruit bunches, crude palm oil, palm kernel and fish are recognised upon the transfer of significant risks and rewards of ownership to the buyer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

2. Summary of significant accounting policies (continued)

2.25 Revenue (continued)

(ii) Management and transportation fees income

Revenue from management and transportation services is recognised upon rendering of services to customers.

(iii) Dividend income

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

(iv) Revenue from hotel operations

Revenue from room sales, and sale of food and beverage, are recognised net of sales taxes and discounts on an accrual basis.

(v) Sundry sales

Revenue from usage of telephone, laundry and other related services is recognised upon the rendering of services, net of sales taxes.

(vi) Interest income

Interest income is recognised using the effective interest method.

(vii) Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

2.26 Income taxes

a) Current tax

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

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

2. Summary of significant accounting policies (continued)

2.26 Income taxes (continued)

b) Deferred tax

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

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

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

2. Summary of significant accounting policies (continued)

2.26 Income taxes (continued)

b) Deferred tax (continued)

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

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

2.27 Segment reporting

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

2.28 Share capital and share issuance expenses

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

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

2. Summary of significant accounting policies (continued)

2.29 Contingencies

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

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

3. Significant accounting estimates

The preparation of the Group's financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Key sources of estimation uncertainty

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

a) Useful lives of plant and equipment

The cost of plant and machinery of agriculture, fishery and hotel equipment is depreciated on a straight-line basis over the assets' useful lives. Management estimates the useful lives of these plant and machinery to be within 5 to 12.5 years. These are common life expectancies applied in the plantation, fishery and hotel industries respectively. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of the Group's plant and equipment at the reporting date is disclosed in Note 15. A 5% difference in the expected useful lives of these assets from management's estimates would result in approximately 0.6% (2010: 0.6%) variance in the Group's profit for the year.

b) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units ("CGU") to which goodwill is allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Further details of the carrying value, the key assumptions applied in the impairment assessment of goodwill and sensitivity analysis to changes in the assumptions are given in Note 18.

NOTES TO THE FINANCIAL STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011 (CONTINUED)

3. Significant accounting estimates (continued)

Key sources of estimation uncertainty (continued)

c) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Assumptions about generation of future taxable profits depend on management's estimates of future cash flows. These depends on estimates of future production and sales volume, operating costs, capital expenditure, dividends and other capital management transactions. Judgement is also required about application of income tax legislation. These judgements and assumptions are subject to risks and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets recognised in the statements of financial position and the amount of unrecognised tax losses and unrecognised temporary differences.

The carrying values of deferred tax assets of the Group and the Company at 31 December 2011 are disclosed in Note 25. The recognised tax losses, unabsorbed capital, agriculture and reinvestment allowances of the Group and of the Company were RM11,720,784 (2010: RM9,784,472) and RM4,129,376 (2010: RM4,710,184) respectively and the unrecognised tax losses and unabsorbed capital and investment tax allowances of the Group was RM9,812,177 (2010: RM7,857,088).

4. Revenue

	Group		Company	
	2011 RM	**2010 RM**	**2011 RM**	**2010 RM**
Sale of:				
- crude palm oil	375,251,235	327,796,922	-	-
- palm kernel	65,835,099	50,587,695	-	-
- fresh fruit bunches	7,871,169	10,624,353	-	-
- fish	2,708,759	1,625,398	-	-
- room	3,781,902	2,983,423	-	-
- food and beverage	3,325,222	2,626,542	-	
Hotel sundry sales	68,709	72,283	-	-
Management fees	-	-	6,812,800	6,459,700
Dividend income from subsidiaries	-	-	7,800,000	2,000,000
Transportation income	20,785	11,683	-	-
	458,862,880	396,328,299	14,612,800	8,459,700

5. Interest income

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Interest received on advances given	-	-	2,181,225	1,674,811
Interest received on fixed deposits	66,148	89,135	-	-
Other interest income received	147,338	57,407	2,114	-
	213,486	146,542	2,183,339	1,674,811

6. Other income

Gain on disposal of property, plant and equipment59,801	269,754	-	-	
Realised gain on foreign exchange	2,418	2,143	-	-
Rental income	584,933	373,736	-	-
Replanting subsidy	-	31,490	-	-
Fishery incentive	-	12,645	-	-
Sales of waste products	2,791,471	2,183,441	-	-
Gain on hedge derivative	-	8,407	-	-
Reversal of allowance for impairment of other receivables (Note 21)	-	10,743	-	-
Unrealised gain on foreign exchange	176,217	-	170,667	
Miscellaneous income	214,787	119,540	65,755	500
	3,829,627	3,011,899	236,422	500

7. Finance costs

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Interest expense on:				
Advances from subsidiaries	-	-	458,368	347,580
Bankers' acceptances	252,019	172,959	-	-
Bank overdrafts	44,798	31,425	9,532	5,824
Bank loans	2,787,883	1,087,995	2,776,968	1,018,486
Obligations under finance leases	42,845	101,825	-	-
Revolving credits	1,220,370	660,278	788,821	297,534
Others	10	1,359	-	126
Total finance costs	4,347,925	2,055,841	4,033,689	1,669,550

8. Profit before tax

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

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Auditors' remuneration:				
- current year	183,687	161,106	30,000	25,000
- under/(over)provision in prior years	20,200	(2,100)	5,000	-
Amortisation of land use rights (Note 16)	78,921	78,921	-	-
Depreciation of property, plant and equipment (Note 15)	10,800,266	10,130,360	60,947	59,471
Employee benefits expense (Note 9)	25,212,110	23,170,847	5,404,301	4,706,727
Non-executive Directors' remuneration (Note 10)	362,108	308,633	362,108	308,633
Rental of premises	249,380	221,589	180,000	180,000
Lease rental of land	1,934,728	1,741,752	-	-
Loss on disposal of property, plant and equipment	12,282	42,860	456	-
Impairment of goodwill (Note 18)	-	117,899	-	-
Biological assets written off (Note 17)	-	2,477,168	-	-
Impairment loss on other receivables (Note 21)	-	6,697	-	-
Unrealised foreign exchange loss	-	8,711	-	-

9. Employee benefits expense

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Salaries and wages	24,844,611	22,199,021	4,669,646	4,069,579
Contributions to defined contribution plans	1,434,244	1,301,279	720,359	623,485
Social security contributions	106,902	94,842	14,296	13,663
	26,385,757	23,595,142	5,404,301	4,706,727
Capitalised in:				
- capital work-in-progress	(31,190)	(120,479)	-	-
- biological assets	(848,044)	(237,055)	-	-
- oil palm nurseries	(294,413)	(66,761)	-	-
Recognised in profit or loss	25,212,110	23,170,847	5,404,301	4,706,727

Included in employee benefits expense of the Group and of the Company are Executive Directors' remuneration amounting to RM4,035,953 (2010: RM3,503,594) and RM3,825,142 (2010: RM3,303,269) respectively as further disclosed in Note 10.

10. Directors' remuneration

The details of remuneration receivable by directors of the Group and Company during the year are as follows:

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Executive Directors of the Company				
Salaries, bonus and other emoluments	3,785,142	3,263,269	3,785,142	3,263,269
Fees	40,000	40,000	40,000	40,000
Benefits-in-kind	57,788	57,788	57,788	57,788
	3,882,930	3,361,057	3,882,930	3,361,057
Executive Directors of Subsidiaries				
Salaries, bonus and other emoluments	210,811	200,325	-	-
Total Executive Directors remuneration (Note 9)	4,093,741	3,561,382	3,882,930	3,361,057

10. Directors' remuneration (continued)

	Group		Company	
	2011 RM	**2010 RM**	**2011 RM**	**2010 RM**
Non-Executive Directors of the Company (Note 8)				
Allowances and other emoluments	282,108	268,633	282,108	268,633
Fees	40,000	40,000	40,000	40,000
Total non-executive directors' remuneration	322,108	308,633	322,108	308,633
Total directors' remuneration	4,415,849	3,870,015	4,205,038	3,669,690

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

	Number of directors	
	2011	**2010**
Executive directors:		
RM450,001 - RM500,000	-	1
RM500,001 - RM550,000	1	-
RM550,001 - RM600,000	-	1
RM600,001 - RM650,000	1	-
RM850,001 - RM900,000	-	1
RM900,001 - RM950,000	1	-
RM1,400,001 - RM1,450,000	-	1
RM1,800,001 - RM1,850,000	1	-
Non-Executive directors:		
Below RM50,000	1	1
RM50,001 - RM100,000	3	3

11. Income tax expense

Major components of income tax expense

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

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Statement of comprehensive income:				
Current Malaysian income tax:				
On results for the year	13,077,963	12,708,618	238,912	1,347
Tax credit arising from franked dividend paid by a subsidiary	(700,000)	-	-	-
Underprovision in prior years	541,384	213,954	-	-
	12,919,347	12,922,572	238,912	1,347
Deferred income tax (Note 25):				
Relating to origination of temporary differences	78,145	766,436	68,121	113,122
Under/(over)provision in prior years	28,074	(9,617)	76,332	32,425
	106,219	756,819	144,453	145,547
Income tax expense recognised in profit or loss	13,025,566	13,679,391	383,365	146,894
Deferred income tax related to other comprehensive income: -Cash flow hedges (Note 12 and 25)	-	19,177	-	-

NOTES TO THE FINANCIAL STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011 (CONTINUED)

11. Income tax expense (continued)

Reconciliation between tax expense and accounting profit

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

	Group		Company	
	2011 RM	**2010 RM**	**2011 RM**	**2010 RM**
Accounting profit before tax	50,274,380	51,013,898	6,117,134	2,275,147
Taxation at statutory tax rate of 25% (2010: 25%)	12,568,595	12,753,475	1,529,283	568,787
Effect of income not subject to tax	(39,379)	(3,161)	(1,309,106)	(500,000)
Effect of expenses not deductible for tax purposes	580,059	479,354	86,856	45,682
Deferred tax assets not recognised in respect of tax losses and unabsorbed capital allowances	213,059	991,933	-	-
Utilisation of previously unrecognised unutilised tax losses	(273,704)	-	-	-
Utilisation of previously unrecognised unabsorbed capital allowances	(7,578)	-	-	-
Reinvestment allowance incentive	(584,944)	(746,547)	-	-
Under/(over)provision of deferred tax in prior years	28,074	(9,617)	76,332	32,425
Underprovision of income tax expense in prior years	541,384	213,954	-	-
Income tax expense recognised in profit or loss	13,025,566	13,679,391	383,365	146,894

11. Income tax expense (continued)

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2010: 25%) of the estimated assessable profit for the year. The corporate tax rate applicable to the Indonesian subsidiary of the Group is 25% for the year of assessment 2011 onwards.

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Tax savings recognised during the year arising from utilisation of tax losses brought forward	68,138	139,730	68,138	108,644

12. Cash flow hedges

Commodity price risk

The Group produces and sells crude palm oil ("CPO") on an ongoing basis as its operating activities in the plantation segment. As a result of the volatility in CPO price during the year, the Group enters into CPO commodity swap contracts designated as hedge of highly probable forecast CPO sales or firm commitments to reduce the volatility of cash flow.

