Cultivating New Horizons

annual report 2012

SIN HENG CHAN (MALAYA) BERHAD (4690-V)
(Incorporated in Malaysia)

Cultivating New Horizons

Cover Rationale

Cultivating New Horizons

The sophisticated design on the cover is inspired by the promising future that lies ahead of Sin Heng Chan (Malaya) Berhad. Hence, it is complemented by the upbeat headline--Cultivating New Horizons. The visual aspect of the design is dominated by a close-up view of an oil palm frond, with its stem resembling a long clear road that leads into the future with balanced growth and productivity which are emphasized by the symmetry of the pinnae.

The background of the design features a solid colour to emphasize the strength and stability of our company. On the whole, the cover design makes a strong statement about our excellent prospects.

Contents

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Fifty-First (51st) Annual General Meeting of the Company will be held at Banyan & Casuarina Rooms, Ground Floor, Sime Darby Convention Centre, 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Wednesday, 15 May 2013 at 10:00 a.m. for the following purposes:

AGENDA

Ordinary Businesses

1. To receive the Audited Financial Statements for the financial year ended 31 December 2012 together with the Reports of the Directors and the Auditors thereon.

2. To re-elect the Directors who retire in accordance with Article 94 of the Articles of Association of the Company:

   (a) Dato' Choo Keng Weng **(Ordinary Resolution 1)**
   (b) Encik Mohd Shariff Bin Salleh **(Ordinary Resolution 2)**

3. To approve the payment of Directors' fees amounting to RM36,000.00 for the financial year ended 31 December 2012. **(Ordinary Resolution 3)**

4. To appoint Messrs Ecovis AHL as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. **(Ordinary Resolution 4)**

   A Notice of Nomination pursuant to Section 172 (11) of the Companies Act, 1965 from a member of the Company (a copy marked "Annexure A" which is annexed hereto) has been received by the Company for the nomination of Messrs Ecovis AHL for the appointment as Auditors of the Company in place of the retiring Auditors, Messrs Deloitte KassimChan and of the intention to move the following motion to be passed as an Ordinary Resolution:

   "That Messrs Ecovis AHL be and are hereby appointed as Auditors of the Company in place of the retiring Auditors, Messrs Deloitte KassimChan and to hold office until the conclusion of the next Annual General Meeting AND THAT authority be and is hereby given for the Directors to determine their remuneration."

Special Businesses

5. To consider and, if thought fit, to pass the following Ordinary and Special Resolutions:

   - **Authority to Allot Shares Pursuant to Section 132D of the Companies Act, 1965** **(Ordinary Resolution 5)**

     "THAT pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby empowered to allot and to issue shares in the share capital of the Company at any time until the conclusion of the next Annual General Meeting and 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 does not exceed 10% of the issued share capital of the Company for the time being.

     AND THAT the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad and THAT such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

- **Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions** **(Ordinary Resolution 6)**

  "THAT subject to the Companies Act, 1965 ("Act"), the Memorandum and Articles of Association and the Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and its Subsidiaries to enter into all transactions involving the Related Parties as specified in the Section 2.4.1 of the Circular to Shareholders dated 23 April 2013 provided that such transactions are:

  (i) recurrent transactions of a revenue or trading nature;
  (ii) necessary for the day-to-day operations;
  (iii) carried out in the ordinary course of business on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public; and
  (iv) are not to the detriment of the minority shareholders.

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

  (i) the conclusion of the next Annual General Meeting ("AGM"), at which time it will lapse, unless by a resolution passed at the said AGM, such authority is renewed;
  (ii) the expiration of the period within which the next AGM of the Company 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
  (iii) revoked or varied by a resolution passed by the Shareholders in a General Meeting;

  whichever is the earlier.

  AND FURTHER THAT the Directors of the Company be authorised to complete and do all such acts and things (including executing all such documents as it may be required) as they may consider expedient or necessary to give effect to the Mandate."

  - **Retention of Independent Non-Executive Director** **(Ordinary Resolution 7)**

    "THAT approval be and is hereby given to YBM Tunku Mahmood Bin Tunku Mohammed who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company in accordance with the Malaysian Code on Corporate Governance 2012."

  - **Proposed Adoption of New Articles of Association of the Company** **(Special Resolution)**

    "THAT the new Articles of Association of the Company as proposed and set forth in Appendix I of the Circular to Shareholders dated 23 April 2013 be and are hereby approved and adopted by the Company in substitution for and to supersede the existing Articles of Association of the Company, and that the Directors of the Company be and are hereby authorised to do all acts and things and take all such steps as they may consider necessary and/or desirable to give full effect to the new Articles of Association of the Company."

6. To transact any other business of which due notice shall have been given.

BY ORDER OF THE BOARD

LIM SIEW TING
(MAICSA 7029466)
Company Secretary

Kuala Lumpur
23 April 2013

Notice of Annual General Meeting
(Cont'd)

Explanatory Notes to Special Businesses

(i) Authority to Allot Shares Pursuant to Section 132D of the Companies Act, 1965 (Resolution 5)

The Proposed Ordinary Resolution 5, if passed, will empower the Directors from the date of the Fifty-First Annual General Meeting ("AGM") to allot and issue up to a maximum of 10% of the issued share capital of the Company for the time being (other than bonus or rights issue) for such purposes as they consider would be in the best interest of the Company. This authority, unless revoked or varied at a general meeting, will expire at the next AGM of the Company.

As at the date of this notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the last AGM held on 18 May 2012 and which will lapse at the conclusion of the Fifty-First AGM of the Company.

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

(ii) Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions (Resolution 6)

The Proposed Ordinary Resolution 6, if passed, will enable the Company and/ or its subsidiaries to enter into recurrent transactions involving the interest of Related Parties, which are of a revenue or trading nature and necessary for Group's day-to-day operations, subject to the transactions being carried out in the ordinary course of business and on terms not to the detriment of the minority shareholders of the Company.

(iii) Retention of Independent Non-Executive Director (Resolution 7)

The Nomination Committee has assessed the independence of YBM Tunku Mahmood Bin Tunku Mohammed, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, and recommended him to continue to act as Independent Non-Executive Director of the Company based on the following justifications:-

(i) He fulfilled the criteria under the definition of an Independent Director, as stipulated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and thus, he would be able to function as check and balance, provide a broader view and brings an element of objectivity to the Board;
(ii) His years of experience as a businessman enabled him to provide the Board with a diverse set of experience, expertise and independent judgment; and
(iii) He has performed his duty diligently and in the best interest of the Company and provides a broader view, independent and balanced assessment of proposal from the Management.

(iv) Proposed Adoption of the New Articles of Association of the Company (Special Resolution)

The Proposed Special Resolution, if passed, will streamline the Company's new Articles of Association with the recent amendments to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

Further information of the proposed new Articles of Association of the Company is set out under Appendix I of the Circular to Shareholders dated 23 April 2013 which is dispatched together with the Company's 2012 Annual Report.

Notes:

1. *A member of the Company entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and vote in his stead. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without limitation and the provisions of Section 149(1)(a), (b), (c) and (d) of the Act shall not apply to the Company.*
2. *Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, which holds ordinary shares for multiple beneficial owners in one securities account ("Omnibus Account"), there is no limit to the number of proxies it may appoint in respect of each Omnibus Account.*
3. *In the case of a corporate member, the instrument appointing a proxy shall be under its Common Seal or under the hand of an officer or attorney, duly authorised in writing.*
4. *Where a member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportion of his holding to be represented by each proxy.*
5. *To be valid, the original Form of Proxy, must be completed and deposited at the Registered Office of the Company at Suite 2.02, Level 2, Wisma E&C, No. 2, Jalan Dungun Kiri, Damansara Heights, 50490 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time for holding the Meeting or any adjournment thereof.*
6. *The lodging of a completed Form of Proxy will not preclude a member from attending and voting in person at the meeting should the member subsequently wish to do so, however such attendance would be an automatic revocation of the proxy's authority unless an intimation in writing has been made to the Company at the registered office.*
7. *For the purposes of determining a member entitled to attend the meeting, the Company will request Bursa Malaysia Depository Sdn Bhd (in accordance with Article 66(b) of the Company's Articles of Association), to issue the Record of Depositors ("ROD") as at 9 May 2013 for determining the depositors who shall be deemed to be the registered holders of the shares of the Company eligible to be present and vote at the meeting. Only a depositor whose name appears on the ROD as at 9 May 2013 shall be entitled to attend the meeting.*

Annexure 'A'

Dato' Choo Keng Weng
No. 3, Jalan Cemperai
Damansara Heights
50490 Kuala Lumpur

Date: 15 April 2013

The Board of Directors
SIN HENG CHAN (MALAYA) BERHAD
Suite 2.02, Level 2, Wisma E & C
No. 2, Lorong Dungun Kiri
Damansara Heights
50490 Kuala Lumpur

Dear Sirs

NOTICE OF NOMINATION OF MESSRS ECOVIS AHL AS AUDITORS

I, Dato' Choo Keng Weng, being a member of Sin Heng Chan (Malaya) Berhad holding 14.14% of shares in Sin Heng Chan (Malaya) Berhadhereby give notice pursuant to Section 172(11) of the Companies Act, 1965 of our intention to nominate Messrs Ecovis AHL as auditors of the Company in place of the retiring auditors, Messrs Deloitte KassimChan, and of our intention to move the following motion to be passed as an ordinary resolution at the 51st Annual General Meeting of Sin Heng Chan (Malaya) Berhad:

> "THAT Messrs Ecovis AHL be and are hereby appointed as auditors of the Company in place of the retiring auditors, Messrs Deloitte KassimChan and to hold office until the conclusion of the next Annual General Meeting AND THAT authority be and is hereby given for the Directors to determine their remuneration."

Yours faithfully

DATO' CHOO KENG WENG

1. DIRECTORS WHO ARE STANDING FOR RE-ELECTION

The following are Directors who are standing for re-election at the Annual General Meeting of the Company:

(i) Dato' Choo Keng Weng
(ii) Encik Mohd Shariff Bin Salleh

The profiles of the above Directors are set out in the Section entitled "Profile of Directors" on pages 10 and 11 of this Annual Report. The details of their securities holding in the Company and Subsidiaries are stated on page 98 of this Annual Report.

2. DETAILS OF ATTENDANCE OF DIRECTORS

A total of four (4) Board Meetings were held during the financial year ended 31 December 2012.

Details of the current Directors' attendance since their respective appointments are as follows:

DIRECTORS	NO. OF MEETINGS ATTENDED
Tuan Syed Omar Bin Syed Abdullah	4/4
Dato' Choo Keng Weng	4/4
YBM Tunku Mahmood Bin Tunku Mohammed	4/4
Encik Mohd Shariff Bin Salleh	3/4
Mr. Khaw Teik Thye (Resigned on 11 March 2013)	4/4
Mr. Thomas Tuan Kit Kwong	4/4

All four (4) meetings were held at Board Room, Level 3, Wisma E & C, No. 2, Lorong Dungun Kiri, Damansara Heights, 50490 Kuala Lumpur on the following dates and time:

DATE	TIME
28.02.2012	11.00 a.m.
24.05.2012	11.00 a.m.
27.08.2012	12.30 p.m.
26.11.2012	11.00 a.m.

3. DATE, TIME AND PLACE OF THE ANNUAL GENERAL MEETING

The Fifty-First (51st) Annual General Meeting of SIN HENG CHAN (MALAYA) BERHAD will be held as follows:

Date : Wednesday, 15 May 2013
Time : 10:00 a.m.
Place : Banyan & Casuarina Rooms, Ground Floor, Sime Darby Convention Centre, 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur

Board of Directors

Tuan Syed Omar Bin Syed Abdullah	- Chairman / Non-Independent Executive
Dato' Choo Keng Weng	- Managing Director / Non-Independent Executive
YBM Tunku Mahmood Bin Tunku Mohammed	- Independent Non-Executive
Mr. Thomas Tuan Kit Kwong	- Independent Non-Executive
Encik Mohd Shariff Bin Salleh	- Independent Non-Executive

AUDIT COMMITTEE

Mr. Thomas Tuan Kit Kwong
Chairman / Independent Non-Executive

YBM Tunku Mahmood Bin Tunku Mohammed
Member / Independent Non-Executive

Encik Mohd Shariff Bin Salleh
Member / Independent Non-Executive

COMPANY SECRETARY

Lim Siew Ting
(MAICSA 7029466)

REGISTERED OFFICE

Suite 2.02, Level 2
Wisma E & C
No. 2 Lorong Dungun Kiri
Damansara Heights
50490 Kuala Lumpur
Malaysia
Tel : 03-2094 7992
Fax : 03-2093 5571

BUSINESS OFFICE

Level 3, Wisma E & C
No. 2 Lorong Dungun Kiri
Damansara Heights
50490 Kuala Lumpur
Malaysia
Tel : 03-2094 7992
Fax : 03-2094 7996

SHARE REGISTRAR

Boardroom Corporate Services (KL) Sdn Bhd
Lot 6.05, Level 6,
KPMG Tower
8 First Avenue,
Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan
Tel : 03-7720 1188
Fax : 03-7720 1111

PRINCIPAL BANKERS

CIMB Bank Berhad
AGRO Bank

AUDITORS

Deloitte KassimChan

STOCK EXCHANGE LISTING

Main Board of Bursa Malaysia Securities Berhad
(Listed since 26 July 1973)
Stock Name : SHCHAN
Stock Code : 4316

WEBSITE

www.shcm.com.my

SIN HENG CHAN (MALAYA) BERHAD (4690-V)
(Incorporated in Malaysia)

- 100% **Ayam Segar Sdn Bhd**
- 100% **Goldkist (Malaysia) Sdn Bhd**
- 100% **Goldkist (NS) Sdn Bhd**
- 100% **Kuala Lumpur Feedmill Sdn Bhd**
- 100% **Sin Heng Chan Feed Sdn Bhd**
- 100% **SHC Realty Sdn Bhd**
- 100% **SHC Technopalm Plantation Services Sdn Bhd**
- 100% **SHC Tubau Plantation Sdn Bhd**
- 100% **Urun Plantations Sdn Bhd**

TUAN SYED OMAR BIN SYED ABDULLAH

Chairman / Non-Independent Executive Director

Tuan Syed Omar Bin Syed Abdullah, aged 57, a Malaysian citizen, is the Chairman of the Company. He was appointed to the Board of Directors on 28 April 1995. He was a Press Secretary to the Chief Minister of Johor Darul Takzim, from 1986 to 1990 and the Political Secretary to the Minister of Law of the Prime Minister's Department from 1990 to 1994. He also sits on the boards of several private limited companies.