The contracts were intended to hedge the volatility of the selling price of CPO for a period of 12 months from July 2009 to June 2010 based on existing CPO sales commitments to the refineries. The Group designated only the Peninsular Malaysia average monthly CPO price as the hedged risk. There is no outstanding CPO commodity swap contracts as at 31 December 2011 and 2010.

The ineffectiveness of the above cashflow hedges recognised in the profit or loss for previous year was RM8,407.

12. Cash flow hedges (continued)

The net movement on cash flow hedges during the financial year is as follow:

	Group 2011 RM	Group 2010 RM
Gains arising from CPO commodity swap contracts recognised in cash flow hedge reserve during the year	-	11,115
Reclassification adjustments for losses on sale of CPO included under revenue in the statement of comprehensive income	-	65,592
	-	76,707
Realisation of deferred income tax related to cashflow hedges (Note 11)	-	(19,177)
	-	57,530

13. Earnings per share

(a) Basic

Basic earnings per share amounts are calculated by dividing profit for the year attributable to owners of the parent by the weighted average number of ordinary shares in issue during the financial year. The following reflect the profit and share data used in the computation of basic earnings per share for the years ended 31 December:

	Group 2011	Group 2010
Profit attributable to ordinary equity holders of the Company (RM)	33,716,188	34,855,343
Weighted average number of ordinary shares in issue	120,000,000	120,000,000
Basic earnings per share for profit for the year (Sen)	28.10	29.05

(b) Diluted

The Group has no potential ordinary shares in issue as at statements of financial position date and therefore, diluted earnings per share has not been presented.

14. Dividends

	Dividends in Respect of Year			Dividends Recognised in Year	
	2011 RM	**2010 RM**	**2009 RM**	**2011 RM**	**2010 RM**
Recognised during the financial year:					
Interim dividend for 2011: Single tier dividend of 2 sen per ordinary share on 120,000,000 ordinary shares	2,400,000	-	-	2,400,000	-
Final dividend for 2010: Single tier dividend of 2 sen per ordinary share on 120,000,000 ordinary shares	-	2,400,000	-	2,400,000	-
Final dividend for 2009: Single tier dividend of 3 sen per ordinary share on 120,000,000 ordinary shares	-	-	3,600,000	-	3,600,000
	2,400,000	2,400,000	3,600,000	4,800,000	3,600,000
Proposed for approval at AGM (not recognised as at 31 December):					
Final dividend for 2011: Single tier dividend of 2 sen per ordinary share on 120,000,000 ordinary shares	2,400,000	-	-	-	-
	2,400,000	-	-	-	-

At the forthcoming Annual General Meeting, a final single tier dividend in respect of the financial year ended 31 December 2011 of 2 sen per ordinary share on 120,000,000 ordinary shares, amounting to a dividend payable of RM2,400,000 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2012.

15. Property, plant and equipment

	Long Term Leasehold Land, Buildings and Mill Structure RM	Plantation and Fishery Infrastructure Development Expenditure RM	Oil Mill and Estate Plant and Machinery RM	Heavy Equipment and Motor Vehicles RM	Furniture, Fittings and Equipment RM	Platforms, Net Cages and Water Tanks RM	Hotel and Office Renovations RM	Hotel Plant and Machinery RM	Capital Work-in-Progress RM	Total RM
Group										
Cost:										
At 1 January 2010	138,942,174	18,658,219	46,010,146	26,470,133	9,375,795	877,063	844,143	3,520,312	13,969,051	258,667,036
Additions	63,653	-	180,924	1,256,389	357,105	-	103,455	306,905	8,867,300	11,135,731
Disposals	-	-	-	(430,279)	(9,658)	-	(11,217)	(33,082)	(12,484)	(496,720)
Reclassifications	7,236,347	121,597	5,975,239	202,944	149,638	-	3,130,730	487,136	(17,303,631)	-
Acquisition of a subsidiary (Note 19)	-	-	-	224,119	50,559	-	6,427	-	51,830	332,935
Exchange differences	-	-	-	(14,557)	(3,530)	-	(532)	-	(3,292)	(21,911)
At 31 December 2010 and 1 January 2011	146,242,174	18,779,816	52,166,309	27,708,749	9,919,909	877,063	4,073,006	4,281,271	5,568,774	269,617,071
Additions	509,498	21,527	1,118,746	2,114,962	383,716	4,305	2,205	132,656	4,922,712	9,210,327
Disposals	-	-	-	(775,363)	(4,221)	-	(7,936)	(11,850)	-	(799,370)
Reclassifications	5,523,663	443,506	3,609,238	-	-	-	-	-	(9,576,407)	-
Exchange differences	2,563	-	-	9,937	2,998	-	349	-	1,125	16,972
At 31 December 2011	152,277,898	19,244,849	56,894,293	29,058,285	10,302,402	881,368	4,067,624	4,402,077	916,204	278,045,000

15. Property, plant and equipment (continued)

Group	Long Term Leasehold Land, Buildings and Mill Structure RM	Plantation and Fishery Infrastructure Development Expenditure RM	Oil Mill and Estate Plant and Machinery RM	Heavy Equipment and Motor Vehicles RM	Furniture, Fittings and Equipment RM	Platforms, Net Cages and Water Tanks RM	Hotel and Office Renovations RM	Hotel Plant and Machinery RM	Capital Work-in-Progress RM	Total RM
Accumulated depreciation										
At 1 January 2010	27,908,706	843,668	24,860,153	17,627,513	4,753,159	391,879	78,538	1,109,377	-	77,572,993
Depreciation charge for the year:	3,445,613	266,138	2,925,243	2,306,970	707,689	104,270	30,607	497,512	-	10,284,042
Recognised in profit or loss (Note 8)	3,425,357	265,427	2,925,243	2,247,313	702,937	35,964	30,607	497,512	-	10,130,360
Capitalised in biological assets (Note 17)	20,256	711	-	59,657	4,752	68,306	-	-	-	153,682
Disposals	-	-	-	(334,673)	(6,100)	-	-	(4,653)	-	(345,426)
Exchange differences	(67)	-	-	(2,324)	(920)	-	(176)	-	-	(3,487)
At 31 December 2010 and 1 January 2011	31,354,252	1,109,806	27,785,396	19,597,486	5,453,828	496,149	108,969	1,602,236	-	87,508,122
Depreciation charge for the year:	3,828,815	272,731	3,016,122	2,110,666	732,608	104,313	362,300	573,280	-	11,000,835
Recognised in profit or loss (Note 8)	3,795,110	272,019	3,016,122	2,025,698	719,730	36,007	362,300	573,280	-	10,800,266
Capitalised in biological assets (Note 17)	33,705	712	-	84,968	12,878	68,306	-	-	-	200,569
Disposals	-	-	-	(675,032)	(2,531)	-	(3,176)	(4,561)	-	(685,300)
Exchange differences	218	-	-	2,304	814	-	69	-	-	3,405
At 31 December 2011	35,183,285	1,382,537	30,801,518	21,035,424	6,184,719	600,462	468,162	2,170,955	-	97,827,062
Net carrying amount:										
At 31 December 2010	114,887,922	17,670,010	24,380,913	8,111,263	4,466,081	380,914	3,964,037	2,679,035	5,568,774	182,108,949
At 31 December 2011	117,094,613	17,862,312	26,092,775	8,022,861	4,117,683	280,906	3,599,462	2,231,122	916,204	180,217,938

15. Property, plant and equipment (continued)

Long term leasehold land, buildings and mill structure of the Group:

	Long term Leasehold Land RM	Buildings and Oil Mill Structure RM	Total RM
Cost:			
At 1 January 2010	79,410,897	59,531,277	138,942,174
Additions	-	63,653	63,653
Reclassified from capital work-in-progress	86,100	7,150,247	7,236,347
At 31 December 2010 and 1 January 2011	79,496,997	66,745,177	146,242,174
Additions	204,725	304,773	509,498
Reclassified from capital work-in-progress	-	5,523,663	5,523,663
Exchange differences	-	2,563	2,563
At 31 December 2011	79,701,722	72,576,176	152,277,898
Accumulated depreciation:			
At 1 January 2010	2,605,457	25,303,249	27,908,706
Depreciation charge for the year:	871,772	2,573,841	3,445,613
Recognised in profit or loss (Note 8)	855,413	2,569,944	3,425,357
Capitalised in biological assets (Note 17)	16,359	3,897	20,256
Exchange differences	-	(67)	(67)
At 31 December 2010 and 1 January 2011	3,477,229	27,877,023	31,354,252
Depreciation charge for the year:	874,909	2,953,906	3,828,815
Recognised in profit or loss (Note 8)	858,550	2,936,560	3,795,110
Capitalised in biological assets (Note 17)	16,359	17,346	33,705
Exchange differences	-	218	218
At 31 December 2011	4,352,138	30,831,147	35,183,285
Net carrying amount:			
At 31 December 2010	76,019,768	38,868,154	114,887,922
At 31 December 2011	75,349,584	41,745,029	117,094,613

The buildings of certain subsidiaries are located on several parcels of land leased by the subsidiaries.

15. Property, plant and equipment (continued)

Company

	Office Renovation RM	Furniture, Fittings and Equipment RM	Total RM
Cost:			
At 1 January 2010	476,026	475,577	951,603
Additions	-	30,460	30,460
At 31 December 2010 and 1 January 2011	476,026	506,037	982,063
Additions	-	25,757	25,757
Disposals	-	(3,740)	(3,740)
At 31 December 2011	476,026	528,054	1,004,080
Accumulated depreciation:			
At 1 January 2010	22,214	131,228	153,442
Depreciation charge for the year (Note 8)	9,521	49,950	59,471
At 31 December 2010 and 1 January 2011	31,735	181,178	212,913
Depreciation charge for the year (Note 8)	9,521	51,426	60,947
Disposals	-	(1,075)	(1,075)
At 31 December 2011	41,256	231,529	272,785
Net carrying amount:			
At 31 December 2010	444,291	324,859	769,150
At 31 December 2011	434,770	296,525	731,295

15. Property, plant and equipment (continued)

(a) Assets held under finance leases

During the financial year, the Group and the Company acquired property, plant and equipment at aggregate costs of RM9,207,457 and RM25,757 (2010: RM11,135,731 and RM30,460) respectively as follows:

	Group		Company	
	2011 RM	**2010 RM**	**2011 RM**	**2010 RM**
Property, plant and equipment acquired by means of finance leases	200,000	185,200	-	-
Cash payments made for acquisition of property, plant and equipment	9,007,457	10,950,531	25,757	30,460
	9,207,457	11,135,731	25,757	30,460

Net carrying amounts of property, plant and equipment held under finance leases are as follows:

	Group	
	2011 RM	**2010 RM**
Oil mill machinery	-	2,432,187
Heavy equipment	371,388	415,938
Motor vehicles	610,538	474,427
	981,926	3,322,552

Leased assets are pledged as security for the related finance lease liabilities (Note 23).

(b) Assets pledged as security

In addition to assets held under finance leases, the net carrying amounts of property, plant and equipment pledged as securities for borrowings (Note 23) are as follows:

15. Property, plant and equipment (continued)

(b) Assets pledged as security (continued)

	Group 2011 RM	Group 2010 RM
Long term leasehold land	33,366,185	33,629,572
Buildings	2,806,953	3,946,611
Plantation infrastructure development expenditure	10,224,113	8,081,479
Mill structures	-	6,552,711
Capital work-in-progress	380,998	573,169
	47,078,249	52,783,542

16. Land use rights

	Short Term Land Lease RM
Group	
Cost:	
At 1 January 2010	2,838,632
Additions	171,050
Acquisition of a subsidiary (Note 19)	11,593,678
Exchange differences	(671,195)
At 31 December 2010 and 1 January 2011	13,932,165
Additions	372,793
Exchange differences	217,788
At 31 December 2011	14,522,746
Accumulated amortisation:	
At 1 January 2010	666,911
Amortisation for the year	353,473
Recognised in profit or loss (Note 8)	78,921
Capitalised in biological assets (Note 17)	274,552
Acquisition of a subsidiary (Note 19)	25,163
Exchange differences	(9,722)
At 31 December 2010 and 1 January 2011	1,035,825
Amortisation for the year	405,269
Recognised in profit or loss (Note 8)	78,921
Capitalised in biological assets (Note 17)	326,348
Exchange differences	8,870
At 31 December 2011	1,449,964
Net carrying amount:	
At 31 December 2010	12,896,340
At 31 December 2011	13,072,782

16. Land use rights (continued)

The Group has land use rights over:-

(a) a parcel of leasehold land in Malaysia where a subsidiary's oil mill resides and has a remaining tenure of 33 years (2010: 34 years);
(b) several parcels of leasehold plantation land in Malaysia with remaining tenure of 23 years (2010: 24 years). The leases are renewable for a further term of 30 years;
(c) several parcels of leasehold plantation land in Indonesia with certificates of Hak Guna Usaha issued by the Indonesian authority with tenure of 35 years commencing from 8 February 2010.

17. Biological assets

	Oil Palm Planting Expenditure RM	Broodstock RM	Fishery Livestock RM	Total RM
Group				
Cost				
At 1 January 2010	102,999,067	468,465	3,075,263	106,542,795
Additions	956,030	123,414	2,100,167	3,179,611
Disposals	-	(58,730)	(1,576,363)	(1,635,093)
Amortisation	-	(23,645)	-	(23,645)
Reclassification	-	95,368	(95,368)	-
Written off (Note 8)	-	(147,373)	(2,329,795)	(2,477,168)
Acquisition of a subsidiary (Note 19)	227,055	-	-	227,055
Exchange differences	(24,707)	-	-	(24,707)
At 31 December 2010	104,157,445	457,499	1,173,904	105,788,848
Non-current	104,157,445	457,499	-	104,614,944
Current	-	-	1,173,904	1,173,904
	104,157,445	457,499	1,173,904	105,788,848
At 1 January 2011	104,157,445	457,499	1,173,904	105,788,848
Additions	3,186,958	41,692	2,018,383	5,247,033
Disposals	-	(80,070)	(1,445,902)	(1,525,972)
Amortisation	-	(7,946)	-	(7,946)
Reclassification	-	5,679	(5,679)	-
Exchange differences	25,947	-	-	25,947
At 31 December 2011	107,370,350	416,854	1,740,706	109,527,910
Non-current	107,370,350	416,854	-	107,787,204
Current	-	-	1,740,706	1,740,706
	107,370,350	416,854	1,740,706	109,527,910

17. Biological assets (continued)

(a) Oil palm planting expenditure capitalised during the financial year included the following:

	Group	
	2011 RM	**2010 RM**
Amortisation of land use rights (Note 16)	326,348	274,552
Depreciation of property, plant and equipment (Note 15)	132,263	85,376

(b) Fishery livestock incurred during the financial year included depreciation of property, plant and equipment of RM68,306 (2010: RM68,306).

(c) Biological assets with an aggregate carrying value of RM47,290,965 (2010: RM46,171,674) are pledged as securities for borrowings (Note 23).

18. Intangible asset

	Group	
	2011 RM	**2010 RM**
Goodwill		
Cost		
At 1 January and 31 December	4,433,984	4,433,984
Accumulated impairment loss		
At 1 January	175,955	58,056
Impairment loss (Note 8)	-	117,899
At 31 December	175,955	175,955
Net carrying amount		
At 31 December	4,258,029	4,258,029

18. Intangible asset (continued)

Impairment testing of goodwill

Goodwill arising from business combinations is attributed to plantation and mill segment ("CGU").

The recoverable amount of the above CGU has been determined based on value-in-use calculations using cash flow projections based on financial budgets approved by management covering a five-year period. The gross margin and pre-tax discount rate applied to the cash flow projections and the forecasted growth rates used to extrapolate cash flows beyond the five-year period are as follows:

	2011 %	2010 %
Growth rates	5.00	5.00
Pre-tax discount rates	12.30	12.43

The calculations of value in use for the CGU are most sensitive to the following assumptions:

Budgeted gross margins – Gross margins are calculated based on the current market outlook of product prices and current cost structure relating to the CGU.

Growth rates – The forecasted growth rates are based on management's expected long term average growth rates and do not exceed the long term average growth rates for the industry relevant to the CGU.

Pre-tax discount rates – Discount rates are calculated based on the weighted average cost of capital ("WACC") of the Group. In determining the cost of equity portion for the WACC, the average rate derived from the dividend growth model and capital asset pricing model is used. The calculation of cost of equity based on dividend growth model takes into account of the expected dividend yield and growth of the Group whereas the capital asset pricing model takes into account of the 3 year Malaysian Government Securities coupon rate as the risk free rate of return, the beta risk of a similar size listed plantation company and the market rate of return.

Sensitivity to changes in assumptions

With regard to the assessment of value-in-use of the plantation and mill segment, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying values of the CGU to materially exceed its recoverable amount.

Impairment loss recognised

During the previous financial year, an impairment loss of RM117,899 was recognised to write off the carrying amount of goodwill attributable to the fishery segment due to substantial fishery broodstock and livestock written off as disclosed in Note 17. The impairment loss had been recognised in the statements of comprehensive income of previous financial year under the line item of "other operating expenses".

19. Investments in subsidiaries

	Company 2011 RM	Company 2010 RM
Unquoted shares at cost in Malaysia	184,130,577	215,844,274

Details of the subsidiaries are as follows:

Name of Subsidiaries	Principal Activities	Proportion of Ownership Interest 2011 %	2010 %
Incorporated in Malaysia:			
Held by the Company:			
Agrisa Trading Sdn. Bhd.	Oil palm plantation	100	100
Berkat Setia Sdn. Bhd.	Oil palm plantation and palm oil mill	100	100
Ballerina Sdn. Bhd.	Property letting	100	100
Dat Soon Trading Sendirian Berhad	Trading of fresh fruit bunches	100	100
Growth Enterprise Sendirian Berhad	Oil palm plantation	100	100
Intan Ramai Sdn. Bhd.	Oil palm plantation	100	100
Kian Merculaba Sdn. Bhd.	Oil palm plantation	100	100
Kidat Sendirian Berhad	Transportation services	100	100
Sinar Ramai Sdn. Bhd.	Oil palm plantation	100	100
Seraya Plantation Sdn. Bhd.	Oil palm plantation	100	100
Sungai Ruku Oil Palm Plantation Sdn. Bhd.	Palm oil mill	100	100
Syarikat Emashijau Sdn. Bhd.	Management services	100	100
Syarikat Sofrah Sdn. Bhd.	Oil palm plantation	100	100
Transglobe Enterprise Sdn. Bhd.	Oil palm plantation	100	100
Wenow Enterprise Sdn. Bhd.	Trading of fresh fruit bunches	100	100
The Palace Ventures Sdn. Bhd.	Hotelier	100	100
Miracle Display Sdn. Bhd.	Dormant	100	100
Better Prospects Sdn. Bhd.	Fish rearing	70	70
Bintang Kinabalu Plantation Sdn. Bhd.	Dormant	100	100
*Deltafort Sdn. Bhd.	Dormant	-	100
Mature Land Sdn. Bhd.	Dormant	100	100

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19. Investments in subsidiaries (continued)

Name of Subsidiaries	Principal Activities	Proportion of Ownership Interest 2011 %	2010 %
Incorporated in Malaysia			
Held by the Company (continued):			
Miasa Plantation Sdn. Bhd.	Dormant	100	100
Natural Plantation Sdn. Bhd.	Dormant	100	100
*Ngin Kong Holdings Sdn. Bhd.	Dormant	-	100
Permata Alam Sdn. Bhd.	Investment holding	100	100
*Sebuda Sdn. Bhd.	Dormant	-	100
Soon Tai Enterprise Sdn. Bhd.	Dormant	100	100
Sungai Kenali Sdn. Bhd.	Dormant	100	100
*Syarikat Jejco Sdn. Bhd.	Dormant	-	100
Held through Subsidiaries:			
Best Borneo Oil Palm Resources Sdn. Bhd.	Dormant	70	70
Telupid Kelapa Sawit Sdn. Bhd.	Investment holding	70	70
Pedoman Hasil Sdn. Bhd.	Dormant	100	100
Bonus Indah Sdn. Bhd.	Oil palm plantation	70	70
*Summer Focus Sdn. Bhd.	Dormant	-	100
Incorporated in Indonesia:			
Held through a Subsidiary:			
PT Enggang Alam Sawita	Oil palm plantation	95	95

* The voluntary winding-up of these companies were completed during the current financial year.

All the above companies, except for PT Enggang Alam Sawita which is audited by a local firm in Indonesia, are audited by Ernst & Young, Malaysia.

An investment in a subsidiary with a net carrying amount of RM11,307,642 (2010: RM11,307,642) is pledged as securities for borrowings (Note 23).

19. Investments in subsidiaries (continued)

Acquisition of subsidiary in 2010

On 2 March 2010, a wholly-owned subsidiary, Permata Alam Sdn Bhd acquired 95% equity interest in PT Enggang Alam Sawita ("EAS"), an unlisted limited liability company incorporated in Indonesia, is involved in operation of oil palm plantation.

The fair values of the identifiable assets and liabilities of EAS as at the date of acquisition were:

	Fair value RM	Carrying amount RM
Property, plant and equipment (Note 15)	332,935	332,935
Land use rights (Note 16)	11,568,515	10,543,244
Biological assets (Note 17)	227,055	227,055
Inventories	289,376	289,376
Other receivables	422,406	422,406
	12,840,287	11,815,016
Other payables	(6,580,787)	(6,580,786)
Deferred tax liability (Note 25)	(256,317)	-
	(6,837,104)	(6,580,786)
Net identifiable assets	6,003,183	5,234,230
Less: Non-controlling interests	(300,159)	
Group's share of net identifiable assets	5,703,024	

Total cost of business combination

The total cost of the business combination was as follows:

	RM
Cash paid	5,040,427
Directly attributable incidental costs	662,597
	5,703,024

The net cash outflow on acquisition was equivalent to the total cost of business combination. No goodwill arising on acquisition as the total cost of business combination was equivalent to the Group's share of net identifiable assets.