He does not have any family relationship with any Director and/or major shareholder, nor any conflict of interest with the Company. He has no convictions for any offences over the past 10 years.

DATO' CHOO KENG WENG

Managing Director / Non-Independent Executive Director

Dato' Choo Keng Weng, aged 63, a Malaysian citizen, is a businessman with varied interest and investments in Malaysia and overseas. He was appointed as Managing Director of Sin Heng Chan (Malaya) Berhad on 17 June 1995 and is a member of the Remuneration Committee of the Company. He holds degrees in Bachelor of Science and Master in Business Administration (MBA) in Finance (USA).

After graduation in 1978, he served in various corporate positions overseas and in Malaysia. He has vast experience in consumer food products, manufacturing and trading, property investment, plantation and timber manufacturing. Presently, Dato' Choo Keng Weng also serves on the board of several non-listed companies.

He does not have any family relationship with any Director and/or major shareholder, nor any conflict of interest with the Company. He has no convictions for any offences over the past 10 years.

YBM TUNKU MAHMOOD BIN TUNKU MOHAMMED

Independent / Non-Executive Director

YBM Tunku Mahmood Bin Tunku Mohammed, aged 68, a Malaysian citizen, was appointed as Director of the Company in January 1999. He is the Chairman of the Remuneration Committee and a member of the Audit Committee and Nominating Committee of the Company.

YBM Tunku Mahmood Bin Tunku Mohammed served the military for many years. He is a businessman and is involved with plantation and hospitality business. He is also a Director of Java Berhad, a public company listed on the Bursa Malaysia Securities Berhad. He also serves on the board of several other private companies. In 2012, YBM Tunku Mahmood was appointed as "Jumaah Majlis Diraja Johor.".

He does not have any family relationship with any Director and/or major shareholder, nor any conflict of interest with the Company. He has no convictions for any offences over the past 10 years.

MR. THOMAS TUAN KIT KWONG

Independent / Non-Executive Director

Mr. Thomas Tuan Kit Kwong, aged 49, a Malaysian citizen, was appointed to the Board on 11 November 2011. He is a Chartered Accountant by profession and is a member of the Malaysian Institute of Accountants and Malaysian Institute of Certified Public Accountants. He started his accounting career with Azman, Wong, Salleh & Co. and subsequently joined KPMG Peat Marwick. In 1991, Mr. Thomas joined Syarikat Teratai KG Sdn Bhd as Financial Controller and later was with Kelanamas Industries Berhad. He was appointed as Director and CEO of Pakai Industries Berhad since 1995 and is also a Director of Kingpac Berhad since June 2011. He is also Chairman of Audit Committee and a member of Nominating Committee of the Company.

He does not have any family relationship with any Director and/or major shareholder, nor any conflict of interest with the Company. He has no convictions for any offences over the past 10 years.

ENCIK MOHD SHARIFF BIN SALLEH

Independent / Non-Executive Director

Encik Mohd Shariff Bin Salleh, aged 62, a Malaysian citizen, was appointed to the Board on 14 March 2006. He holds a Master of Science in Poultry Science (Production Management) and Master in Business Administration from Louisiana State University, U.S.A.

He has vast experience in the poultry and animal farming industry exceeding 25 years. He is also the Chairman of the Nominating Committee and a member of the Audit Committee and Remuneration Committee of the Company.

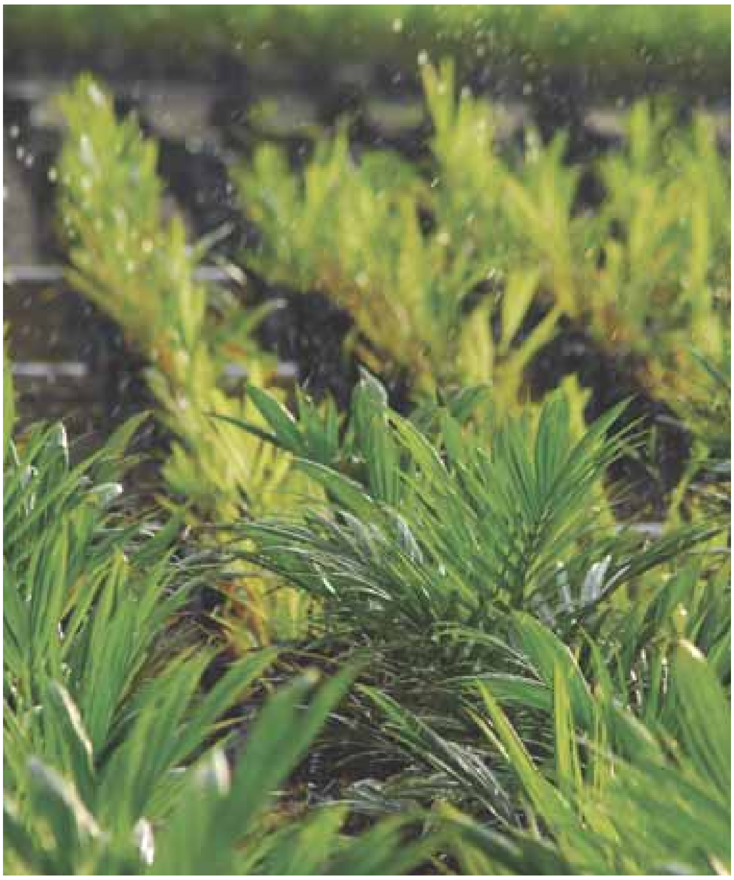
He does not have any family relationship with any Director and/or major shareholder, nor any conflict of interest with the Company. He has no convictions for any offences over the past 10 years.

Notes to Directors' Profile:

1. **ATTENDANCE AT BOARD MEETINGS**
   The details of the Directors' attendance at Board Meetings are set out on pages 6 and 18 of this Annual Report.

2. **SHAREHOLDINGS**
   The details of the Directors' interest in the securities of the Company are set out on page 98 of this Annual Report.

On behalf of the Board of Directors, I am pleased to present herewith the Annual Report and the Audited Financial Statements of Sin Heng Chan (Malaya) Berhad ("Company") and its group of companies ("Group") for the financial year ended 31 December 2012.



FINANCIAL REVIEW

For the Financial Year ("FY") 2012, the Group registered a lower revenue of RM23.24 million compared to RM27.15 million in the FY 2011 due to the disposal of its Poultry and Feed Milling division. Since the disposal, the Group's revenue stems from the core business of oil palm plantation. The revenue was also affected by the lower average selling price of crude palm oil ("CPO") of RM2,862 per MT compared to RM3,283 per MT in FY 2011. The lower CPO price can be attributed to the slowdown in economic growth of China and India, renewed fear of Eurozone financial crisis, and record high palm oil stockpiles in Malaysia and Indonesia.

Despite the lower price of CPO, the group's increased production of Fresh Fruit Bunches ("FFB") helped the Group to register a Profit After Tax ("PAT") of RM3.62 million which was higher than the PAT from continuing operations of RM3.03 million in FY 2011. In terms of total comprehensive income from continuing and discontinued operations, the Group's PAT for FY 2012 was lower compared to RM17.96 million in FY 2011. The previous year's profits were boosted by a non-recurring profit from discontinued operations (Poultry and Feed milling division) of RM14.93 million.

Similarly, the Group's Basic Net Earnings Per Share from continuing operations (oil palm plantation) improved from 2.10 cent to 2.98 cent in FY 2012 but the Group Total Basic Net Earnings Per Share from continuing and discontinued operations decreased from 14.68 cent to 2.98 cent in FY 2012. The Group's Total Shareholders' Funds increased from RM83.17 million to RM83.49 million in FY 2012.

OPERATIONS REVIEW

PLANTATION

The oil palm plantation division has become the main contributor to the Group's revenue since the disposal of its Poultry and Feed Milling division in FY 2011. During the FY 2012, the Group's production of FFB increased from 39,039 mt in 2011 to 43,170 mt and recorded a growth of 10.6%.

The increase was mainly attributed to better harvesting efforts and improvements in worker productivity in light of the industry's tightening labour situation. We are confident that the growth in FFB production for the year 2013 will be further improved as more areas come into maturity.

The Group will continue to be vigilant in managing its costs to improve profit margins. The Group has been undertaking aggressive measures to maximize FFB yields by optimizing harvesting rounds and engaging the natives in lieu of foreign workers to carry out harvesting work and collection of loose fruits. Improvements to infrastructure at the estate such as through road maintenance, installation of Bailey bridges and the construction of better accommodation facilities to attract and retain workers will continue to be the main emphasis of the Group. Since fertiliser is one of the major components of a plantation operating cost, close attention was afforded from the tendering process to actual application in the fields.

To maximise oil extraction rate ("OER") and to enhance profitability, constant dialogues were held between plantation and mill management to ensure that good grades of FFB in terms of freshness and ripeness were sent to the mills for processing. The Group will continue to be diligent and place great emphasis on adopting the industry's best estate management practices when developing areas for new planting in order to meet the industry's standards of FFB yields.

PROSPECT

It is expected that the oil palm industry, particularly in Sarawak, will be increasingly challenging due to the rising cost of operations such as the introduction of health insurance scheme for foreign workers, the implementation of minimum wage and the rising cost in production processes. Palm oil millers in Sarawak are likely to increase their processing fee in the year 2013 given the rising costs and added inflationary factors, thereby affecting the Group's profit. However, with the new export tax structure announced by the Plantation, Industries and Commodities Ministry which took effect on January 2013, the Group anticipates a boost to the competitiveness of local exporters.

Nevertheless, the Board and Management are fundamentally optimistic given the projected improvements in the OER and FFB production on the expectation of rising FFB yields and the increase in oil palm mature areas. The Group is also committed to developing and planting available land bank in 2013.

Going forward, the Board and the Management aim to look out for new strategic investments and/or strategic joint-ventures in order to further enhance the Group's overall competitiveness, particularly to improve operational efficiency. The Group will continue to work towards strengthening its market position and achieving greater economies of scale.

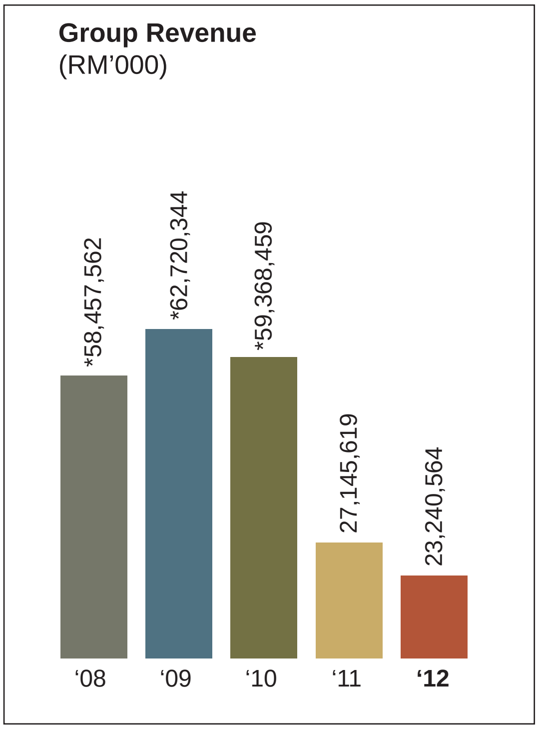
ACKNOWLEDGEMENT

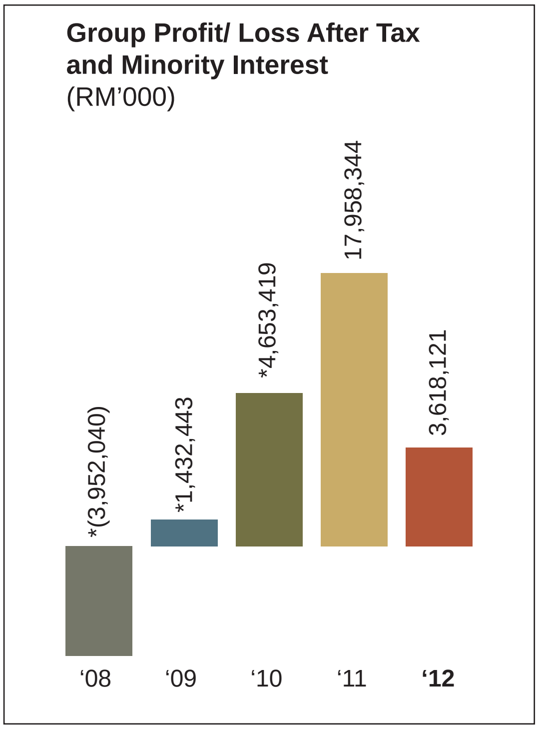
The Group's success todate has been made possible by the efforts and sacrifices of our dedicated team of employees. On behalf of the Board of Directors, I wish to express our sincere gratitude to these hardworking individuals and ask that they continue to uphold their commitment to excellence. I would also like to extend our appreciation to all our valued shareholders, customers, business partners, bankers and government authorities for their invaluable support and confidence towards the Group as well as for the unwavering support and contributions made by my fellow Board members during the year.