Impact of acquisition in previous financial year's statement of comprehensive income

The acquisition of EAS had no significant impact on the Group's previous financial year's statement of comprehensive income as EAS is at the initial stage of developing its oil palm plantation.

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011 (CONTINUED)

20. Inventories

	Group	
	2011 RM	2010 RM
Cost		
Crude palm oil and palm kernel	28,807,632	17,905,508
Consumable stores	2,066,270	1,879,286
Oil palm nurseries	1,304,437	1,262,192
Fish feed	103,163	114,568
Food, beverages and tobacco	124,397	118,985
Operating supplies	174,690	152,751
	32,580,589	21,433,290

There were no inventories stated at net realisable value as at 31 December 2011 and 2010. During the year, the amount of inventories recognised as an expense in cost of sales of the Group was RM264,214,323 (2010: RM218,678,274).

21. Trade and other receivables

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Current				
Trade receivables				
Third parties	12,386,965	13,328,532	-	-
Other receivables				
Amounts due from related parties:				
Subsidiaries				
-Interest-bearing advances	-	-	72,091,475	36,567,734
-Interest-free advances	-	-	-	44,105,587
	-	-	72,091,475	80,673,321

21. Trade and other receivables (continued)

	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Other receivables (continued)				
Sundry deposits	886,091	363,100	15,000	15,000
Proceeds receivable from sale of heavy equipment and motor vehicles	1,114,570	1,813,071	-	-
Advances to contractors	7,401,997	2,068,402	-	-
Staff loans	264,063	227,156	15,010	15,676
Sundry receivables	1,462,167	770,817	-	1,099
	11,128,888	5,242,546	30,010	31,775
Less: Allowance for impairment Sundry receivables	(3,092)	(3,092)	-	-
	11,125,796	5,239,454	30,010	31,775
	23,512,761	18,567,986	72,121,485	80,705,096
Non-current				
Other receivables				
Foreign companies pending completion of acquisition:				
-Deposits paid for purchase consideration and incidental costs	32,302,925	43,637,263	-	43,637,263
-Advances for working capital	15,318,372	-	-	-
Amount due from a foreign subsidiary's non-controlling interest	262,125	256,575	-	-
Deposits paid for leases of land	1,430,894	1,378,537	-	-
	49,314,316	45,272,375	-	43,637,263
Total trade and other receivables (current and non-current)	72,827,077	63,840,361	72,121,485	124,342,359
Add: Cash and bank balances (Note 22)	27,077,796	12,001,593	6,133,095	377,690
Total loans and receivables	99,904,873	75,841,954	78,254,580	124,720,049

21. Trade and other receivables (continued)

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 7 to 60 day (2010: 7 to 60 day) term. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Aging analysis trade receivables

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

	Group	
	2011 RM	**2010 RM**
Neither past due nor impaired	11,505,416	12,699,261
1 to 30 days past due not impaired	517,322	330,966
31 to 60 days past due not impaired	178,250	141,725
61 to 90 days past due not impaired	15,171	109,853
91 to 120 days past due not impaired	625	3,944
More than 121 days past due not impaired	170,181	42,783
	881,549	629,271
	12,386,965	13,328,532

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. Approximately 89% (2010: 87%) of the Group's trade receivables arise from refinery customers which are subsidiaries of well-established listed plantation groups.

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

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM881,549 (2010: RM629,271) that are past due at the reporting date but not impaired. These balances are unsecured in nature.

(b) Related parties balances and staff loans

The above amounts are unsecured and are repayable upon demand.

The interest-bearing advances are subject to interest charge at rates ranging from 4.53% to 5.08% (2010: 4.22% to 7.30%) per annum. Staff loans are non-interest bearing.

21. Trade and other receivables (continued)

Other receivables that are impaired

At the reporting date, the Group has provided an allowance of RM3,092 (2010: RM3,092) for impairment of sundry receivables with nominal amounts of RM3,092 (2010: RM3,092). The debts collection from these sundry receivables which are individually determined to be impaired at the reporting date are doubtful. These sundry receivables are not secured by any collateral or credit enhancements.

The movements of the allowance accounts used to record the impairment are as follows:

	Group	
	2011 RM	**2010 RM**
At 1 January	3,092	20,532
Written off (Note 8)	-	(6,697)
Reversal of impairment losses (Note 6)	-	(10,743)
	3,092	3,092

22. Cash and bank balances

	Group		Company	
	2011 RM	**2010 RM**	**2011 RM**	**2010 RM**
Cash on hand and at banks	27,064,273	10,481,962	6,133,095	377,690
Fixed deposits with licensed banks	13,523	1,519,631	-	-
Cash and bank balances	27,077,796	12,001,593	6,133,095	377,690

Cash at certain banks earns interest at floating rates based on daily bank deposit rates. All the fixed deposits of the Group are placed on 12 months tenure on a renewable basis at maturity dates and are held under lien to secure bank guarantees issued in favour of third parties on behalf of the Group. The interest rate of the fixed deposits is 3.30% per annum (2010: 2.29% to 3.04%).

For the purpose of the consolidated statements of cash flow, cash and cash equivalents comprise the following at the reporting date:

	Group		Company	
	2011 RM	**2010 RM**	**2011 RM**	**2010 RM**
Cash and bank balances	27,200,796	12,001,593	6,133,095	377,690
Bank overdrafts (Note 23)	-	(340,000)	-	(4,711)
Total cash and cash equivalents	27,200,796	11,661,593	6,133,095	372,979

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23. Loans and borrowings

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Current				
Unsecured:				
Bank overdraft (Note 22)	-	4,711	-	4,711
Secured:				
Bank overdraft (Note 22)	-	335,289	-	-
Revolving credits	18,027,872	17,017,673	10,019,858	8,010,678
Bankers' acceptances	2,742,000	4,433,000	-	-
Bank loans	4,940,400	5,484,844	4,940,400	4,940,400
Obligations under finance leases (Note 30)	147,725	1,051,629	-	-
	25,857,997	28,327,146	14,960,258	12,955,789
Non-current				
Secured:				
Bank loans	52,392,420	27,271,490	52,392,420	27,271,490
Obligations under finance leases (Note 30)	247,995	207,523	-	-
	52,640,415	27,479,013	52,392,420	27,271,490
Total loans and borrowings				
Bank overdrafts (Note 22)	-	340,000	-	4,711
Revolving credits	18,027,872	17,017,673	10,019,858	8,010,678
Bankers' acceptances	2,742,000	4,433,000	-	-
Bank loans	57,332,820	32,756,334	57,332,820	32,211,890
Obligations under finance leases (Note 30)	395,720	1,259,152	-	-
	78,498,412	55,806,159	67,352,678	40,227,279

23. Loans and borrowings (continued)

All the above loans and borrowings are denominated in Ringgit Malaysia. The remaining maturities of the loans and borrowings as at 31 December 2011 are as follows:

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
On demand or within one year	25,857,997	28,327,146	14,960,258	12,955,789
More than 1 year and less than 2 years	5,017,437	5,051,404	4,940,400	4,940,400
More than 2 years and less than 5 years	18,519,898	13,959,702	18,348,940	13,880,760
5 years or more	29,103,080	8,467,907	29,103,080	8,450,330
	78,498,412	55,806,159	67,352,678	40,227,279

Bank overdrafts

Bank overdrafts are repayable on demand. The secured and unsecured bank overdrafts bear interest at BLR + 1.00% and BLR + 1.30% per annum respectively. The secured bank overdrafts are secured by legal charges over several parcels of long term leasehold land together with the palm oil mill erected thereon and biological assets of certain subsidiaries as disclosed in Note 15 and Note 17 to the financial statements and corporate guarantees given by the Company as disclosed in Note 24 to the financial statements.

Revolving credits

Revolving credits are rollovered on a monthly basis subject to bank's review and bear interests ranging from COF + 1.25% to COF + 1.50% per annum. The revolving credits are secured by legal charges over several parcels of long term leasehold land and biological assets of certain subsidiaries as disclosed in Note 15 and Note 17 to the financial statements and a corporate guarantee given by the Company as disclosed in Note 24 to the financial statements.

Bankers acceptances

Bankers acceptance are drawn on 120 days tenure and bear interest at COF + 1.25% per annum. The bankers acceptance are secured by corporate guarantees given by the Company as disclosed in Note 24 to the financial statements.

23. Loans and borrowings (continued)

Bank loans

The Group's bank loans consist of the following:-

(a) a fixed rate term loan granted to a subsidiary bearing interest 6.30% (2010: 6.30%) per annum and was fully repaid in 2011. This loan was secured by legal charges over several parcels of long term leasehold land and biological assets of the subsidiary; and

(b) four floating rate term loans granted to the Company bearing interest at COF + 1.50% of which two are expected to be fully repaid over approximately 4 years in 2015 and the other two over 6 years in 2017 respectively. These bank loans are secured by:-

   (i) legal charges over several parcels of long term leasehold land and biological assets of certain subsidiaries as disclosed in Note 15 and Note 17 to the financial statements;
   (ii) investment in the unquoted shares of a subsidiary as disclosed in Note 19 to the financial statements; and
   (iii) corporate guarantees given by certain subsidiaries.

Obligations under finance leases

These obligations are secured by charges over leased assets as disclosed in Note 15 to the financial statements and corporate guarantees given by the Company as disclosed in Note 24 to the financial statements. The discount rates implicit in the leases range from 4.30% to 6.30% (2010: 4.30% to 6.50%) per annum. These obligations have maturities ranging from 2012 to 2016.

24. Trade and other payables

	Group		Company	
	2011 **RM**	**2010** **RM**	**2011** **RM**	**2010** **RM**
Trade payables				
Third parties	20,480,337	24,366,483	-	-
Other payables				
Amounts due to related parties:				
Subsidiaries				
- Balances arising from Group internal restructuring exercise	-	-	26,352,111	113,789,010
- Balances arising from ordinary business activities	-	-	224,321	150,702
- Interest-free advances	-	-	47,123,468	65,876,277
	-	-	73,699,900	179,815,989
Sundry deposits	23,200	18,500	-	-
Deposits received for mill's waste products	671,517	-	-	-
Deposit received for proposed disposal of investment in a foreign company (Note 36(c))	6,122,004	-	-	-
Accruals	6,694,435	6,531,526	110,000	105,000
Sundry payables	8,369,440	7,313,068	1,738,096	1,586,561
	21,880,596	13,863,094	1,848,096	1,691,561
	42,360,933	38,229,577	75,547,996	181,507,550

(a) Trade payables

These amounts are non-interest bearing. Trade payables are normally settled within the trade credit terms granted to the Group ranging from 30 days to 90 days (2010: 30 days to 90 days).

(b) Amounts due to related parties

These amounts are unsecured and are repayable on demand.

24. Trade and other payables (continued)

(c) Other payables

These amounts are non-interest bearing. Other payables are normally settled within a term of 6 months (2010: 6 months).