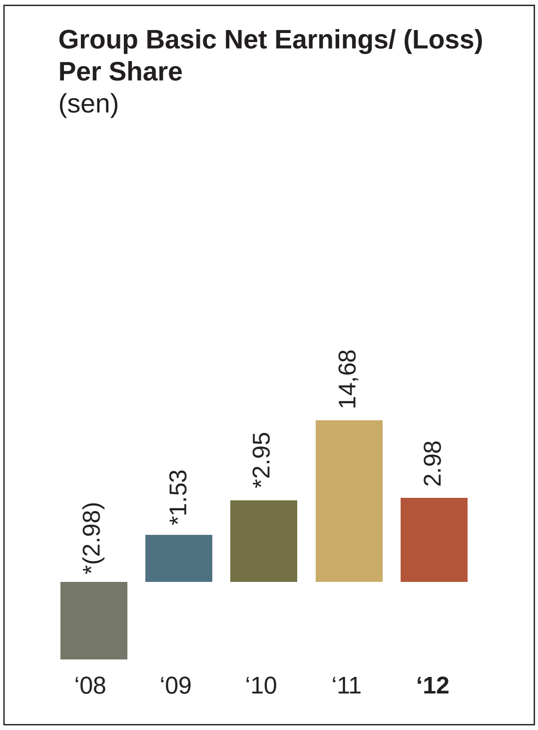
I wish to thank our outgoing Executive Director, Mr. Khaw Teik Thye for his invaluable contribution to the Group.

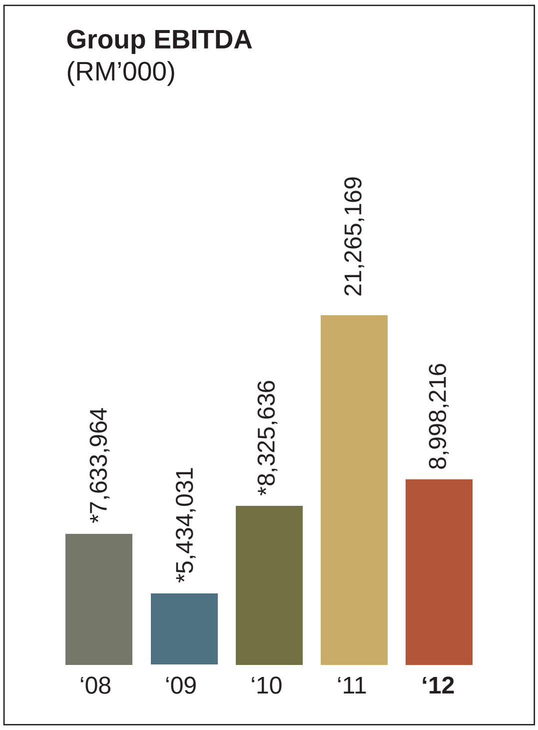
TUAN SYED OMAR BIN SYED ABDULLAH
Chairman

Financial Summary









Notes: * Includes Poultry Breeding and Feed Milling Segments

Corporate Governance describes the framework and process by which institutions, through their Board of Directors and senior management, regulate their business activities. These principles are to create balance, safe and sound business operations while complying with relevant laws and regulations.

The Board of Directors ("the Board") of the Sin Heng Chan (Malaya) Berhad Group ("Group") recognises that practices of good Corporate Governance form the cornerstone of a responsible, progressive and effective organisation. It also serves to maintain the trust, confidence and good relationship of the Group with its shareholders, employees, customers, suppliers, business associates, regulatory authorities, as well as the members of the communities in which it operates.

The Board is committed to ensuring and maintaining a high standard of corporate governance within the Group as it forms a fundamental part of discharging its responsibilities and the affairs of the Group are always conducted with integrity, transparency and professionalism with the objective of safeguarding the shareholders' investment and ultimately enhancing the shareholders' interest.

This report describes how the Company has applied its corporate governance framework and practices of the Group to comply with the relevant principles of the Malaysian Code on Corporate Governance 2012 ("Code"), Guidance Notes 2 on Corporate Governance and Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements").

BOARD OF DIRECTORS

Role of the Board of Directors

The Board assumes responsibility for stewardship of the Company and its subsidiaries and is primarily responsible for the protection and enhancement of long-term value and returns for the shareholders, and supervising its affairs to ensure its success within a framework of acceptable risks and effective control and in compliance with the relevant laws, regulations, guidelines and directives which governs the Group. It reviews management performance and affairs of the Group and ensures that the necessary financial and human resources are available to meet the Group's objectives. In addition, the Board is directly responsible for decision making in respect of the following matters:

(a) reviewing and adopting strategic plans for the Group;
(b) overseeing the conduct of the Group's businesses to evaluate whether the businesses are being properly managed;
(c) appointment of directors and key managerial personnel;
(d) announcements including approval and releases of financial results and annual reports;
(e) business strategy including significant acquisition and disposal of subsidiaries or assets or liabilities;
(f) operating budgets, significant investments and capital expenditures; and
(g) corporate policies in keeping with good corporate governance and business practices.

Board Composition and Balance

The strength of the Board lies in the composition of its members, who has a wide range of expertise, extensive experience and diverse background in business, finance and technical knowledge.

As at 31 December 2012, the Board consists of six (6) Directors of whom three (3) are independent. The composition of Independent Non-Executive Directors has met the minimum prescribed in the Code and Listing Requirements. The current list of Directors is as follows:

Executive Directors

Tuan Syed Omar Bin Syed Abdullah	- Chairman
Dato' Choo Keng Weng	- Managing Director
Mr. Khaw Teik Thye (Resigned on 11 March 2013)	- General Manager

Independent Non-Executive Directors
Mr. Thomas Tuan Kit Kwong
YBM Tunku Mahmood Bin Tunku Mohammed
Encik Mohd Shariff Bin Salleh

The composition of the Board will be reviewed, when necessary, to ensure that the current Board size is appropriate and effective, taking into account the nature and scope of the Company's operations.

The Board comprises persons who as a group provide the relevant core competencies and mix of skills in the areas of financial, technical and business to meet the Company's requirements. The Directors' objectives judgment on corporate affairs and collective experience and knowledge are invaluable to the Group. Profiles of the members of the Board, are set out on pages 10 to 11 of this Annual Report.

The Board is led by Tuan Syed Omar Bin Syed Abdullah as the Chairman and the executive management of the Company is led by Dato' Choo Keng Weng, the Managing Director. There is a clear division of responsibilities between the Chairman and Managing Director to ensure that there is a balance of power and authority. The separation of the roles of the Chairman and the Managing Director was to ensure that considerable concentration of power does not lie with any one individual.

Independence of Directors

The Independent Directors play a pivotal role in corporate accountability, which is reflected in their membership of the various Board committees and their attendance of meetings as set out below. The Independent Directors provide unbiased views and impartiality to the Board's deliberations and decision-making process. In addition, the Non-Executive Directors ensure that matters and issues brought to the Board are fully discussed and examined, taking into account the interest of all stakeholders in the Group.

All the Independent Non-Executive Directors are independent of management and free from any business tie or other relationships that could materially interfere with the exercise of their independent judgment.

Tenure of Independent Director

YBM Tunku Mahmood Bin Tunku Mohammed was appointed as Independent Non-Executive Director of the Company on 11 January 1999 and has served as an Independent Director for a cumulative period of more than nine (9) years as at the date of the notice of the Fifty-First Annual General Meeting ("AGM") which exceeded the tenure of an Independent Director as set out in the Recommendation 3.2 of the Code.

The Nomination Committee has assessed the independence of YBM Tunku Mahmood Bin Tunku Mohammed. Pursuant to the Recommendation 3.3 of the Code, the Board strongly recommends to the shareholders at the forthcoming AGM that YBM Tunku Mahmood Bin Tunku Mohammed continues to act as Independent Non-Executive Director for the purpose based on the following justifications:-

* He fulfilled the criteria under the definition of Independent Director as set out in Chapter 1 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and thus he would be able to function as check and balance, provide broader view and brings an element of objectivity to the Board.
* His experience as a businessman enabled him to provide the Board with a diverse set of experience, expertise and independent judgement, and
* He has performed his duty diligently and in the best interest of the Company and provides a broader view, independent and balanced assessment of proposal from the management.

Board Meetings

The Board meets at least four (4) times during the financial year. The meeting attendance of the individual Directors are as follows:

DIRECTORS	**NO. OF MEETINGS ATTENDED**
Tuan Syed Omar Bin Syed Abdullah	4/4
Dato' Choo Keng Weng	4/4
Mr. Khaw Teik Thye (Resigned on 11 March 2013)	4/4
YBM Tunku Mahmood Bin Tunku Mohammed	4/4
Encik Mohd Shariff Bin Salleh	3/4
Mr. Thomas Tuan Kit Kwong	4/4

Supply of Information

To assist the Board in fulfilling its responsibilities, the Directors are sent an agenda and a full set of Board papers providing complete, adequate and timely information prior to the Board meetings, to give Directors time to deliberate on the issues raised at the meetings. The Board has full and unrestricted access to all information pertaining to the businesses and affairs from Senior Management as well as services of the Company Secretary to enable them to discharge duties effectively. In addition to quantitative information, the Directors are also provided with updates on other areas such as market developments and risk management.

The Directors, whether as a group or individually, is entitled to obtain independent professional advice and when necessary in furtherance of their duties at the Company's expenses. The appointment of such professional advisor is subject to the approval of the Board.

Appointment and Re-election

New candidates for appointment as Directors will be reviewed based on the required mix of skills, expertise, experience and other qualities of individuals concerned to constitute an effective board. As an integral element of the process of appointing new Directors, the Board ensures that there is an orientation and education program for new Board Members.

In accordance with the Company's Articles of Association, one third of Directors shall retire from office and be eligible for re-election at each Annual General Meeting. Re-appointments are not automatic and all Directors shall retire from office at least once in every three (3) years but shall be eligible for re-election by shareholders in the Annual General Meeting.

Pursuant to the Listing Requirements, each member of the Board holds not more than five (5) directorships in public listed companies. This ensures that the Board's commitment, resources and time are focused on the affairs of the Group to enable them to discharge their duties effectively.

Directors' Training

All the Directors have attended the Mandatory Accreditation Programme ("MAP") conducted by Bursa Malaysia Training Sdn Bhd, the training and education arm of Bursa Malaysia Securities Berhad.

All Executive Directors have been with the Company for several years and are familiar with their duties and responsibilities as directors. In addition, the newly appointed Directors will be given briefings and orientation by the Executive Director and top management of the Company on the business activities of the Group and its strategic directions, as well as their duties and responsibilities as directors.

The Directors are regularly updated on new statutory and regulatory requirements and the impact and implication to the Group and Directors in carrying out their duties and responsibilities. In addition, the Directors also receives briefings and updates on the Group's businesses and operations, risk management activities and technology initiatives on a regular basis. The Company provides internal programmes and other external programmes for its Directors during the financial year, amongst which include:

* The Board's Role In Governance & Audit Committee Oversight Responsibilities – Passion Beyond Numbers
* Malaysian Code on Corporate Governance 2012
* Updates on the Listing Requirements of Bursa Malaysia Securities Berhad
* Plantations & Management Practices for Planters Seminar
* Pinfosys Training

Board Committees

To ensure the effective discharge of the Board's fiduciary duties, the Board has delegated specific responsibilities to the following Board Committees. The Board Committees will deliberate in greater detail and examine the issues within their terms of reference as set out by the Board in compliance with the Code.

(i) Audit Committee

Composition of the Audit Committee, its terms of reference and a summary of its activities are set out on pages 23 to 26 of this Annual Report.

(ii) Nomination Committee

The Nomination Committee is comprised entirely of the Independent Non-Executive Directors. The members are:

* Encik Mohd Shariff Bin Salleh - Chairman
* YBM Tunku Mahmood Bin Tunku Mohammed - Member
* Mr. Thomas Tuan Kit Kwong - Member

Among the primary duties of the Nominating Committee includes assessing and reviewing the composition of the Board to ensure that it has an appropriate balance of skills and experience among the Board members, as well as recommending to the Board, candidates for all directorship and on Board Committees.

The Nominating Committee shall review the criteria for evaluating the Board's performance. The performance criteria for the Board's evaluation includes an evaluation of the size and composition of the Board, the Board's access to information, accountability, Board's processes and Board's performance in relation to discharging its principal responsibilities, communication with management and standard of conduct of the Directors. Each Director assesses the Board's performance as a whole by providing feedback to the Nominating Committee. The Nominating Committee, when reviewing the Board's performance, shall take note of the feedback received from the Directors and act on the comments accordingly.

(iii) Remuneration Committee

The Remuneration Committee is comprised majority of Independent Non-Executive Directors. The members are:

* YBM Tunku Mahmood Bin Tunku Mohammed - Chairman
* Dato' Choo Keng Weng - Member
* Encik Mohd Shariff Bin Salleh - Member

The Remuneration Committee is entrusted with responsibilities to set the policy framework and to make recommendations to the Board on the components of the remuneration packages, general employment terms and other benefits for the Executive Directors and Key Senior Management Officers so as to attract, retain and motivate individuals of high caliber and quality to serve the Group.

(iv) Employees' Share Option Scheme ("ESOS") Committee

The Committee is primarily responsible for administering the Company's ESOS Scheme in accordance with the approved bye-laws and regulations, including selection of eligible employees and options allocations. It also reviews the guidelines and bye-laws relating to the schemes and advised the Board accordingly.

DIRECTORS' REMUNERATION

Level and Mix of Remuneration

In setting remuneration packages, the consideration is given on the pay and employment conditions within the industry and in comparable companies. As part of the review, the performance related elements and remuneration form a significant part of the total remuneration package of Executive Directors and is designed to align the Directors' interest with those of shareholder and link rewards to corporate and individual performance. The remuneration of Non-executive Directors are also reviewed to ensure that the remuneration commensurate with the contributions and responsibilities of the directors. The Company submits the quantum of Directors' fees of each year, if any, to the shareholders for approval at each Annual General Meeting.

Disclosure on Remuneration

Remuneration of Non-Executive Directors is determined by the Board as a whole. Individual Directors do not participate in determining their own remuneration package. The Board, based on the sum to be authorized by the Company's shareholders, determines fees payable to Non-Executive Directors. Non-Executive Directors are also entitled to meeting allowances and reimbursement of expenses incurred in the course of their duties as Directors.

The aggregate remuneration of Directors for the financial year ended 31 December 2012 is categorised as follows:

	Salaries RM'000	Other Emoluments RM'000	Fees RM'000	Total RM'000
Executive Directors	859	190	18	1,071
Non-Executive Directors	-	-	18	18

The analysis of remuneration of Directors for the financial year ended 31 December 2012 is as follows:

Range of Remuneration	No. of Directors	
	Executive	Non-Executive
Below RM50,000	-	3
RM50,001 to RM100,000	-	-
RM100,001 to RM150,000	1	-
RM150,001 to RM200,000	-	-
RM200,001 to RM250,000	-	-
RM250,001 to RM300,000	1	-
RM300,001 to RM350,000	-	-
RM350,001 to RM400,000	-	-
RM400,001 to RM500,000	-	-
RM500,001 to RM550,000	-	-
RM550,001 to RM600,000	-	-
RM600,001 to RM650,000	-	-
RM650,001 to RM700,000	-	-
RM700,001 to RM750,000	1	-

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board is responsible for presenting a clear, balanced and comprehensive assessment of the Group's financial position, performance and prospects each time it releases its quarterly and annual financial statements to its shareholders. The Board is responsible for ensuring that financial statements prepared give a true and fair view of the state of affairs of the Company and of the Group. The Board considers the presentation of the financial statements and that the Group has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates.

The statements of Directors' responsibilities for the preparation of the Financial Statements are set out in page 30 of this Annual Report.

Internal Control

The Statement on Internal Control provides an overview of the state of internal controls within the Group and is set out on pages 26 to 27 of this Annual Report.

Relationship with External Auditors

The Board ensures that there are formal and transparent arrangements for the achievement of objectives and maintenance of professional relationship with the External Auditors. The External Auditors have full access to the books and records of the Group at all time. They participate in the annual stock counts of the Group.

The Audit Committee meets the External Auditors to discuss their audit plan, audit findings and the financial statements. The Audit Committee also meets the External Auditors without the presence of the Executive Directors and any member of the Management at least twice in each financial year or whenever deemed necessary.

The Audit Committee's role with respect to Internal and External Auditors is described in the Audit Committee Report set out on pages 23 to 26 of this Annual Report.

SHAREHOLDERS AND INVESTORS

The Group recognises the importance of effective communication with the shareholders and investors through various appropriate channels. The Group regularly communicates with the investor community in conformity with disclosure requirements.

The Annual General Meeting is the primary forum for the Directors to communicate with shareholders. The Board provides opportunities for shareholders to raise questions pertaining to issues in the Annual Report, corporate developments in the Group, the resolutions being proposed and the business of the Group at every general meeting. The Board encourages other channels of communication with shareholders. For this purpose, the Board has identified YBM Tunku Mahmood Bin Tunku Mohammed as the Senior Independent Director to whom questions or concerns regarding the Group may be conveyed. YBM Tunku Mahmood Bin Tunku Mohammed can be contacted via the following channels:

Post : YBM Tunku Mahmood Bin Tunku Mohammed
Sin Heng Chan (Malaya) Berhad
Level 3, Wisma E & C
No. 2, Lorong Dungun Kiri
Damansara Heights
50490 Kuala Lumpur
Fax : (603) 2093 5571
Email : auditcom.shcm@gmail.com

Investors may also direct their queries to Investor Relations Manager at the above correspondence address and fax number or via email :ir@shcm.com.my.

The Company also maintains a web-site at www.shcm.com.my dedicated to provide information of the Group to the shareholders, investors and the general public who have an interest in the business and affairs of the Group.

Compliance with the Code

The Board has approved this statement and is of the opinion that the Company has, to its best ability complied with the relevant principles and best practices outlined in the Code for the financial year ended 31 December 2012.

The Audit Committee reviews and monitors the integrity of the Group's financial reporting process, in addition to reviewing the Group's system of internal controls. It also reviews the Group's audit process, compliance with legal and regulatory requirements, code of business conduct and any other matters that are specially delegated by the Board.

1. Membership and Attendance

The Audit Committee members and details of attendance of each member of the Audit Committee meetings during the financial year are as follows:

Audit Committee	Number of meetings attended
Mr. Thomas Tuan Kit Kwong (Chairman) *Independent Non-Executive Director*	4/4
YBM Tunku Mahmood Bin Tunku Mohammed *Independent Non-Executive Director*	4/4
Encik Shariff Bin Salleh *Independent Non-Executive Director*	3/4

The Audit Committee met four (4) times during the financial year ended 31 December 2012.

As at the reporting date, the criteria for composition of members has been met.

2. Summary of Activities of the Audit Committee

During the financial year ended 31 December 2012, the Audit Committee carried out its duties as set out in the terms of reference which included the following:

(a) Review of the quarterly financial reports before recommending to the Board for their approval and release of the Group's results to Bursa Malaysia Securities Berhad;
(b) Review of the Audit Planning Memorandum with the External Auditors;
(c) Review of the Audit Review Memorandum with the External Auditors;
(d) Review the Audit Fees of the External Auditors;
(e) Review of the internal audit findings and recommendations with the Internal Auditors;
(f) Review the Audit Committee Report and Statement on Internal Control; and
(g) Review the procedure established to monitor Recurrent Related Party Transactions and also any related party transactions.
(h) Review and verify the allocation of options to eligible Directors, Senior Management and employees pursuant to the ESOS Scheme.

3. Internal Audit Function

The Company has outsourced its internal audit function to an independent internal audit services provider for the financial year ended 31 December 2012. The Internal Audit function is to support the Audit Committee in discharging its duties with respect to the adequacy, integrity and effectiveness of the systems of internal control within the Group. The internal Auditors independently carry out its reviews and reports to the Audit Committee.

During the financial year the Internal Auditors reviewed the system of internal control and the processes implemented by the management in the key subsidiary Companies and reported its results and findings to the Audit Committee.

The total cost incurred for the Group Internal Audit Function in respect of the financial year ended 31 December 2012 was RM25,000.00.

4. Terms of Reference

Composition

The Committee shall be appointed by the Board from amongst its Directors excluding alternate Directors and shall comprise no fewer than three (3) members, all of whom must be non-executive directors with a majority of whom shall be independent directors. Alternate Director shall not be appointed as members of the Committee.

All members should be financially literate and at least one (1) member must be:

a) a member of the Malaysian Institute of Accountants ("MIA"); or
b) if he is not a member of MIA, he must have at least 3 years' working experience and must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
c) he must be a member of one of the associations or accountants specified in Part II of the 1st Schedule of the Accountants Act, 1967; or
d) fulfils such other requirements as prescribed or approved by the Bursa Malaysia Securities Berhad.

In the event a Member of the Committee resigns, dies, or for any reason ceases to be a member with the result the number of members is reduced to below three (3), or if the majority of the members become non-Independent Directors, the Board of Directors shall within three (3) months of such vacancy, appoint such number of new members as may be required to make up the minimum number of three (3) members or the majority being Independent Directors. Therefore a member of the Audit Committee who wishes to retire or resign should provide sufficient written notice to the Company so that a replacement may be appointed before he leaves.

The Board of Directors of the Company must review the term of office and performance of an 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.

Chairman

The Chairman, shall be elected from amongst their number, who shall be an independent director. In event of the Chairman's absence, the meeting shall be chaired by an independent director.

The Chairman should engage on a continuous basis with senior management, such as the Chairman of the Board, the chief executive officer, the finance director, the head of internal audit and the external auditors in order to be kept informed of matters affecting the Company.

Secretary

The Company Secretary shall be the Secretary of the Committee and shall be responsible, in conjunction with the Chairman, for drawing up the agenda and circulating it prior to each meeting.

The Secretary shall also be responsible for keeping the minutes of meetings of the Committee and circulating them to the Committee Members. The Committee Members may inspect the minutes of the Audit Committee at the registered office or such other place as may be determined by the Audit Committee.

Meetings

The Committee shall meet at least four (4) times in each financial year and may regulate its own procedure in lieu of convening a formal meeting by means of video or teleconference. The quorum for a meeting shall be two (2) members, provided that the majority of the members present at the meeting shall be independent. In addition to its four meetings each financial year, the Committee may take action by unanimous written consent of its members.

The Committee may call for a meeting as and when required with reasonable notice as the Committee Members deem fit.

All decisions at such meeting shall be decided on a show of hands on a majority of votes.

The external auditors and internal auditors have the right to appear at any meeting of the Audit Committee and shall appear before the Committee when required to do so by the Committee. The external auditors may also request a meeting if they consider it necessary.

The other directors and employees of the Company may attend any particular Audit Committee meeting only at the Committee's invitation, specific to the relevant meeting.

Rights

The Audit Committee shall:

(a) have explicit authority to investigate any matter within its terms of reference;
(b) have the resources which are required to perform its duties;
(c) have full and unrestricted access to any information pertaining to the Group;
(d) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity;
(e) have the right to obtain legal or independent professional or other advice at the Company's expense;
(f) have the right to convene meetings with the external auditors, the internal auditors or both excluding the attendance of other directors and employees of the Company, whenever deemed necessary;
(g) promptly report to the Bursa Malaysia Securities Berhad ("Bursa Securities"), or such other name(s) as may be adopted by Bursa Securities, matters which have not been satisfactorily resolved by the Board of Directors resulting in a breach of the listing requirements;
(h) have the right to pass resolutions by a simple majority vote from the Committee and that the Chairman shall have the casting vote should a tie arise;
(i) meet as and when required on a reasonable notice; and
(j) the Chairman shall convene a meeting to consider any matter external auditor believes should be brought to the attention of the directors or shareholders, upon the request of the External Auditors.

Duties

(a) To review with the external auditors on:

- the audit plan, its scope and nature;
- the audit report;
- the results of their evaluation of the accounting policies and systems of internal accounting controls within the Group; and
- the assistance given by the officers of the Company to external auditors, including any difficulties or disputes with Management encountered during the audit.

(b) To 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.

(c) To recommend such measures as to be taken by the Board of Directors on the effectiveness of the system of internal control, management information and risk management practices of the Group.

(d) To review the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function.

(e) To review any appraisal or assessment of the performance of members of the internal audit function.

(f) To review any appointment or termination of the internal auditors and take cognizance of resignations of internal auditors and provide the resigning internal auditors an opportunity to submit reasons for resigning.

(g) To review with management:

- audit reports and management letter issued by the external auditors and the implementation of audit recommendations;
- interim financial information; and
- the assistance given by the officers of the Company to external auditors.

(h) To review related party transactions entered into by the Company or the Group and to determine if such transactions are undertaken on an arm's length basis and normal commercial terms and on terms not more favourable to the related parties than those generally available to the public, and to ensure that the Directors report such transactions annually to shareholders via the annual report, and to review conflicts of interest that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of management integrity.

(i) To review the quarterly reports on consolidated results and year-end financial statements prior to submission to the Board of Directors, focusing particularly on:

- changes in or implementation of major accounting policy and practices;
- significant and / or unusual matters arising from the audit;
- the going concern assumption; and
- compliance with accounting standards and other legal requirements.

(j) To discuss problems and reservations arising from the interim and final audits, and any matter the auditor may wish to discuss (in the absence of management where necessary).

(k) To meet with the external auditors without executive board members present at least twice a year.

(l) To consider the appointment and / or re-appointment of auditors, the audit fee and any questions of resignation or dismissal including recommending the nomination of person or persons as external auditors to the board.

(m) To verify the allocation of options pursuant to a share scheme for employees as being in compliance with the criteria for allocation of options under the share scheme, at the end of each financial year.

5. Statement on Employees' Share Option Scheme ("ESOS") by the Committee

The Audit Committee has reviewed and verified that the allocation of options granted during the financial year under the Company's ESOS was in accordance with the criteria for allocation of options pursuant to the ESOS.

Introduction

The Malaysian Code on Corporate Governance 2012 and the Companies (Amendment) Act 2007 requires the directors of listed companies to maintain a sound system of internal control to safeguard shareholders' investments and the Group's assets. The Directors of the Company are pleased to present this Statement on Internal Control with respect to the state, nature and scope of the internal control of the Group during the year.

Board's Responsibility

The Board of Directors ("Board") is responsible for the Group's system of internal control, which includes the establishment of an appropriate control environment and framework as well as reviewing its adequacy and integrity. However, such a system is designed to manage the Group's risks within an acceptable risk profile, rather than to eliminate the risk of failure to achieve the policies and business objectives of the Group. Therefore, it should be noted that it can only provide reasonable but not absolute assurance against material misstatement of management and financial information and records or against financial losses or fraud.

The Board has undertaken the appropriate initiatives to strengthen the transparency, accountability and efficiency of the operations. The Board recognizes the importance of ensuring that a sound system of internal controls and effective risk management practices are in place in the organization. It has therefore given due attention towards improving the effectiveness of internal control, risk management and governance process of the organisation.