(d) Financial guarantees

The fair value of financial guarantees provided by the Company to the banks and a supplier to secure banking/credit facilities granted to subsidiaries as disclosed in Note 23 with nominal amount of RM34,205,300 (2010: RM49,094,500) are negligible as the probability of the financial guarantees being called upon is remote due to the following factors:-

(a) most of the outstanding loans and borrowings are adequately secured by properties, plant and equipment of the subsidiaries which their market values upon realisation are higher than the outstanding loan and borrowing amounts;

(b) for short term loans and borrowings which are not secured by properties, plant and equipment of the subsidiaries, the respective subsidiaries will be able to meet their short term loans and borrowings obligations as and when they are due as they are in net current assets positions.

25. Deferred tax

	As at 1 January 2010	Effects of adopting FRS 139	Recognised in profit or loss (Note 11)	Recognised in other comprehensive income (Note 11)	Acquisition of subsidiary (Note 19)	As at 31 December 2010	Recognised in profit or loss (Note 11)	Exchange differences	As at 31 December 2011
	RM	RM	RM	RM	RM	RM	RM	RM	RM
Group									
Deferred tax liabilities:									
Property, plant and equipment, land use rights and biological assets	34,823,748	-	692,049	-	365,615	35,881,412	36,013	5,491	35,922,916
Deferred tax assets:									
Unabsorbed capital and agriculture allowances	(835,755)	-	(323,519)	-	(109,298)	(1,268,572)	632,728	(5,491)	(641,335)
Unutilised tax losses	(1,557,180)	-	379,634	-	-	(1,177,546)	(128,503)	-	(1,306,049)
Unabsorbed reinvestment allowances	-	-	-	-	-	-	(434,019)	-	(434,019)
Cashflow hedges	-	(27,832)	8,655	19,177	-	-	-	-	-
	(2,392,935)	(27,832)	64,770	19,177	(109,298)	(2,446,118)	70,206	(5,491)	(2,381,403)
	32,430,813	(27,832)	756,819	19,177	256,317	33,435,294	106,219	-	33,541,513

25. Deferred tax (continued)

	As at 1 January 2010 RM	Recognised in profit or loss (Note 11) RM	As at 31 December 2010 RM	Recognised in profit or loss (Note 11) RM	As at 31 December 2011 RM
Company					
Deferred tax liabilities:					
Property, plant and equipment	45,697	6,509	52,206	(749)	51,457
Deferred tax assets:					
Unabsorbed capital and agriculture allowances	(15,432)	15,432	-	-	-
Unutilised tax losses	(1,301,152)	123,606	(1,177,546)	145,202	(1,032,344)
	(1,316,584)	139,038	(1,177,546)	145,202	(1,032,344)
	(1,270,887)	145,547	(1,125,340)	144,453	(980,887)

	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Presented after appropriate offsetting as follows:				
Deferred tax assets	(980,887)	(1,125,340)	(980,887)	(1,125,340)
Deferred tax liabilities	34,522,400	34,560,634	-	-
	33,541,513	33,435,294	(980,887)	(1,125,340)

25. Deferred tax (continued)

Unrecognised deferred tax assets

Due to uncertainty of recoverability, deferred tax assets have not been recognised in respect of the following items which are available for offset against future taxable profits of the respective subsidiaries in which those items arose:

	Group	
	2011 **RM**	**2010** **RM**
Unutilised tax losses	5,753,217	6,572,996
Unabsorbed capital and investment tax allowances	4,058,960	3,743,974
Other deductible temporary differences	243,914	-
	10,056,091	10,316,970

The availability of unutilised tax losses and unabsorbed capital and agriculture allowances of the Group for offsetting against future taxable profits of the respective subsidiaries in Malaysia are subject to no substantial changes in shareholdings of those subsidiaries under the Income Tax Act, 1967 and guidelines issued by the tax authority. The use of tax losses of subsidiary in other country is subject to agreement of the tax authorities and compliance with certain provisions of the tax legislation of the other country in which the subsidiary operates.

Tax consequences of proposed dividend

There are no income tax consequences (2010: nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 14).

26. Share capital

	Number of Ordinary Shares of RM1 Each		Amount	
	2011	**2010**	**2011** **RM**	**2010** **RM**
Authorised				
At 1 January and 31 December	500,000,000	500,000,000	500,000,000	500,000,000
Issued and fully paid				
At 1 January and 31 December	120,000,000	120,000,000	120,000,000	120,000,000

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

27. Retained earnings

The Company has elected for the irrevocable option under the Finance Act 2007 to disregard the 108 balance as at 31 December 2007. Hence, the Company will be able to distribute dividends out of its entire retained earnings as at 31 December 2011 and 2010 under the single tier system.

28. Cash flow hedge reserve

The cash flow hedge reserve recorded the effective portion of the gain or loss on hedging instruments in cash flow hedges. The net movements in cash flow hedges and the effective portion of the CPO commodity swap contracts with deferred tax effects are disclosed in Note 12 to the financial statements.

29. Foreign currency translation reserve

The foreign currency translation reserve represents exchange difference from the translation of the financial statements of a foreign subsidiary whose functional currency is different from that of the Group's presentation currency.

30. Commitments

(a) Capital commitments

Capital expenditure as at the reporting date is as follows:

	Group	
	2011	**2010**
	RM	**RM**
Capital expenditure		
Approved and contracted for:		
Construction of estates' buildings and infrastructure	-	988,351
Construction of fishery's infrastructure	-	-
Acquisition of oil mill plant and machinery	130,240	1,653,750
Acquisition of foreign subsidiaries	2,686,397	13,980,837
	2,816,637	16,622,938
Approved but not contracted for:		
Plantation development costs for Indonesian subsidiary	18,771,839	24,000,000
	21,588,476	40,622,938

30. Commitments (continued)

(b) Operating lease commitments – as lessee

Details of land use rights and the amortisation of land use rights recognised in profit or loss are disclosed in Note 16 to the financial statements.

(c) Finance lease commitments

The Group has finance leases for certain property, plant and equipment as disclosed in Note 15 to the financial statements. Future minimum lease payments under finance leases together with present value of the net minimum lease payments are as follows:

	Group	
	2011	**2010**
	RM	**RM**
Minimum lease payments:		
Not later than 1 year	171,617	1,093,879
Later than 1 year and not later than 2 years	87,744	118,682
Later than 2 years and not later than 5 years	180,555	103,299
Total minimum lease payments	439,916	1,315,860
Less: Amount representing finance charges	(44,196)	(56,708)
Present value of minimum lease payments	395,720	1,259,152
Present value of payments:		
Not later than 1 year	147,725	1,051,629
Later than 1 year and not later than 2 years	77,037	111,004
Later than 2 years and not later than 5 years	170,958	96,519
Present value of minimum lease payments	395,720	1,259,152
Less: Amount due within 12 months (Note 23)	(147,725)	(1,051,629)
Amount due after 12 months (Note 23)	247,995	207,523

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31. Related party transactions

(a) Sale and purchase of goods and services

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

	2011 RM	2010 RM
Group		
Transactions with a company in which the Directors of the Company, Loo Ngin Kong is a director and shareholder and Wong Siew Ying is a shareholder:		
Ladang Hassan & Loo Sdn. Bhd.		
-Transportation income	18,785	11,683
- Purchase of fresh fruit bunches	850,846	771,363
Transactions with companies in which a Director of the Company, Dato' Loo Pang Kee is a director and has interests:		
Rental expense charged by Piquet Holdings Sdn. Bhd.	90,000	90,000
Transactions with a Director of the Company, Loo Ngin Kong:		
Rental expense	40,800	39,600
Purchase of fresh fruit bunches	65,259	46,373
Transactions with a company in which a Director of the Company, Dr. Edmond Fernandez is a director and shareholder:		
Medical expenses charged by Klinik Elopura Sdn. Bhd.	8,191	62,637

31. Related party transactions (continued)

(a) Sale and purchase of goods and services (continued)

	2011 RM	2010 RM
Group (continued)		
Transactions with a company in which a Director of the Company, Dato' Sri Koh Kin Lip, JP is a director and has indirect interests:		
Purchase of quarry stones from Sukau Quarry Sdn. Bhd.	4,899	30,189
Company		
Transactions with subsidiaries:		
Purchasing handling expenses	14,760	13,710
Interest expenses on advances and related charges	458,368	347,580
Interest income on advances	2,181,225	1,669,424
Room expenses	10,638	11,344
Management fees income	6,812,800	6,459,700
Rental expense of premises	90,000	90,000
Transportation expenses	56,195	44,010

(b) Compensation of key management personnel

The remuneration of Directors who are also the members of key management during the year was as follows:

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Short-term employee benefits	3,488,530	3,065,999	3,300,473	2,887,065
Defined contribution plan	605,211	495,383	582,457	473,992
	4,093,741	3,561,382	3,882,930	3,361,057

32. Fair value of financial instruments

Determination of fair value

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

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

	Note
Trade and other receivables (current)	21
Trade and other payables (current)	24
Loans and borrowings (current)	23
Loans and borrowings (non-current)	23

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

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

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

Amounts due from/to subsidiaries, finance lease obligations and fixed rate bank loan

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

Financial guarantees

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

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

33. Financial risk management objectives and policies

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

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Group Finance Department overseen by an Executive Director. The audit committee provides independent oversight to the effectiveness of the risk management process.

It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Group applies hedge accounting.

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

a) Credit risk

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

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

Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by:

- The carrying amount of each class of financial assets recognised in the statements of financial position; and
- A nominal amount of RM34,205,300 (2010: RM49,094,500) relating to corporate guarantees provided by the Company to the banks and a supplier to secure banking/ credit facilities granted to subsidiaries.

33. Financial risk management objectives and policies (continued)

a) Credit risk (continued)

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the industry sector profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the reporting date are as follows:

	Group			
	2011		2010	
	RM	% of total	RM	% of total
By industry sectors:				
Plantation and mill	11,034,707	89%	12,472,954	94%
Fishery	216,473	2%	191,862	1%
Hotel	1,135,785	9%	663,716	5%
	12,386,965	100%	13,328,532	100%

At the reporting date, approximately:

- 89% (2010: 87%) of the Group's trade receivables were due from 3 major customers which are subsidiaries of well-established listed plantation group in Malaysia; and
- Almost all (2010: 65%) of the Company's receivables were balances with related parties.

Financial assets that are neither past due nor impaired

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

Financial assets that are either past due or impaired

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

b) Liquidity risk

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

33. Financial risk management objectives and policies (continued)

b) Liquidity risk (continued)

As part of its overall liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from financial institutions and balances its portfolio with some short term funding so as to achieve overall cost effectiveness. At the reporting date, approximately 33% (2010: 51%) of the Group's loans and borrowings and approximately 22% (2010: 32%) of the Company's loans and borrowings (Note 23) will mature in less than one year based on the carrying amount reflected in the financial statements.