The management assists the Board in the implementation of the Board's policies and procedures on risk and control, also in the design, operations and monitoring of suitable internal controls to mitigate and control these risks.

Risk Management Framework

The Board recognizes the importance of identifying and managing principals risks of the Group's daily operations and that the identification and the management of such risk will affect the achievement of the Group's corporate objectives. As part of the integral process of risk management, the Group shall formalize the Group's risk management framework in which the existence of significant risks of the Group has been identified and quantified. A risk profile of the Group shall be compiled to help the Board and senior management to prioritise their focus on areas of high risks.

The functional management has been given a clear line of accountability and delegated authorities have been established as part of the internal control efforts through the standard operating practices. The senior management is responsible for identifying, managing and reporting on significant risks on an ongoing basis and any significant risk matters shall be bought to the attention of the Executive Director, and if necessary, are also raised for discussion at Board meetings.

Internal Audit Function

The Board acknowledges the importance of the internal audit function and has engaged an independent professional firm to provide Internal Audit services to assist the board in providing the assurance it requires on the effectiveness as well as the adequacy and integrity of the Group's systems of internal control .

The Internal Audit function carries out review on the effectiveness of the internal control systems and highlights to the Audit Committee any significant findings in respect of non-compliances and major control weaknesses of which the management is responsible for ensuring that corrective actions are taken on the reported weaknesses.

The internal audit reviews are carried out using risk-based approach and based on major operating cycles as recommended and agreed with the senior management and endorsed by the Audit Committee.

In the year under review, the following reviews on the Group's operations were undertaken by the internal auditors:

- Harvesting and Manuring Management
- Purchasing Cycle and Managment
- Management of weighbridge recording and delivery controls
- Repair & maintenance management
- Diesel consumption cycle and management

The findings arising from the above reviews have been reported to the management for their response and subsequently for the Audit Committee deliberation. Where weaknesses were identified, recommended procedures have been or are being put in place to strengthen controls.

Key Internal Control Processes

The following are the key processes that have been established as part of the Group's internal control effort:

(a) Internal control effort were done through standard operating practices and guidelines involving operational planning, capital expenditure, safeguarding of assets against unauthorized use or disposition, financial and accounting records, reporting system and monitoring of Group's businesses and performances.

(b) The Executive Directors through their daily involvement in the business operations and attendance at operational and management level meetings, monitor the Company's policies and procedures.

(c) The Audit Committee reviews internal control issues identified by the Internal Auditors and external auditors and evaluates the adequacy and effectiveness of the risk management and internal control systems. They also reviews the internal audit functions with particular emphasis on the scope of audits and quality of internal audits.

(d) The Corporate Office at the holding company coordinates and monitors the monthly performance results of the independent operational units based on actual against budgeted financial performances, key business indicators and highlights of the related happenings. The liquidity position of the Group is monitored daily through the online banking system and also through the weekly reporting of bank transactions of the business units.

The internal control system will continue to be reviewed, added on or updated in line with the changes in the operating environment.

Conclusion

Based on inquiry, information and assurance provided, the Board is of the opinion that the internal control system was generally satisfactory and adequate for its purpose. There will be continual focus on measures to protect and enhance shareholder value and business sustainability.

Review of the Statement by External Auditors

This statement, prepared in accordance with paragraph 15.26(b) of the Main Market Listing Requirements has been reviewed by the external auditors as required under paragraph 15.23 for inclusion in the annual report. Based on their review, the external auditors have reported to the Board that nothing has come to their attention that cause them to believe that the statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal controls.

This statement is made in accordance with the resolution of the Board of Directors dated 5 April 2013.

The Bursa Malaysia Securites Berhad's Corporate Social Reponsibility ("CSR") Framework is basically a set of guidelines for Malaysian public listed companies to help them in the practice of CSR. CSR relates to open and transparent business practices that are based on ethical values and respect for the community, employees, the environment, shareholders and other stakeholders. It is designed to deliver sustainable value to society at large.

The Company is committed to operating in an economically, socially and environmentally sustainable manner whilst balancing the interest of the diverse stakeholders.

At Sin Heng Chan (Malaya) Berhad, we view CSR as a journey towards integrating the values of CSR initiatives which are translated into the practical aspects of how we run our business, from marketing and operations to human resources.

Our Employees

The Group firmly believes that caring for its employees will contribute positively to the Group's long term profitability of the business and success through improved efficiency of the work processes. The Group provides Hospitalisation and Surgical insurance coverage and Group Personnel Accident Insurance on top of the statutory SOCSO contribution for employees to mitigate medical and accidental contingencies. Our employees at the estates are residents in the housing estates which have developed for our plantation employees to thrive. We ensure that our employees receive constant supply of clean water and electricity.

We occasionally have social and recreational events such as sports competitions and other social programmes to encourage networking and socializing between colleagues and peers. We also conduct formal performance reviews on the competencies of our staff to identify their strengths and weaknesses. As part of our effort to provide growth and progression opportunities for our staff, on-the-job training, in-house programmes and external training courses are provided to improve their practical knowledge and field exposure.

The Group firmly believes that caring for its employees will contribute positively to the Group's long term profitability of the business and success through improve efficiency of the work process.

Our Community

We engage with and respect the cultures of the communities where we live and work. We maintained effective, transparent and open communication with the local communities and would try our best during consultations and dialogues to accede to communities request for support that would help them lead more comfortable lives.

The Group has undertaken the development of oil palm plantations on some parts of the Native Customary Rights land in Sarawak, with the aim at bringing social and economic benefits to the landowners as well as neighbouring community. We provided construction and maintenance of rural access roads and also bridges across the Urun State.

Our Environment

The Group is working responsibly to reduce the environmental impact of our operations and firmly believes in continuing to adopt waste management and recycling programmes in our operational process. The Group has implemented the several key initiatives such as making available separate bins to collect waste and arranging for proper disposition on a periodic basis.

Our Board would continue to seek new and improved ways to enhance its CSR responsibilities and activities as well as its relationship with all stakeholders including shareholders, government and government agencies, the media, non-governmental organizations and interest groups.

Additional Compliance Disclosures

Directors' Responsibility Statement

The Directors are responsible for ensuring that the financial statements of the Company and of the Group are drawn up in accordance with the applicable approved accounting standards in Malaysia and provisions of the Companies Act 1965 so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2012 and of the results and cashflows of the Company and of the Group for the financial year ended on that date.

In preparing the financial statements, the Directors have:
* adopted suitable accounting policies and applied them consistently;
* made judgements and estimates that are reasonable and prudent;
* ensured the adoption of applicable approved accounting standards; and
* used the going concern basis for the preparation of the financial statements.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy the financial position of the Group and of the Company, and are kept in accordance with the Companies Act, 1965. The Directors are also responsible for safeguarding the assets of the Group and of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Utilisation of Proceeds

There were no corporate proposals conducted in the financial year under review.

On 30 November 2011, the Company completed the disposal of the 80% equity interest in PTS Goldkist Industries Sdn Bhd (formerly known as Sin Heng Chan Industries Sdn Bhd). The proceeds from the disposal amounted RM24.50 Million has been utilised as at 31 December 2012 are follows:-

	Proposed utilisation (RM'000)	Utilised as at 31 December 2012 (RM'000)	Balance (RM'000)
Staff cost	2,400	1,337	1,063
Other working capital	7,310	7,044	266
Estimated expenses relating to the corporate exercise	390	327	63
To acquire strategic investment/strategic ventures	12,300	12,300	0
Capital expenditure related to plantation business	2,100	1,878	222

Share Buy-Backs

The Company did not enter into any share buy-back transactions during the financial year.

Options, Warrants or Convertible Securities

No Warrants and Convertible Securities were issued during the financial year ended 31 December 2012.

Employees' Share Options Scheme ("ESOS")

The Company granted options under the ESOS on 13 July 2004 to eligible Directors and employees of the Group to subscribe in accordance with the ESOS By-laws. The ESOS was subsequently extended for an additional five (5) years from 12 July 2009 and will expire on 12 July 2014. During the financial year, the Company granted 6,584,000 options under the ESOS on 1 June 2012 to eligible Director and employees of the Group. There were no ESOS exercised during the financial year and details of the ESOS outstanding since commencement of the ESOS on 13 July 2004 are as follows:-

No. of ESOS Granted	No. of ESOS Exercise	No. of ESOS Lapsed/Forfeited	No. of ESOS outstanding
6,502,000[1]	2,683,500	(3,185,500)	633,000
6,584,000[2]	-	(656,000)	5,928,000

[1] Granted on 13 July 2004
[2] Granted on 1 June 2012

American Depository Receipt ("ADR") or Global Depository Receipt ("GDR")

The Company did not sponsor any ADR or GDR during the financial year ended 31 December 2012.

Sanctions and/or Penalties

There were no material sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or Management by the relevant authorities during the financial year.

Non-Audit Fees

During the financial year, the total non-audit fees payable to companies affiliated to the external auditors' firm for services rendered to the Company and its subsidiaries were RM13,507.

Variation in Results

There were no variances of 10% or more between the results for the financial year and the unaudited results. The Company did not make any release on the profit estimate, forecast or projection for the financial year.

Profit Guarantee

The Company did not grant any profit guarantee during the financial year.

Material Contracts or Loans Involving Directors and Major Shareholders

There were no material contracts or loan entered into between the Company and a director or a major shareholder during the financial year except for the related party transactions specified in the Circular to Shareholders dated 23 April 2013 seeking the shareholder's mandate.

Related Party Transactions

At the Annual General Meeting held on 18 May 2012, the Company obtained its shareholders' mandate to allow the Group to enter into recurrent related party transactions ("RRPTs") of a revenue or trading nature.

In accordance with the Listing Requirements of the Bursa Malaysia Securities Berhad, the details of RRPTs conducted during the financial year ended 31 December 2012 pursuant to the shareholders' mandate are as follows:

No	Company in the Sin Heng Chan (Malaya) Berhad ("SHCMB") Group involved in the transaction	Transacting Party	Nature of transaction	Interest Related Party	Incurred from 18 May 2012 to 31 December 2012 (RM)	2012 Mandate (RM)
1.	SHCMB	Desa Samudra Sdn Bhd ("DSSB")	Rental of Office Premises and carpark facilities	Dato' Choo Keng Weng ("DCKW")	80,973	140,000
2.	SHC Technopalm Plantation Servives Sdn Bhd ("SHCTPS")	DSSB	Rental of Office Premises and carpark facilities	DCKW	1,440	144,000
3.	SHCTPS	Ladang Bunga Tanjong Sdn Bhd ("LBTSB")	Provision of consulting and management services to LBTSB	DCKW & SCY	172,405.94	450,000
4.	SHCTPS	Sg Kalabakan Estate Sdn Bhd ("SKESB")	Provision of consulting and management services to SKESB	DCKW & SCY	77,296.83	900,000
5.	SHCTPS	Eco-Plantation Sdn Bhd ("EPSB")	Provision of consulting and management services to EPSB	DCKW & SCY	3,213.19	75,000
6.	SHCTPS	Anika Desiran Sdn Bhd ("ADSB")	Provision of consulting and management services to ADSB	DCKW & SCY	3,213.19	25,000
7.	Urun Plantations Sdn Bhd	Java Resources Sdn Bhd ("JRSB")	Payment for road maintenance services to JRSB.	SCY	NIL	800,000

Financial Statements

Report of the Directors

The directors of SIN HENG CHAN (MALAYA) BERHAD hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2012.

PRINCIPAL ACTIVITIES

The Company is principally an investment holding company.

The principal activities of the subsidiary companies are as disclosed in Note 16 to the Financial Statements.

There have been no significant changes in the nature of the principal activities of the Company and its subsidiary companies during the financial year.

RESULTS OF OPERATIONS

The results of operations of the Group and the Company for the financial year are as follows:

	The Group RM	The Company RM
Profit before tax	3,325,414	76,065
Tax expense	292,707	-
Profit for the year	3,618,121	76,065

	The Group RM
Attributable to:	
Equity holders of the Company	3,329,876
Non-controlling interests	288,245
	3,618,121

In the opinion of the directors, the results of operations of the Group and the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature other than as disclosed in the Financial Statements.

DIVIDENDS

No dividend has been paid, proposed or declared by the Company since the end of the previous financial year. The directors also do not recommend any dividend payment in respect of the current financial year.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

The Company has not issued any new shares or debentures during the financial year.

SHARE OPTIONS

Under the Company's Employees Share Option Scheme ("ESOS"), options to subscribe for unissued new ordinary shares in the Company were granted to eligible directors and employees of the Company and its subsidiary companies. The salient features of the ESOS are set out in Note 23 to the Financial Statements.

The share options granted and exercised during the financial year are as follows:

	No. of Options Over Ordinary Shares of RM1 each				
Exercisable from	**Balance at 1.1.2012**	**Granted**	**Exercised**	**Forfeited**	**Balance at 31.12.2012**
13.7.2004	633,000	6,584,000	-	(656,000)	6,561,000

The directors have on 22 May 2009 extended the ESOS which expired on 12 July 2009 for another five (5) years until 12 July 2014.

The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose the names of eligible employees who were granted less than 50,000 options. The eligible employees (excluding the directors) who were granted 50,000 options or more during the year are as follows:

Name of employee	Number of options granted
Sy Choon Yen	1,400,000
Dato' Dr. Abu Talib Bin Bachik	500,000
Lee Teik Lean	353,000
Sy Li Kai	470,000
Hoh Yue Sheng	400,000
Hedzir Bin Aminudin	200,000
Kong Su Chiong	300,000
Krishna Moorthy A/L Ramiah	300,000
Ng Yuk Ping	150,000
Ambrose Bin Gamul	70,000
Nur Azmi Bin Nordin	70,000
Mohd Firdaus Kueh Abdullah	70,000
Tan Keat Leng	70,000

OTHER STATUTORY INFORMATION

Before the statements of comprehensive income and the statements of financial position of the Group and the Company were made out, the directors took reasonable steps:

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

(b) to ensure that any current assets which were unlikely to realise their book value in the ordinary course of business had been written down to their estimated realisable values.

At the date of this report, the directors are not aware of any circumstances:

(a) which would render the amount written off for bad debts or the amount of allowance for doubtful debts in the financial statements of the Group and the Company inadequate to any substantial extent; or

(b) which would render the values attributed to current assets in the financial statements of the Group and the Company misleading; or

(c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and the Company misleading or inappropriate; or

(d) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Group and the Company misleading.

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

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

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

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, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the directors, 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 operations of the Group and the Company for the succeeding financial year in which this report is made.

DIRECTORS

The names of the directors in office since the date of the last report are as follows:

Dato' Choo Keng Weng
Tuan Syed Omar bin Syed Abdullah
Y.M. Tunku Mahmood bin Tunku Mohammed
Mohd Shariff bin Salleh
Thomas Tuan Kit Kwong
Khaw Teik Thye (Resigned on 11 March 2013)

In accordance with Article 94 of the Company's Articles of Association, Dato' Choo Keng Weng and Mohd Shariff bin Salleh retire by rotation at the forthcoming Annual General Meeting of the Company and, being eligible, offer themselves for re-election.

DIRECTORS' INTERESTS

The interest in shares in the Company and in related companies of those who were directors at the end of the financial year, as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134, of the Companies Act, 1965, are as follows:

	No. of Ordinary Shares of RM1 each			
	Balance at 1.1.2012	**Bought**	**Sold**	**Balance at 31.12.2012**
Shares in the Company				
Registered in the name of directors				
Dato' Choo Keng Weng	15,785,793*	-	-	15,785,793
Mohd Shariff bin Salleh	35,000	-	35,000	-
Thomas Tuan Kit Kwong	80,000	-	80,000	-
Deemed Interest				
(by virtue of his interest in Macronet Sdn. Bhd.)				
Dato' Choo Keng Weng	2,925,000	-	-	2,925,000

Note : * Includes shares held by nominees

	No. of Options Over Ordinary Shares of RM1 each			
	Balance at 1.1.2012	Granted	Exercised	Balance at 31.12.2012
Share Options in the Company				
Registered in the name of director				
Tuan Syed Omar bin Syed Abdullah	600,000	-	-	600,000
Dato' Choo Keng Weng	-	1,400,000	-	1,400,000

By virtue of their interest in the shares of the Company, the abovementioned directors are deemed to have beneficial interest in the shares of the subsidiary companies during the financial year to the extent that the Company has interest.

Save as disclosed above, none of the other directors has interest in the shares of the Company and the related companies during and as of the end of the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the directors of the Company has received or become entitled to receive any benefit (other than the benefit included in the aggregate amount of emoluments received or due and receivable by the directors as disclosed in the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefit which may be deemed to have arisen by virtue of the transactions between the Company and certain companies in which certain directors of the Company and/or its subsidiary companies or persons connected to such directors have interests as disclosed in Note 21 to the Financial Statements.

During and at the end of the financial year, no arrangement subsisted to which the Company was a party whereby directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate except for options granted to certain directors pursuant to the Company's ESOS as disclosed above.

AUDITORS

The auditors, Messrs. Deloitte KassimChan, have indicated their willingness to continue in office.

Signed on behalf of the Board
in accordance with a resolution of the Directors,

____
CHOO KENG WENG

____
MOHD SHARIFF BIN SALLEH

Kuala Lumpur,
1 April 2013

Independent Auditors' Report

To the members of Sin Heng Chan (Malaya) Berhad (Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of SIN HENG CHAN (MALAYA) BERHAD, which comprise the statements of financial position of the Group and of the Company as of 31 December 2012 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 information, as set out on pages 40 to 93.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with the Financial Reporting Standards and the Companies Act, 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine as necessary to enable the preparation of financial statements that are free from material misstatements, 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 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 auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence that 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 the 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 of 31 December 2012 and of their financial performance and cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

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

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and by its subsidiary companies have been properly kept in accordance with the provisions of the Act;

(b) We are satisfied that the accounts of the subsidiary companies that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purpose of the preparation of the financial statements of the Group and we have received satisfactory information and explanations as required by us for these purposes; and

(c) The auditors' reports on the accounts of the subsidiary companies were not subject to any qualification and did not include any comment made under Section 174(3) of the Act.

Other Reporting Responsibilities

The supplementary information set out in Note 33 to the Financial Statements is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1 "Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements" as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

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 towards any other person for the contents of this report.

DELOITTE KASSIMCHAN
AF 0080
Chartered Accountants

HIEW KIM TIAM
Partner - 1717/08/13 (J)
Chartered Accountant

1 April 2013

Statements of Comprehensive Income

For the year ended 31 December 2012

	Note	The Group 2012 RM	The Group 2011 RM	The Company 2012 RM	The Company 2011 RM
Continuing operations					
Revenue	5 & 6	23,240,564	27,145,619	-	2,306,667
Cost of sales		(13,853,245)	(13,955,723)	-	-
Gross profit		9,387,319	13,189,896	-	2,306,667
Other operating income		2,047,690	1,048,823	3,477,338	3,114,559
Administrative expenses		(6,292,536)	(4,917,523)	(2,194,211)	(2,149,266)
Other operating expenses		(1,652,736)	(2,192,530)	(1,043,874)	(1,402,690)
Finance costs	7	(164,323)	(5,077,306)	(163,188)	(11,525)
Share of results of associated companies		-	46,240	-	-
Profit before tax		3,325,414	2,097,600	76,065	1,857,745
Tax income/(expense)	8	292,707	927,859	-	(576,667)
Profit for the year from continuing operations	9	3,618,121	3,025,459	76,065	1,281,078
Discontinued operations					
Profit for the year from discontinued operations	10	-	14,932,885	-	12,975,353
Profit for the year		3,618,121	17,958,344	76,065	14,256,431
Other comprehensive loss					
Revaluation adjustment of investment properties (Note 15)		-	(41,296)	-	(41,296)
Total comprehensive income for the year		3,618,121	17,917,048	76,065	14,215,135

Statements of Comprehensive Income

For the year ended 31 December 2012 (Cont'd)

	Note	The Group 2012 RM	2011 RM
Profit attributable to:			
Owners of the Company		3,329,876	16,394,038
Non-controlling interests		288,245	1,564,306
		3,618,121	17,958,344
Total comprehensive income attributable to:			
Owners of the Company		3,329,876	16,352,742
Non-controlling interests		288,245	1,564,306
		3,618,121	17,917,048
Earnings per ordinary share			
Basic:	11		
From continuing operations		2.98	2.10
From discontinued operations		-	12.58
		2.98	14.68
Diluted:	11		
From continuing operations		2.82	2.09
From discontinued operations		-	12.51
		2.82	14.60

The accompanying Notes form an integral part of the Financial Statements.

Statements of Financial Position

At 31 December 2012

	Note	The Group 2012 RM	The Group 2011 RM	The Company 2012 RM	The Company 2011 RM
ASSETS					
Non-current assets					
Property, plant and equipment	12	7,278,173	5,453,700	226,817	311,566
Plantation development expenditure	13	83,324,006	82,257,604	-	-
Prepaid lease payments	14	22,052,831	22,916,490	-	-
Investment properties	15	5,477,703	5,477,703	5,477,703	5,477,703
Investment in subsidiary companies	16	-	-	61,373,334	48,968,640
Investment in associated companies	17	-	3,245,969	-	2,800,000
Available-for-sale investment	17	3,245,969	-	2,800,000	-
Goodwill on consolidation	18	16,354,080	16,354,080	-	-
		137,732,762	135,705,546	69,877,854	57,557,909
Current Assets					
Inventories	19	550,706	95,485	-	-
Trade receivables	20	1,374,137	786,642	-	-
Other receivables and prepaid expenses	20	779,149	3,060,686	348,729	1,707,314
Tax recoverable		3,372	3,372	-	-
Amount owing by related parties	21	835,768	527,212	27,551	-
Amount owing by subsidiary companies	21	-	-	15,359,675	10,525,007
Fixed deposits, cash and bank balances	22	2,187,449	19,697,512	1,713,990	18,670,311
		5,730,581	24,170,909	17,449,945	30,902,632
Total assets		143,463,343	159,876,455	87,327,799	88,460,541

(Forward)

	Note	The Group 2012 RM	The Group 2011 RM	The Company 2012 RM	The Company 2011 RM
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	23	111,666,787	111,666,787	111,666,787	111,666,787
Equity compensation reserve	23	232,122	-	232,122	-
Revaluation surplus	24	4,768,558	4,768,558	4,768,558	4,768,558
Accumulated losses		(33,180,599)	(33,265,950)	(35,310,238)	(35,386,303)
Equity attributable to the owners of the Company		83,486,868	83,169,395	81,357,229	81,049,042
Non-controlling interests		-	8,764,230	-	-
Total equity		83,486,868	91,933,625	81,357,229	81,049,042
Non-current liabilities					
Hire-purchase payables - non current portion	25	1,236,546	775,840	41,394	80,389
Long-term loans - non current portion	26	28,807,356	25,720,000	-	-
Deferred tax liabilities	27	10,081,640	10,377,958	-	-
		40,125,542	36,873,798	41,394	80,389
Current liabilities					
Trade payables	28	3,807,764	2,149,975	-	-
Other payables and accrued expenses	28	15,347,980	20,672,657	5,792,985	7,196,275
Amount owing to subsidiary companies	21	-	-	41,051	43,545
Amount owing to related parties	21	71,145	128,968	56,145	-
Hire-purchase payables - current portion	25	590,444	380,591	38,995	91,290
Long-term loans - current portion	26	-	7,680,000	-	-
Tax liabilities		33,600	56,841	-	-
		19,850,933	31,069,032	5,929,176	7,331,110
Total liabilities		59,976,475	67,942,830	5,970,570	7,411,499
Total equity and liabilities		143,463,343	159,876,455	87,327,799	88,460,541

The accompanying Notes form an integral part of the Financial Statements.

Statements of Changes in Equity

For the year ended 31 December 2012

The Group	Issued capital RM	Accumulated losses RM	Non-distributable reserves Revaluation reserve RM	Total RM	Non-controlling interests RM	Total equity RM
	← Attributable to Owners of the Company →					
Balance as of 1 January 2011	111,666,787	(50,227,774)	5,377,640	66,816,653	12,210,146	79,026,799
Profit for the year	-	16,394,038	-	16,394,038	1,564,306	17,958,344
Other comprehensive loss	-	-	(41,296)	(41,296)	-	(41,296)
Total comprehensive income/ (loss) for the year	-	16,394,038	(41,296)	16,352,742	1,564,306	17,917,048
Realisation of revaluation surplus upon disposal of investment properties	-	567,786	(567,786)	-	-	-
Disposal of subsidiaries	-	-	-	-	(5,010,222)	(5,010,222)
Balance as of 31 December 2011	111,666,787	(33,265,950)	4,768,558	83,169,395	8,764,230	91,933,625

The Group	Issued capital RM	Accumulated losses RM	Revaluation reserve RM	Equity compensation reserve RM	Total RM	Non-controlling interests RM	Total equity RM
	← Attributable to Owners of the Company →		Non-distributable reserves				
Balance as of 1 January 2012	111,666,787	(33,265,950)	4,768,558	-	83,169,395	8,764,230	91,933,625
Total comprehensive income for the year	-	3,329,876	-	-	3,329,876	288,245	3,618,121
ESOS granted during the year	-	-	-	232,122	232,122	-	232,122
Acquisition of remaining equity interest in the subsidiary companies	-	(3,244,525)	-	-	(3,244,525)	(9,052,475)	(12,297,000)
Balance as of 31 December 2012	111,666,787	(33,180,599)	4,768,558	232,122	83,486,868	-	83,486,868

(Forward)

The Company	Issued capital RM	Accumulated losses RM	Non-distributable reserves Revaluation reserve RM	Equity compensation reserve RM	Total equity RM
Balance as of 1 January 2011	111,666,787	(50,210,520)	5,377,640	-	66,833,907
Profit for the year	-	14,256,431	-	-	14,256,431
Other comprehensive loss	-	-	(41,296)	-	(41,296)
Total comprehensive income/(loss) for the year	-	14,256,431	(41,296)	-	14,215,135
Realisation of revaluation surplus upon disposal of investment properties	-	567,786	(567,786)	-	-
Balance as of 31 December 2011	111,666,787	(35,386,303)	4,768,558	-	81,049,042
Balance as of 1 January 2012	111,666,787	(35,386,303)	4,768,558	-	81,049,042
ESOS granted during the year	-	-	-	232,122	232,122
Total comprehensive income for the year	-	76,065	-	-	76,065
Balance as of 31 December 2012	111,666,787	(35,310,238)	4,768,558	232,122	81,357,229

The accompanying Notes form an integral part of the Financial Statements.