Analysis of financial instruments by remaining contractual maturities

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

	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
Group				
2011				
Financial liabilities:				
Trade and other payables	42,360,933	-	-	42,360,933
Loans and borrowings	25,857,997	23,537,335	29,103,080	78,498,412
Total undiscounted financial liabilities	68,218,930	23,537,335	29,103,080	120,859,345
2010				
Financial liabilities:				
Trade and other payables	38,229,577	-	-	38,229,577
Loans and borrowings	28,327,146	23,496,863	3,982,150	55,806,159
Total undiscounted financial liabilities	66,556,723	23,496,863	3,982,150	94,035,736

33. Financial risk management objectives and policies (continued)

b) Liquidity risk (continued)

Analysis of financial instruments by remaining contractual maturities (continued)

	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
Company				
2011				
Financial liabilities:				
Amounts due to related parties	73,699,900	-	-	73,699,900
Other payables, excluding financial guarantees *	1,848,096	-	-	1,848,096
Loans and borrowings	14,960,258	23,289,340	29,103,080	67,352,678
Total undiscounted financial liabilities	90,508,254	23,289,340	29,103,080	142,900,674
2010				
Financial liabilities:				
Amounts due to related parties	179,815,989	-	-	179,815,989
Other payables, excluding financial guarantees *	1,691,561	-	-	1,691,561
Loans and borrowings	12,955,789	23,289,340	3,982,150	40,227,279
Total undiscounted financial liabilities	194,463,339	23,289,340	3,982,150	221,734,829

* At the reporting date, the counterparty to the financial guarantees does not have a right to demand cash as the default has not occurred. Accordingly, financial guarantees under the scope of FRS 139 are not included in the above maturity profile analysis.

33. Financial risk management objectives and policies (continued)

c) Interest rate risk

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

The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings and advances at floating rates given to/from related parties. The Company's advances at floating rate given to/from related parties form a natural hedge for its floating rate bank loans. All of the Group's and the Company's financial assets and liabilities at floating rates are contractually re-priced at intervals of at least one month (2010: at least one month) from the reporting date.

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

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 25 basis points lower/higher, with all other variables held constant, the Group's profit net of tax would have been RM195,257 higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

d) Foreign currency risk

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

The Group is exposed to currency translation risk arising from its net investment in an Indonesian subsidiary. The Group's net investment in Indonesia is not hedged as currency position in Indonesian Rupiah is considered to be long-term in nature.

34. Capital management

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

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

34. Capital management (continued)

The Group monitors capital using a gearing ratio, which is total loans and borrowings less cash and bank balances divided by equity attributable to equity owners of the parent. The Group's policy is to maintain the Group's net gearing ratio within 75% which is one of the loan covenants imposed by a lending bank. The calculations of the Group's and Company's gearing ratios are as follows:

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Loans and borrowings (Note 23)	78,498,412	55,806,159	67,352,678	40,227,279
Less:Cash and bank balances (Note 22)	(27,077,796)	(12,001,593)	(6,133,095)	(377,690)
	51,420,616	43,804,566	61,219,583	39,849,589
Equity attributable to the owners of the parent	296,832,637	267,678,442	121,789,449	120,855,680
Net gearing ratio	17%	16%	50%	33%

35. Segment information

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

(a) The plantation and mill segment is involved in cultivation and sale of oil palm products.
(b) The fishery segment is involved in fish rearing, hatchery and sale of fish and fries.
(c) The hotelier segment in involved in hotel operation.
(d) The corporate segment is involved in Group-level corporate services, treasury and purchasing functions and business investments.

Except as indicated above, no other operating segments has been aggregated to form the above reportable operating segments.

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

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

35. Segment information (continued)

2011	Plantation and milling RM	Fishery RM	Hotelier RM	Corporate RM	Adjustments and eliminations RM	Notes	Per consolidated financial statements RM
Revenue:							
External customers	448,978,288	2,708,759	7,175,833	-	-		458,862,880
Inter-segment	-	16,735	10,638	6,812,800	(6,840,173)	A	-
Total revenue	448,978,288	2,725,494	7,186,471	6,812,800	(6,840,173)		458,862,880
Results:							
Interest income	211,372	-	-	2,114	-		213,486
Depreciation and amortisation	8,656,532	359,143	1,783,439	80,073	-		10,879,187
Other non-cash expenses	5,732	-	899	5,650	-	B	12,281
Segment profit/(loss)	61,039,858	1,024,687	(173,222)	-	(11,616,943)	C	50,274,380
Assets:							
Additions to non-current assets	11,927,815	444,638	413,560	25,757	-	D	12,811,770
Segment assets	397,405,299	9,246,709	41,992,371	7,542,449	2,221,550	E	458,408,378
Segment liabilities	31,057,754	223,441	991,650	10,949,637	116,031,455	F	159,253,937

NOTES TO THE FINANCIAL STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011 (CONTINUED)

35. Segment information (continued)

2010	Plantation and milling RM	Fishery RM	Hotelier RM	Corporate RM	Adjustments and eliminations RM	Notes	Per consolidated financial statements RM
Revenue:							
External customers	389,020,653	1,625,398	5,682,248	-	-		396,328,299
Inter-segment	-	14,797	11,344	6,459,700	(6,485,841)	A	-
Total revenue	389,020,653	1,640,195	5,693,592	6,459,700	(6,485,841)		396,328,299
Results:							
Interest income	141,135	20	-	5,387	-		146,542
Depreciation and amortisation	8,462,783	341,382	1,326,692	78,424	-		10,209,281
Other non-cash expenses	27,918	2,595,067	14,942	8,711	-	B	2,646,638
Segment profit /(loss)	62,853,551	(2,673,173)	(665,025)	-	(8,501,455)	C	51,013,898
Assets:							
Additions to non-current assets	11,017,156	467,233	871,376	30,460	-	D	12,386,225
Segment assets	350,221,761	8,448,970	42,191,868	1,856,274	1,336,988	E	404,055,861
Segment liabilities	32,176,696	175,732	1,449,803	5,288,895	93,897,115	F	132,988,241

35. Segment information (continued)

A Inter-segment revenues are eliminated on consolidation.

B Other material non-cash expenses consist of the following items as presented in the respective notes to the financial statements:

	Note	2011 RM	2010 RM
Biological assets written off	8	-	2,477,168
Loss on disposal of property, plant and equipment	8	12,281	42,860
Impairment of goodwill	8	-	117,899
Unrealised foreign exchange loss	8	-	8,711
		12,281	2,646,638

C The following items are deducted from segment profit to arrive at "Profit before tax" presented in the consolidated statement of comprehensive income:

	2011 RM	2010 RM
Finance costs	4,347,925	2,055,841
Unallocated corporate expenses	7,269,018	6,445,614
	11,616,943	8,501,455

D Additions to non-current assets consist of:

	2011 RM	2010 RM
Property, plant and equipment	9,210,327	11,135,731
Biological assets	3,228,650	1,079,444
Land use rights	372,793	171,050
	12,811,770	12,386,225

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

	2011 RM	2010 RM
Deferred tax assets	980,887	1,125,340
Tax refundable	1,240,663	211,648
	2,221,550	1,336,988

35. Segment information (continued)

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

	2011 RM	2010 RM
Deferred tax liabilities	34,522,400	34,560,634
Income tax payable	3,010,643	3,530,322
Loans and borrowings	78,498,412	55,806,159
	116,031,455	93,897,115

Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Revenues		Non-current assets	
	2011 RM	2010 RM	2011 RM	2010 RM
Malaysia	458,862,880	396,328,299	289,300,104	291,354,535
Indonesia	-	-	16,035,849	12,523,727
	458,862,880	396,328,299	305,335,953	303,878,262

Non-current assets information presented above consist of the following items as presented in the consolidated statement of financial position.

	2011 RM	2010 RM
Property, plant and equipment	180,217,938	182,108,949
Land use rights	13,072,782	12,896,340
Biological assets	107,787,204	104,614,944
Intangible assets	4,258,029	4,258,029
	305,335,953	303,878,262

Information about major customers

Revenue from four (2010: three) major customers amount to RM431,082,160 (2010: RM378,384,617) arising from sale of crude palm oil and palm kernel by the plantation and mill segment.

36. Significant events

(a) On 20 January 2010, the High Court of Sabah awarded a judgment sum of RM565,686.44 being the claim by Atlantic Plantation Sdn. Bhd. (“Atlantic”) against Mature Land Sdn. Bhd. (“MLSB”), a wholly-owned subsidiary of the Company for alleged failure of delivery of vacant possession of 51.37 acres, a portion of the leasehold land being disposed by MLSB to Atlantic in October 2004. The judgment also states that upon full payment of the judgment sum and all interests imposed in the judgment, ownership of the said 51.37 acres shall revert to MLSB. MLSB has submitted a notice of appeal to the Court of Appeal on 11 February 2010. A conditional stay of judgment has been granted by the High Court of Sabah on 7 January 2011. Provision had been made in the Group’s financial statements for the financial year ended 31 December 2009 in respect of the judgment sum and the imposed interests accrued up to 31 December 2009 amounting to RM861,549.

(b) On 18 December 2009, a wholly-owned subsidiary, Permata Alam Sdn. Bhd. (“Permata”) entered into a Conditional Shares Sale And Purchase Agreement (“CSPA”) with Mr Ir. Ikhsanudin and Mr Firdaus (“Vendors of ABS”) in relation to the Proposed Acquisition of 2,375 fully paid up shares of IDR 100,000 each representing 95% equity interest in PT Agronusa Bumi Sejahtera (“ABS”) for a maximum purchase consideration of USD3,160,518.90 (USD399 x 8,338 hectares x 95%). On 5 March 2010, the Vendors of ABS and Permata entered into an amendment to the CSPA (“First Amendment of the CSPA”) to assign Permata’s rights and obligations under the CSPA to another wholly-owned subsidiary, Miasa Plantation Sdn. Bhd. (“Miasa”). As ABS has obtained an additional Grant of Location Permit for Oil Palm Plantation with the total land area of approximately 5,117 hectares located at East Kalimantan, Indonesia (“the Additional ABS Land”) on 8 November 2010, Miasa and the Vendors of ABS have agreed to enter into a second amendment agreement on 16 March 2011 to amend the purchase consideration for the sale of shares and several terms and conditions stated in the original CSPA to reflect the Additional ABS Land. However, based on the cadastral measurement of ABS land on 15 September 2011, the total land area of ABS is 5,564 hectares and thus, the maximum purchase consideration is revised to USD2,109,034.20 (USD 399 x 5,564 hectares x 95%) .

The total progress payments paid to the Vendors of ABS as at 31 December 2011 was USD1,386,450, which represents 66% of the latest revised maximum purchase consideration.

(c) On 7 July 2011, a wholly-owned subsidiary, Permata Alam Sdn Bhd (“PERMATA”) together with PT Rimba Melawai Mahakam, Ir. Heppy Trenggono and Hj. Rima Melati (collectively referred to as “the Sellers) entered into a Conditional Sale And Purchase Agreement (“the CSPA”) with PT Jaya Prima Sentosa (“the Purchaser”) in relation to the Proposed Disposal of 5,000 fully paid up shares of IDR 1,000,000 each, representing 100% equity interests in PT Prasetia Utama (“PU”) at a consideration of USD 6,368,176.50 (“the Proposed Disposal”). PERMATA has 90% beneficial interests in the equity of PU. Upon completion of the Proposed Disposal, PERMATA shall no longer pursue the application for approval from the Ministry of Law and Human Rights of the Republic of Indonesia to convert PU into a foreign investment company in order to ultimately acquire PU as a subsidiary. The completion of the Proposed Disposal is pending payment of the final instalment of the consideration by the Purchaser.

37. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2011 were authorised for issue in accordance with a resolution of the directors on 24 April 2012.

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

The breakdown of the retained earnings of the Group and of the Company as at 31 December 2011 and 2010 into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with 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.

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Total retained earnings or accumulated losses of the Company and its subsidiaries				
- Realised	294,002,384	266,648,442	637,895	(269,660)
- Unrealised	(16,543,980)	(16,626,333)	1,151,554	1,125,340
	277,458,404	250,022,109	1,789,449	855,680
Less: Consolidation adjustments	(100,003,083)	(101,482,976)	-	-
Retained earnings as per financial statements	177,455,321	148,539,133	1,789,449	855,680

SHAREHOLDING STATISTICS
As At 30 April 2012

SHARE CAPITAL

Paid-Up & Issued Share Capital	:	120,000,000
Authorised Share Capital	:	500,000,000
Type of Shares	:	Ordinary shares of RM1.00 each
No. of shareholders	:	971
Voting Rights	:	One vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS

Size of holdings	No. of Holders	% of Holders	Total Holdings	% of Holdings
1 to 99	43	4.43	732	0.00
100 to 1,000	589	60.66	125,058	0.11
1,001 to 10,000	252	25.95	1,006,802	0.84
10,001 to 100,000	48	4.94	1,465,700	1.22
100,001 to 5,999,999*	35	3.61	49,861,034	41.55
6,000,000 and above**	4	0.41	67,540,674	56.28
Total	971	100.00	120,000,000	100.00

Notes: * Less than 5% of issued holdings
** 5% and above of issued holdings

SUBSTANTIAL SHAREHOLDERS

According to the Register maintained under Section 69L of the Companies Act, 1965, the substantial shareholders' interests in shares of the Company (excluding bare trustees) are as follows:-

	Ordinary shares of RM1.00 each			
	Direct interests	**%**	**Indirect interests**	**%**
Jubilant Ventures Sdn Bhd	38,400,000	32.00	-	-
Dato' Sri Koh Kin Lip, JP	19,783,344	16.49	2,887,350*1	2.41
Dato' Loo Pang Kee	10,206,906	8.51	38,400,000*2	32.00
Loo Ngin Kong	7,961,724	6.63	6,200,000*3	5.17
Wong Siew Ying	3,622,684	3.02	44,600,000*4	37.17

Notes:
*1: Deemed interest via shareholdings of Rickoh Corporation Sdn. Bhd. in the Company pursuant to Section 6A(4), Companies Act, 1965 and via shareholdings of his daughter, Koh Se Gay, in the Company.
*2: Deemed interest via shareholdings of Jubilant Ventures Sdn. Bhd. in the Company pursuant to Section 6A(4), Companies Act, 1965.
*3: Deemed interest via shareholdings of his sons, Loo Pang Chieng and Loo Pang How, in the Company.
*4: Deemed interest via shareholdings of Jubilant Ventures Sdn Bhd and via shareholdings of her sons, Loo Pang Chieng and Loo Pang How, in the Company.

SHAREHOLDING STATISTICS AS AT 30 APRIL 2012 (CONTINUED)

DIRECTORS' INTERESTS
According to the Register maintained under Section 134 of the Companies Act, 1965, the directors' interests in shares of the Company are as follows:-

	Ordinary shares of RM1.00 each			
Name of Directors	**Direct interests**	**%**	**Indirect interests**	**%**
Loo Ngin Kong	7,961,724	6.63	6,200,000*1	5.17
Dato' Seri Tengku Dr. Zainal Adlin Bin Tengku Mahamood	1	0.00	-	-
Dato' Loo Pang Kee	10,206,906	8.51	38,400,000*2	32.00
Wong Siew Ying	3,622,684	3.02	44,600,000*3	37.17
Lim Ted Hing	804,000	0.67	-	-
Dr. Edmond Fernandez	32,300	0.03	-	-
Dato' Sri Koh Kin Lip, JP	19,783,344	16.49	2,887,350*4	2.41
Tan Vun Su	1	0.00	-	-

Notes:
*1: Deemed interest via shareholdings of his sons, Loo Pang Chieng and Loo Pang How, in the Company.
*2: Deemed interest via shareholdings of Jubilant Ventures Sdn. Bhd. in the Company pursuant to Section 6A(4), Companies Act, 1965.
*3: Deemed interest via shareholdings of Jubilant Ventures Sdn. Bhd. in the Company pursuant to Section 6A(4), Companies Act, 1965 and via shareholdings of her sons, Loo Pang Chieng and Loo Pang How, in the Company.
*4: Deemed interest via shareholdings of Rickoh Corporation Sdn. Bhd. in the Company pursuant to Section 6A(4), Companies Act, 1965 and via shareholdings of his daughter, Koh Se Gay, in the Company.

Thirty (30) Largest Securities Account Holders as at 30 April 2012

No.	Name	No. of Shares Held	%
1	Jubilant Ventures Sdn Bhd	38,400,000	32.00
2	UOBM Nominees (Asing) Sdn Bhd Exempt An for Societe Generale Bank & Trust, Singapore Branch (Cust Asset)	11,428,950	9.52
3	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Dato' Sri Koh Kin Lip, JP	10,750,000	8.96
4	Loo Ngin Kong	6,961,724	5.80
5	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securites Account - AmBank (M) Berhad for Dato' Loo Pang Kee	5,706,906	4.76
6	Maybank Nominees (Tempatan) Sdn Bhd Amanahraya Investment Management Sdn Bhd for Mutual Yield Sdn Bhd (C318-240203)	5,452,500	4.54
7	AMMB Nominees (Tempatan) Sdn Bhd AmBank (M) Berhad for Dato' Loo Pang Kee	4,500,000	3.75
8	Loo Pang Chieng	4,200,000	3.50
9	Dato' Sri Koh Kin Lip, JP	3,818,344	3.18
10	Wong Siew Ying	2,872,684	2.39
11	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Junior Koh Siew Hui	2,043,700	1.70
12	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Dato' Sri Koh Kin Lip, JP (8058900)	2,000,000	1.67
13	EB Nominees (Tempatan) Sendirian Berhad Pledged Securities Account for Dato' Sri Koh Kin Lip, JP (SFC 2)	2,000,000	1.67
14	Lai Ming Chun @ Lai Poh Lin	2,000,000	1.67
15	Loo Pang How	2,000,000	1.67

SHAREHOLDING STATISTICS AS AT 30 APRIL 2012 (CONTINUED)

Thirty (30) Largest Securities Account Holders as at 30 April 2012 (cont'd)

No.	Name	No. of Shares Held	%
16	Seah Sen Onn @ David Seah	1,902,500	1.59
17	Cimsec Nominees (Tempatan) Sdn Bhd CIMB Bank for Rickoh Corporation Sdn Bhd (MY0507)	1,500,000	1.25
18	Rickoh Corporation Sdn Bhd	1,317,350	1.10
19	Cimsec Nominees (Tempatan) Sdn Bhd CIMB Bank for Dato' Sri Koh Kin Lip, JP (MY0502)	1,215,000	1.01
20	Loo Ngin Kong	1,000,000	0.83
21	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account - AmBank (M) Berhad for Kirana Senja Sdn Bhd	900,000	0.75
22	Seah Sen Onn @ David Seah	815,000	0.68
23	Wong Siew Ying	750,000	0.63
24	Lim Ted Hing	604,000	0.50
25	Koh Siew Boon	515,800	0.43
26	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lai Tan Kiong (E-SDK)	352,100	0.29
27	Citigroup Nominees (Asing) Sdn Bhd Exempt An for UBS AG Singapore (Foreign)	332,000	0.28
28	Rosalind Lo Nyit Ying	288,000	0.24
29	Lie Tjie Moh @ Lee Chee Hiong	265,000	0.22
30	Kirana Senja Sdn Bhd	210,000	0.18

LIST OF PROPERTIES
As At 31 December 2011

Description/ Title/Location	Land area Hectares (unless otherwise stated)	Tenure (years)	Age of buildings (years)	Usage	Net book value as at 31.12.2011 RM	Date Acquired
Plantation land						
Growth estate, KM 70, Sandakan-Telupid-Kota Kinabalu Highway, District of Labuk-Sugut, Sabah	183.05	99 years lease expiring 31 December 2077 and 31 December 2086	N/A	Oil palm plantation	4,147,538	2002
Soon Tai estate, KM 71, Sandakan-Telupid-Kota Kinabalu Highway, District of Labuk-Sugut, Sabah	38.03	99 years lease expiring 31 December 2077	N/A	Oil palm plantation	987,827	2002
Jejco estate, KM 71, Sandakan-Telupid-Kota Kinabalu Highway, District of Labuk-Sugut, Sabah	40.71	99 years lease expiring 31 December 2077	N/A	Oil palm plantation	2,003,195	2002
Bintang estate, KM 71, Sandakan-Telupid-Kota Kinabalu Highway, District of Labuk-Sugut, Sabah	195.47	99 years lease expiring 31 December 2078	N/A	Oil palm plantation	5,463,894	2002
SROPP estate, KM 73, Sandakan-Telupid-Kota Kinabalu Highway, District of Labuk-Sugut, Sabah	224.94	99 years lease expiring 31 December 2077 and 31 December 2080	N/A	Oil palm plantation	4,924,492	2002
Teh estate, KM 75, Sandakan-Telupid-Kota Kinabalu Highway, District of Labuk-Sugut, Sabah	242.81	99 years lease expiring 31 December 2077 and 31 December 2079	N/A	Oil palm plantation	7,565,220	2005
Ballerina estate, KM 80, Sandakan-Telupid-Kota Kinabalu Highway, District of Kinabatangan, Sabah	163.13	99 years lease expiring 31 December 2077	N/A	Oil palm plantation	4,099,463	2002

LIST OF PROPERTIES AS AT 31 DECEMBER 2011 (CONTINUED)

Description/ Title/Location stated)	Land area Hectares (unless otherwise (years)	Tenure (years)	Age of buildings Usage	RM	Net book value as at 31.12.2011 Acquired	Date
Plantation land (Cont'd.)						
Sebuda estate, KM 80, Sandakan-Telupid-Kota Kinabalu Highway, District of Kinabatangan, Sabah	316.00	99 years lease expiring 31 December 2078	N/A	Oil palm plantation	6,475,896	2002
Telupid estates, KM 80 & KM 100, Sandakan-Telupid-Kota Kinabalu Highway, Districts of Kinabatangan & Labuk-Sugut, Sabah	1,379.95	99 years lease expiring 31 December 2078	N/A	Oil palm plantation	33,719,787	2002
Berkat estate, Mile 62, Sandakan-Telupid-Kota Kinabalu Highway, District of Labuk-Sugut, Sabah	101.71	99 years lease 31 December 2096	N/A	Oil palm plantation	1,756,667	2002 & 2005
Bonus Indah estate, KM 111, Sandakan-Telupid-Kota Kinabalu Highway, District of Labuk-Sugut, Sabah	999.60	99 years lease expiring 31 December 2091	N/A	Oil palm plantation	24,706,064	2002
Berkat estate, KM 111, andakan-Telupid-Kota Kinabalu Highway, District of Labuk-Sugut, Sabah	432.50	99 years lease expiring 31 December 2083 and 31 December 2093	N/A	Oil palm plantation	8,288,514	2002 S
Kian Merculaba estate, KM 113, Sandakan-Telupid-Kota Kinabalu Highway, District of Labuk-Sugut, Sabah	498.40	99 years lease expiring 31 December 2091	N/A	Oil palm plantation	8,219,731	2003
Natural estate, KM 124, Sandakan-Telupid-Kota Kinabalu Highway, District of Labuk-Sugut, Sabah	102.19	99 years lease expiring 31 December 2079	N/A	Oil palm plantation	2,611,930	2002