Statements of Cash Flows

For the year ended 31 December 2012

	Note	The Group 2012 RM	The Group 2011 RM	The Company 2012 RM	The Company 2011 RM
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES					
Profit for the year		3,618,121	17,958,344	76,065	14,256,431
Adjustments for:					
Amortisation of plantation development expenditure		2,176,409	2,141,239	-	-
Finance costs		1,646,442	1,744,610	163,188	11,525
Depreciation of property, plant and equipment		986,292	1,877,931	98,949	95,497
Amortisation of prepaid lease payments		863,659	638,242	-	-
Provision for interest payable to a former minority shareholder:					
Current year		537,733	3,455,969	-	-
Overprovision in prior year		(2,019,852)	-	-	-
Equity compensation benefits		232,122	-	124,428	-
Allowance for doubtful debts no longer required/ (Allowance for doubtful debts)		-	(302,807)	106,147	-
Bad debt written off		44,438	-	44,438	-
Deposits written off		37,808	-	6,602	-
Property, plant and equipment written off		30,383	125,075	-	-
Adjustment of goodwill		-	471,257	-	-
Write off of other investments		-	5,294	-	5,294
Reversal of accrued expenses over- recognised in prior years		(807,213)	-	(251,480)	-
Reversal of other payables overtaken up in prior years		(704,864)	-	(168,021)	-
Tax (income)/expense recognised in profit or loss		(292,707)	(668,056)	-	576,667
Interest income		(275,953)	(389,391)	(679,817)	(561,479)
Gain on disposal of property, plant and equipment		(11,906)	(129,980)	-	-
Gain on disposal of discontinued operations		-	(11,455,681)	-	(12,975,353)
Gain on disposal of investment properties		-	(138,496)	-	(138,496)
Share of results of associated companies		-	(46,240)	-	-
Unrealised gain on foreign exchange		-	(11,260)	-	-
Dividend income		-	-	-	(2,306,667)
Operating Profit/(Loss) Before Working Capital Changes		6,060,912	15,276,050	(479,501)	(1,036,581)
(Increase)/Decrease in:					
Inventories		(455,221)	(867,438)	-	-
Trade receivables		(587,495)	(4,355,629)	-	-
Other receivables and prepaid expenses		2,200,290	(1,991,461)	1,307,545	(1,403,085)
Fixed deposits pledged to banks		-	140,000	-	-
Amount owing by subsidiary companies		-	-	(4,940,815)	(3,943,999)
Amount owing by related parties		(308,556)	(522,861)	(27,551)	-
(Decrease)/Increase in:					
Trade payables		1,657,789	(2,043,046)	-	-
Other payables and accrued expenses		(1,792,748)	(4,126,554)	(983,789)	(6,233,177)
Amount owing to other related parties		(57,823)	128,968	56,145	-
Amount owing to subsidiary companies		-	-	(2,494)	(3,111)

(Forward)

	Note	The Group 2012 RM	The Group 2011 RM	The Company 2012 RM	The Company 2011 RM
Cash From/(Used In)					
Operations		6,717,148	1,638,029	(5,070,460)	(12,619,953)
Interest paid		(163,188)	(11,525)	(163,188)	(11,525)
Income tax paid		(27,852)	(415,000)	-	-
Net Cash From/(Used In) Operating Activities		6,526,108	1,211,504	(5,233,648)	(12,631,478)
CASH FLOWS FROM/ (USED IN) INVESTING ACTIVITIES					
Net cash inflow from disposal of discontinued operations (Note 10)		-	19,616,148	-	24,175,353
Proceeds from disposal of investment properties		-	797,621	-	797,621
Addition of plantation development expenditure (Note (a))		(2,493,295)	(2,707,872)	-	-
Plantation development expenditure over-recognised in prior year		919,284	-	-	-
Purchase of property, plant and equipment (Note (b))		(2,490,804)	(2,754,572)	(14,200)	(88,470)
Proceeds from disposal of property, plant and equipment		41,340	282,193	-	-
Interest received		275,953	387,728	679,817	561,479
Dividend received		-	-	-	1,730,000
Acquisition of remaining equity interest in the subsidiary companies		(12,297,000)	-	(12,297,000)	(9)
Net Cash (Used In)/From Investing Activities		(16,044,522)	15,621,246	(11,631,383)	27,175,974
CASH FLOWS USED IN FINANCING ACTIVITIES					
Repayment of bank borrowings		(4,592,644)	(4,734,000)	-	-
Repayment of hire-purchase – net		(573,965)	(511,305)	(91,290)	(93,334)
Interest paid		(2,825,040)	(2,836,125)	-	-
Net Cash Used In Financing Activities		(7,991,649)	(8,081,430)	(91,290)	(93,334)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(17,510,063)	8,751,320	(16,956,321)	14,451,162
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		19,697,512	10,946,192	18,670,311	4,219,149
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	22	2,187,449	19,697,512	1,713,990	18,670,311

Note (a): During the financial year, the Group's additions to plantation development expenditure amounted to RM3,297,348 (2011: RM3,810,913) of which RM804,053 (2011: RM1,103,041) represents borrowing costs capitalised. The remaining additions of RM2,493,295 (2011: RM2,707,872) was paid in cash.

Note (b): During the financial year, the Group's and the Company's additions to property, plant and equipment amounted to RM3,735,329 (2011: RM2,804,572) and RM14,200 (2011: RM138,470) of which RM1,244,525 (2011: RM50,000) and RM Nil (2011: RM50,000) respectively was financed through hire-purchase arrangements. The remaining additions of RM2,490,804 (2011: RM2,754,572) and RM14,200 (2011: RM88,470) were paid in cash by the Group and the Company respectively.

The accompanying Notes form an integral part of the Financial Statements.

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad.

The Company is principally an investment holding company. The principal activities of the subsidiary companies are disclosed in Note 16.

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

The registered office of the Company is located at Suite 2.02, Level 2, Wisma E & C, No. 2, Lorong Dungun Kiri, Damansara Heights, 50490 Kuala Lumpur.

The principal place of business of the Company is located at Level 3, Wisma E & C, No. 2, Lorong Dungun Kiri, Damansara Heights, 50490 Kuala Lumpur.

The financial statements of the Group and of the Company have been approved by the Board of Directors for issuance on 1 April 2013.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been prepared in accordance with the Financial Reporting Standards ("FRSs") and the provisions of the Companies Act, 1965 in Malaysia.

Adoption of New and Revised Financial Reporting Standards

In the current financial year, the Group and the Company have adopted all the revised and amendments to Financial Reporting Standards ("FRS") issued by the Malaysian Accounting Standards Board ("MASB") that are relevant and applicable to its operations and effective for annual periods beginning on or after 1 January 2012 as follows:

FRS 7	Financial Instruments: Disclosures (Amendments relating to Disclosures – Transfer of Financial Assets)
FRS 112	Income Taxes (Amendments relating to Deferred tax – Recovery of Underlying Assets)
FRS 124	Related Party Disclosures (revised)

The adoption of these revised and amendments to FRSs do not have significant financial impact on the Group and the Company for the current and prior financial years.

Standards and Amendments in issue but not effective

At the date of authorisation for issue of these financial statements, the relevant new and revised Standards and Amendments which were in issue but not yet effective and not early adopted by the Group and the Company are as listed below.

FRS 1	First-Time Adoption of Financial Reporting Standards (Amendments relating to Government loans)[2]
FRS 1	First-Time Adoption of Financial Reporting Standards [Amendments relating to business combinations for improvements to FRSs (2012)][2]
FRS 7	Financial Instruments: Disclosures [Amendments relating to Mandatory Effective Date of FRS 9 and Transition Disclosures (IFRS 9 issued by IASB in November 2009 and October 2010 respectively)][1]
FRS 7	Financial Instruments: Disclosures (Amendments relating to Disclosures – Offsetting Financial Assets and Liabilities)[2]
FRS 9	Financial Instruments (IFRS 9 issued by IASB in November 2009)[3]
FRS 9	Financial Instruments (IFRS 9 issued by IASB in October 2010)[3]
FRS 10	Consolidated Financial Statements (Amendments relating to Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance)[2]
FRS 11	Joint Arrangements (Amendments relating to Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance)[2]

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (Cont'd)

Standards and Amendments in issue but not effective (Cont'd)

FRS 13	Fair Value Measurement[2]
FRS 101	Presentation of Financial Statements (Amendments relating to Presentation of Items of Other Comprehensive Income)[4]
FRS 101	Presentation of Financial Statements [Amendments relating to Business Combinations for Improvements to FRSs (2012)][2]
FSR 116	Property, Plant and Equipment [Amendments relating to Business Combinations for Improvements to FRSs (2012)][2]
FRS 119	Employee Benefits (2011)[2]
FRS 127	Separate Financial Statements (2011)[2]
FRS 128	Investment in Associates and Joint Ventures (2011)[2]
FRS 132	Financial Instruments: Presentation (Amendments relating to Offsetting Financial Assets and Financial Liabilities)[5]
FRS 132	Financial Instruments: Presentation [Amendments relating to Business Combinations for Improvements to FRSs (2012)][2]

1 Effective immediately on issuance date of 1 March 2012
2 Effective for annual periods beginning on or after 1 January 2013
3 Effective for annual periods beginning on or after 1 January 2015 instead of 1 January 2013 immediately upon the issuance of Amendments to FRS 9 (IFRS 9 issued by IASB on November 2009 and October 2010 respectively) and FRS 7 relating to "Mandatory Effective Date of FRS 9 and Transition Disclosures" on 1 March 2012
4 Effective for annual periods beginning on or after 1 July 2012
5 Effective for annual periods beginning on or after 1 January 2014

The Directors anticipate that the adoption of the above standards and amendments, when they become effective, are not expected to be relevant or have material impact on the financial statements of the Group and of the Company in the period of initial application.

In addition, on 19 November 2011, the MASB issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards Framework ("MFRS Framework") in conjunction with its planned convergence of FRSs with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board on 1 January 2012.

The MFRS Framework is a fully IFRS-compliant framework, equivalent to IFRSs which is mandatory for adoption by all Entities Other than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture and IC Interpretation 15 Agreements for Construction of Real Estate, including its parent, significant investor and venturer (hereinafter called "Transitioning Entities").

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

The 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 2014. In presenting its first MFRS financial statements, the Company may be required to restate the comparative financial statements to amounts reflecting the application of the MFRS Framework. The majority of the adjustments required on transition (if any), will be made retrospectively, against opening retained profits.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Group and of the Company have been prepared on the historical cost convention, except as disclosed in this summary of significant accounting policies. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The principal accounting policies are set out below.

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and the subsidiary companies controlled by the Company made up to 31 December 2012. Control is achieved where the Company has the power to govern the financial and operating policies of the subsidiary companies so as to obtain benefits from its activities.

The results of subsidiary companies acquired or disposed of during the financial year are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiary companies to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in subsidiary companies are identified separately from the Group's equity therein. The interests of non-controlling shareholders may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on the acquisition by acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interests in subsidiary companies that do not result in the Group losing control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

Business Combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Business Combinations (Cont'd)

The acquiree's identified assets, liabilities and contingent liabilities that meet the conditions for recognition under FRS 3 (revised) are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with FRS 112 Income Taxes and FRS 119 Employee Benefits respectively;

- liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with FRS 2 Share-based Payment at the acquisition date; and

- assets (or disposal groups) that are classified as held for sale in accordance with MFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Investment in associated companies

An associate is an entity over which the investor has significant influence is accounted for using the equity method whether or not the investor also has investments in subsidiaries and prepares consolidated financial statements. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. Under the equity method, investments in associated companies are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associated company, less any impairment in the value of individual investments. Losses of an associated company in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associated companies recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of that investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

Where a group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

In prior year, the Group has recognised the results of associated companies using equity method. During the financial year, the Group has ceased to account for the results of associated companies using the equity method as the Group does not have significant influence over the associated companies. Accordingly, investment in associated company was reclassified as available-for-sale investment and is measured at fair value.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Goodwill

Goodwill arising on the acquisition of a subsidiary represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired.

If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary company, the attributable amount of goodwill is included in the determination of the gain or loss on disposal.

Revenue Recognition

Revenue is measured at the fair value consideration received and receivable in the normal course of business. The revenue recognition policies of the Group and of the Company are as follows:

(i) **Sale of goods**

Revenue from sales of goods is recognised upon delivery of products and when the risks and rewards of ownership have passed to the customers. Revenue represents gross invoiced value of goods sold net of trade discounts.

(ii) **Plantation management fees**

Revenue from plantation management services is recognised when the services are rendered.

(iii) **Dividend income**

Dividend income is recognised when the shareholders' right to receive the dividend have been established.

Foreign Currency Conversion

The financial statements of the Group and the Company are presented in Ringgit Malaysia, the currency of the primary economic environment in which the Group and the Company operate (its functional currency).

In preparing the financial statements of the Group and the Company, transactions in currencies other than the Group's and the Company's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the year. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the year except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in other comprehensive income.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Income Tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current Tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statements of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred Tax

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences, unused tax losses and unused tax credits can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle their current tax assets and liabilities on a net basis.

Property, Plant and Equipment

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

Construction in progress is not depreciated. Depreciation of other property, plant and equipment is computed on the straight-line method at the following rates based on the estimated useful lives of the various assets or their lease periods. The annual depreciation rates are as follows:

Buildings	1.64 - 2%
Plant and machinery	20%
Renovations, furniture, fixtures and equipment	10 - 50%
Motor vehicles	20%

A gain or loss arising from the disposal of an asset is determined as the difference between the estimated net disposal proceeds and the carrying amount of the asset, and is recognised in the profit or loss.

The residual value, useful life and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of future economic benefits embodied in the property, plant and equipment.

Property, Plant and Equipment Under Hire-Purchase Arrangements

Property, plant and equipment acquired under hire-purchase arrangements are capitalised as property, plant and equipment and the corresponding obligations treated as liabilities in the financial statements. These assets are depreciated according to the basis set out above. Finance costs are allocated to profit or loss to give a constant periodic rate of interest on the remaining hire-purchase liabilities.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Plantation Development Expenditure

New planting expenditure incurred on land clearing, upkeep of immature palms, administrative expenses and interest incurred during the pre-maturing period (pre-cropping costs) is capitalised under plantation development expenditure. Upon maturity, all subsequent maintenance expenditure is recognised in statements of comprehensive income and the capitalised plantation development expenditure is amortised on a straight-line basis over 30 years or remaining lease period.