Description/ Title/Location	Land area Hectares (unless otherwise stated)	Tenure (years)	Age of buildings (years)	Usage	Net book value as at 31.12.2011 RM	Date Acquired
Plantation land (Cont'd.)						
Miasa estate, KM 124, Sandakan-Telupid-Kota Kinabalu Highway, District of Labuk-Sugut, Sabah	440.90	99 years lease expiring 31 December 2079 and 31 December 2081	N/A	Oil palm plantation	10,087,196	2002
Seraya estate, KM 124, Sandakan-Telupid-Kota Kinabalu Highway, District of Labuk-Sugut, Sabah	181.79	99 years lease expiring 31 December 2080	N/A	Oil palm plantation	4,044,463	2002
Transglobe estate, KM 124, Sandakan-Telupid-Kota Kinabalu Highway, District of Labuk-Sugut, Sabah	302.80	99 years lease expiring 31 December 2082	N/A	Oil palm plantation	6,753,507	2002
Sinar Ramai estate, KM 143, Sandakan-Telupid-Kota Kinabalu Highway, District of Labuk-Sugut, Sabah	192.30	99 years lease expiring 31 December 2086	N/A	Oil palm plantation	4,942,576	2002
Intan Ramai estate, KM 143, Sandakan-Telupid-Kota Kinabalu Highway, District of Labuk-Sugut, Sabah	228.10	99 years lease expiring 31 December 2086	N/A	Oil palm plantation	4,469,597	2002
Deltafort estate, KM 87, Segaliud Lokan, District of Kinabatangan, Sabah	400.30	99 years lease expiring 31 December 2087	N/A	Oil palm plantation & plantable reserve	6,881,028	2002
SROPP estate, KM87, Segaliud Lokan, District of Kinabatangan, Sabah	40.47	99 years lease expiring 31 December 2077	N/A	Oil palm plantation	1,125,752	2002
SROPP estate, KM30, Labuk Road, District of Sandakan, Sabah	39.02	99 years lease expiring 31 December 2060	N/A	Oil palm plantation	1,704,547	2002

LIST OF PROPERTIES AS AT 31 DECEMBER 2011 (CONTINUED)

Description/ Title/Location	Land area Hectares (unless otherwise stated)	Tenure (years)	Age of buildings (years)	Usage	Net book value as at 31.12.2011 RM	Date Acquired
Plantation land (Cont'd.)						
Permata Alam estate, KM87, Sandakan-Lahad Datu Highway, District of Kinabatangan, Sabah	200.30	99 years lease expiring 31 December 2085	N/A	Oil palm plantation	5,149,426	2003
Sungai Kenali estate, KM87, Sandakan-Lahad Datu Highway, District of Kinabatangan, Sabah	197.90	99 years lease expiring 31 December 2085	N/A	Oil palm plantation	3,557,858	2003
Other landed properties						
Ballerina , 2 adjoining double storey shophouses with a built-up area of 782.13m2, Lot 8 & 9, Taman Tshun Ngen, Mile 5, Labuk Road, District of Sandakan, Sabah	395.55m^2	999 years lease expiring 9 July 2887	37	Office buildings	854,468	2002
Ballerina, 1 double storey shophouse with a built-up area of 391.07m2, Lot 11, Taman Tshun Ngen, Mile 5, Labuk Road, District of Sandakan, Sabah	197.78 m^2	999 years lease expiring 9 July 2887	37	Office building	287,680	2003
Berkat, 1 double storey detached house, Lot 134, Taman Tshun Ngen, Mile 5, Labuk Road, District of Sandakan, Sabah	11,120 sq ft	999 years lease expiring 9 July 2887	29	Employees' accomodation	608,078	2007
SROPP palm oil mill with a built-up area of 6,232m2, KM 87, Segaliud-Lokan, Sandakan-Lahad Datu Highway, District of Kinabatangan, Sabah	35.39	99 years lease expiring 31 December 2077	17	Palm oil mill	7,704,167	2002

LIST OF PROPERTIES AS AT 31 DECEMBER 2011 (CONTINUED)

Description/ Title/Location	Land area Hectares (unless otherwise stated)	Tenure (years)	Age of buildings (years)	Usage	Net book value as at 31.12.2011 RM	Date Acquired
Other landed properties (Cont'd.)						
Berkat palm oil mill, with a built-up area of 4,193.80m2, KM 70, Sandakan-Telupid-Kota Kinabalu Highway, District of Labuk-Sugut, Sabah	4.05	60 years lease expiring 31 December 2044	26	Palm oil mill	7,346,683	2002
Palace Hotel, 8 storey hotel building with 151 rooms and ancillary buildings together with hotel facilities, an open car park for visitors and a staff quarter with total floor area of 8,673 m2, No. 1, Jalan Tangki, Karamunsing, Kota Kinabalu	1.789	999 years lease expiring 31 December 2907, 12 June 2913 and 2 October 2915 and 99 years lease expiring 28 April 2065	17	Hotel	31,948,000	2007 & 2008
Palace Ventures, three-storey shoplot with total floor area of 7,800 sq ft, Lot No. 56, Lorong Berjaya 5, Bandaran Berjaya, Kota Kinabalu, Sabah	1,700 sq ft	999 years lease expiring 21 January 2901	39	Rental property	2,323,559	2008
Better Prospects, Sungai Obar, Mile 7, Off Airport Road, 90000 Sandakan, Sabah	10.89	99 years lease expiring 31 December 2077	3	Fish ponds, hatchery & nursery building	4,060,902	2007 & 2008
TOTAL					**218,819,705**	

NPC RESOURCES BERHAD

(Company No. 502313-P)

(Incorporated in Malaysia under the Companies Act, 1965)

APPENDIX A TO THE COMPANY'S ANNUAL REPORT 2011 IN RELATION TO PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY

Details of the Proposed Amendments to the Articles of Association of the Company are as follows:

(Note: Deletions are struckthrough and additions are underlined)

Article No.	Existing Provisions	Proposed Provisions
2.	**Interpretation** **Words** — **Meanings** ~~Authorised Nominee~~ — ~~A person who is authorized to act as nominee as specified under the Rules.~~	**Interpretation** **Words** — **Meaning** Exempt Authorised Nominee — An authorized nominee defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
82.	**Proxy for authorized nominee** Where a Member of the Company is an authorized nominee ~~as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one proxy in respect of each securities account it~~ holds ~~with~~ ordinary shares ~~of~~ the Company ~~standing to the credit of the said securities~~ account.	**Proxy for Exempt Authorized Nominee** Where a Member of the Company is an exempt authorized nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus account it holds.
88.	**Appointment of proxy** A Member entitled to attend and vote at a meeting is entitled to appoint one (1) but not more than two (2) proxies to attend and vote instead of him at the same meeting. A proxy may but need not be a Member of the Company and the provisions of Section 149(1)(b) of the Act shall not apply to the Company. Where a Member appoints two (2) proxies to attend and vote instead of him at the same meeting, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy. The instrument appointing the proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or if such appointor is a corporation either under its Common Seal or the hands of its officers or attorney duly authorised. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.	**Appointment of proxy** A Member entitled to attend and vote at a meeting is entitled to appoint one (1) but not more than two (2) proxies to attend and vote instead of him at the same meeting of the Company, or at a meeting of any class of members of the Company, There shall be no restriction as to the qualification of the proxy. A proxy may but need not be a Member of the Company and the provisions of Section 149(1)(b) of the Act shall not apply to the Company. A proxy appointed to attend and vote at a meeting of a Company shall have the same rights as the member to speak at the meeting. Where a Member appoints two (2) proxies to attend and vote instead of him at the same meeting, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy. The instrument appointing the proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or if such appointor is a corporation either under its Common Seal or the hands of its officers or attorney duly authorised. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.

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NPC Resources Berhad (502313-P)

PROXY FORM

I/We, ____

of ____

being a member/members of NPC RESOURCES BERHAD, hereby appoint ______________________

of ____

or failing him, ____

of ____

or failing him the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Twelfth Annual General Meeting of the Company, to be held at the Conference Room 3, 6th Floor, The Palace Hotel, No. 1, Jalan Tangki, Karamunsing, 88100 Kota Kinabalu, Sabah on Monday, 25 June 2012 at 11.00 am or any adjournment thereof.

I/We direct my/our proxy to vote for or against the Resolutions to be proposed at the Meeting as hereinunder indicated.

No.	Resolutions	For	Against
1.	To receive and adopt the Directors' Report and Audited Financial Statements for the financial year ended 31 December 2011.		
2.	To declare a final single tier dividend of 2 sen per share.		
3.	To re-appoint Mr Loo Ngin Kong as Director.		
4.	To re-appoint Dato' Seri Tengku Dr. Zainal Adlin Bin Tengku Mahamood as Director.		
5.	To re-elect Madam Wong Siew Ying as Director.		
6.	To re-elect Mr Tan Vun Su as Director.		
7.	To approve the payment of Directors' fees of RM80,000.00.		
8.	To re-appoint Messrs Ernst & Young as Auditors and to authorize the Directors to fix their remuneration.		
9.	Authority to issue shares pursuant to Section 132D, Companies Act, 1965.		
10	Proposed Renewal of the Existing Shareholders' Mandate for Recurrent Related Party Transactions.		
11.	Proposed Renewal of Share Buy-Back Authority.		
12.	Proposed Amendments to the Articles of Association.		

(Please indicate with an "x" in the appropriate box against each resolution how you wish your proxy to vote. If this form of proxy is returned without any indication as to how the proxy shall vote, the proxy will vote or abstain as he thinks fit).

Dated this day of 2012

NO. OF SHARES HELD	

____
Signature(s) of Member(s)

Notes:

a) A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965, shall not apply to the Company.

b) A member shall be entitled to appoint one (1) but not more than two (2) proxies to attend and vote at the same meeting and where a member appoints two (2) proxies to attend and vote instead of him at the same Meeting, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.

c) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if such appointor is a corporation, either under its Common Seal or the hands of its officers or attorney duly authorised.

d) The instrument appointing a proxy shall be deposited at the Registered Office of the Company at Lot 9, T3, Taman Tshun Ngen, Mile 5, Jalan Labuk, 90000 Sandakan, Sabah, not less than forty-eight (48) hours before the time for holding the Meeting or any adjournment thereof.

Fold this flap for sealing

Affix
Stamp

The Company Secretary
NPC RESOURCES BERHAD(Company No. 502313-P)
Lot 9, T3
Taman Tshun Ngen
Mile 5, Jalan Labuk
90000 Sandakan
Sabah

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