Borrowings

(i) **Classification**

Borrowings are initially recognised based on the proceeds received, net of repayments during the period. Portions repayable after 12 months are disclosed as non-current liabilities.

Borrowings are classified as current liabilities unless the Group and the Company have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

(ii) **Capitalisation of Borrowing Costs**

Borrowing costs directly attributable to plantation development expenditure during pre-maturing period (pre-cropping costs) are capitalised as part of the cost of those assets, until maturity. The amount of borrowing costs eligible for capitalisation is capitalised based on the total immature area over the total plantable area.

Leased Assets

Assets under leases which in substance transfer the risks and benefits of ownership of the assets are capitalised under property, plant and equipment. The assets and the corresponding lease obligations are recorded at the fair value of the lease assets which approximates the present value of the minimum lease payments, at the beginning of the respective lease terms.

Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are charged to profit or loss over the term of the relevant lease period so as to give a constant periodic rate of charge on the remaining balance of the obligations for each reporting period. All other leases which do not meet such criteria are classified as operating leases and the related rentals are charged to profit or loss as incurred.

Prepaid Lease Payments on Leasehold Land

Lease of land with title not expected to pass to the lessee by the end of the lease term is treated as operating lease as land normally has an indefinite economic life. The upfront payments made on entering into a lease or acquiring a leasehold land that is accounted for as an operating lease are accounted for as prepaid lease payments and are amortised over the lease term on a straight-line basis and charged to profit or loss for the period.

Investment Properties

Investment properties which consist of freehold land, leasehold land and building are properties held to earn rentals and/or for capital appreciation and are measured at fair value. Gains and losses arising from changes in the fair value of investment property are based on active market prices, adjusted, if necessary, for any difference in the nature, location or conditions of the specific asset. Changes in fair value are included in profit or loss for the period in which they arise.

Upon the disposal of an investment property, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

Investment in Subsidiary Companies

Investment in unquoted shares of subsidiary companies, which is eliminated on consolidation, is stated at cost. Where there is an indication of impairment in the value of the assets, the carrying amount of the investment is assessed and written down immediately to its recoverable amount.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average method. The cost of inventories comprises the original purchase price plus cost of bringing the inventories to their present location and condition.

Provisions

Provisions are made when the Group and the Company have a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be recognised to settle the obligation, and when a reliable estimate of the amount can be made.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

Employee Benefits

(i) **Short-Term Employee Benefits**

Salaries, wages, annual leave and sick leave, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Group and the Company.

(ii) **Defined Contribution Plan**

The Group and the Company are required by law to make monthly contributions to Employees Provident Fund ("EPF"), a statutory defined contribution plan for all their eligible employees. Both the Group and the Company and their employees are required to make monthly contributions to EPF calculated at certain prescribed rates of the employees' salaries. The Group's and the Company's contributions to EPF are disclosed separately while the employees' contributions to EPF are included in salaries and wages and shown under staff costs.

(iii) **Equity Compensation Benefits**

The Group's Employees Share Options Scheme ("ESOS") allows the employees to acquire shares of the Company. The total fair value of share options granted to eligible employees is recognised as an employee cost in profit or loss with a corresponding increase in the equity compensation reserve within equity over the vesting period and taking into account the probability that the options will vest.

The fair value of the share options is measured at grant date taking into account, if any, the market vesting conditions upon which the options were granted but exceeding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable on vesting date.

At the end of the each reporting period, the Group revises its estimates of the number of share options that are expected to become exercisable on vesting date. It recognises the impact of the revision of original estimates, if any, in profit or loss, and a corresponding adjustment to equity over the remaining vesting period. The equity amount is recognised in the equity compensation reserve until the option is exercised, upon which it will be transferred to share premium, or until the option expires, upon which it will be transferred directly to capital reserve.

The proceeds received net of any directly attributable transactions costs are credited to equity when the options are exercised.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Financial Instruments

Financial instruments 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 instruments.

Where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, such financial assets are recognised and derecognised on trade date.

Financial instruments are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets "at fair value through profit or loss" (FVTPL), "held-to-maturity" investments, "available-for-sale" (AFS) financial assets and "loans and receivables". The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective Interest Method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

Financial Assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item in the statement of comprehensive income.

Held-To-Maturity Investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Group has the positive intent and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment, with revenue recognised on an effective yield basis.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Financial Instruments (Cont'd)

AFS financial assets

AFS financial assets are non-derivatives that are either designated as available-for-sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at FVTPL. All AFS assets are measured at fair value at the end of the reporting period. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the investments revaluation reserve, with the exception of impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, which are recognised in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of the reporting period.

Dividends on AFS equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established.

The fair value of AFS monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. The foreign exchange gains and losses that are recognised in profit or loss are determined based on the amortised cost of the monetary asset. Other foreign exchange gains and losses are recognised in other comprehensive income.

Loans and Receivables

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

Impairment of Financial Assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Receivables assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

In respect of receivables carried at amortised cost, the amount of the impairment loss recognised is 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 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 is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Financial Instruments (Cont'd)

Derecognition of Financial Assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Impairment of Non-Financial Assets

At the end of each reporting period, the Group reviews the carrying amounts of the non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows 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.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Financial Liabilities and Equity Instruments

Classification as Debt or Equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group and the Company are recognised at the proceeds received, net of direct issue costs.

Financial Liabilities

Financial liabilities are classified as either financial liabilities "at FVTPL" or "other financial liabilities".

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Financial Instruments (Cont'd)

Financial Liabilities at Fair Value through Profit or Loss

Financial liabilities are classified as at FVTPL where the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing in the near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in the statement of comprehensive income.

Other Financial Liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Derecognition of Financial Liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

Statements of Cash Flows

The Group and the Company adopt the indirect method in the preparation of the statements of cash flows.

Cash equivalents are short-term, highly liquid investments with maturities of three months or less from the date of acquisition and are readily convertible to cash with insignificant risks of changes in value. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and fixed deposits pledged to banks.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Critical judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, which are described in Note 3 above, management is of the opinion that there are no instances of application of judgement which are expected to have a significant effect on the amounts recognised in the financial statements.

Key sources of estimation uncertainty

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the end of reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year except as follows:

(a) **Impairment of goodwill**

Determining whether goodwill is impaired required an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value.

(b) **Allowance for doubtful debts**

The Group makes allowance for doubtful debts based on an assessment of the recoverability of trade receivables. Allowances are applied to trade receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of doubtful debts requires use of judgement and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying value of the trade receivables and doubtful debts expenses in the financial year in which such estimate has been changed.

5. REVENUE

	The Group		The Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Sales of fresh fruit bunches	22,822,777	25,649,609	-	-
Plantation management fees receivable from related parties (Note 21)	417,787	1,496,010	-	-
Dividend income from subsidiary companies	-	-	-	2,306,667
	23,240,564	27,145,619	-	2,306,667

6. SEGMENT REPORTING

For management purposes, the Group is organised into the following operating divisions:

- Plantation
- Plantation management fees
- Investment holding
- Others (consist of subsidiary companies which are dormant and pre-operating)

Inter-segment sales are charged at cost plus a percentage profit mark-up.

Other segment activities comprise mainly expenses incurred by certain subsidiary companies which are not directly attributable to any significant segment.

Segmental information by geographical location has not been disclosed as the Group operates predominantly in Malaysia.

6. SEGMENT REPORTING (Cont'd)

SEGMENT ANALYSIS

The Group

2012	Plantation RM	Plantation management fees RM	Investment holding RM	Others RM	Inter-company Eliminations RM	Consolidated RM
Revenue						
External sales	22,822,777	417,787	-	-	-	23,240,564
Inter-segment sales	-	1,828,533	-	-	(1,828,533)	-
Total revenue	22,822,777	2,246,320	-	-	(1,828,533)	23,240,564
Results						
Segment results	4,615,890	(482,426)	239,253	905,520	(1,788,500)	3,489,737
Profit from operations						3,489,737
Finance costs						(164,323)
Profit before tax						3,325,414
Tax income						292,707
Profit for the year						3,618,121

2012	Plantation RM	Plantation management fees RM	Investment holding RM	Others RM	Consolidated RM
Other information					
Additions to property, plant and equipment and plantation development expenditure	7,016,578	1,899	14,200	-	7,032,677
Depreciation and amortisation	3,904,391	17,001	98,949	6,019	4,026,360
Statement of Financial Position					
Assets					
Segment assets	131,361,550	1,002,969	11,040,759	54,693	143,459,971
Unallocated corporate assets	-	-	-	3,372	3,372
Consolidated total assets					143,463,343
Liabilities					
Segment liabilities	43,742,844	149,240	5,929,519	39,632	49,861,235
Unallocated corporate liabilities	10,081,640	-	-	33,600	10,115,240
Consolidated total liabilities					59,976,475

(Forward)

6. SEGMENT REPORTING (Cont'd)

SEGMENT ANALYSIS (Cont'd)

The Group	← Continuing operations			→	Discontinued operations			
2011	**Plantation RM**	**Plantation management fees RM**	**Investment holding RM**	**Others RM**	**Feedmilling RM**	**Poultry breeding RM**	**Eliminations and adjustments to exclude discontinued operations RM**	**Consolidated RM**
Revenue								
External sales	25,649,609	1,496,010	-	-	22,438,430	19,395,319	(41,833,749)	27,145,619
Inter-segment sales	-	1,599,612	2,306,667	-	10,923,359	-	(14,829,638)	-
Total revenue	25,649,609	3,095,622	2,306,667	-	33,361,789	19,395,319	(56,663,387)	27,145,619
Results								
Segment results	9,895,221	(1,374,588)	(1,328,550)	(63,417)	1,634,041	2,226,239	(3,860,280)	7,128,666
Profit from operations								7,128,666
Finance costs								(5,077,306)
Share of results of associated companies								46,240
Profit before tax								2,097,600
Tax income								927,859
Profit for the year from:								
Continuing operations								3,025,459
Discontinued operations								14,932,885
Profit for the year								17,958,344

(Forward)

6. SEGMENT REPORTING (Cont'd)

SEGMENT ANALYSIS (Cont'd)

The Group

2011	Continuing operations Plantation RM	Plantation management fees RM	Investment holding RM	Others RM	Discontinued operations Feedmilling RM	Poultry breeding RM	Consolidated RM
Other information							
Additions to property, plant and equipment and plantation development expenditure	5,580,069	38,398	138,470	-	168,383	690,165	6,615,485
Depreciation and amortisation	3,418,890	24,068	95,497	7,036	324,614	787,307	4,657,412
Statements of Financial Position							
Assets							
Segment Assets	129,440,417	1,371,567	28,971,850	89,249	-	-	159,873,083
Unallocated corporate assets	-	-	-	3,372	-	-	3,372
Consolidated total assets							159,876,455
Liabilities							
Segment liabilities	48,860,076	243,993	7,367,955	1,036,008	-	-	57,508,032
Unallocated corporate liabilities	10,377,958	-	-	56,841	-	-	10,434,799
Consolidated total liabilities							67,942,831

7. FINANCE COSTS

	The Group 2012 RM	The Group 2011 RM	The Company 2012 RM	The Company 2011 RM
Interest expense on:				
Term loans	2,176,886	2,628,740	-	-
Less: Interest expense recognised in plantation development expenditure (Note 13)	(804,053)	(1,103,041)	-	-
	1,372,833	1,525,699	-	-
Hire-purchase	117,717	95,638	7,296	11,525
Late-payment interest	155,641	-	155,641	-
Provision for interest payable to a former minority shareholder:				
Current year	537,733	3,455,969	-	-
Overprovision in prior year	(2,019,852)	-	-	-
Other	251	-	251	-
	164,323	5,077,306	163,188	11,525

8. TAX INCOME/(EXPENSE)

	The Group 2012 RM	The Group 2011 RM	The Company 2012 RM	The Company 2011 RM
Tax expense comprises				
From continuing operations				
Estimated tax payable:				
Current	-	(25,238)	-	(576,667)
Underprovision in prior years	(4,611)	-	-	-
	(4,611)	(25,238)	-	(576,667)
Deferred tax (Note 27):				
Current year	296,536	954,308	-	-
Over/(Under) provision in prior years	782	(1,211)	-	-
	297,318	953,097	-	-
Total tax income/(expense) relating to continuing operations	292,707	927,859	-	(576,667)
From discontinued operations				
Estimated tax payable:				
Current	-	(559,283)	-	-
Overprovision in prior years	-	299,480	-	-
Total tax expense relating to discontinuing operations (Note 10)	-	(259,803)	-	-
Total tax income/(expense)	292,707	668,056	-	(576,667)

8. TAX INCOME/(EXPENSE) (Cont'd)

A reconciliation of tax income/(expense) applicable to profit/(loss) before tax at the statutory income tax rate to tax income/(expense) at the effective income tax rate of the Group and of the Company is as follows:

	The Group		The Company	
	2012	**2011**	**2012**	**2011**
	RM	**RM**	**RM**	**RM**
Profit before tax:				
Continuing operations	3,325,414	2,097,600	76,065	1,857,745
Discontinued operations	-	15,192,688	-	12,975,353
	3,325,414	17,290,288	76,065	14,833,098
Tax expense at income tax rate of 25%	(831,353)	(4,322,572)	(19,016)	(3,708,274)
Tax effect of income/(expenses) not chargeable/ (deductible) in determining tax	(536,551)	1,897,631	(171,984)	2,247,357
Tax effect on allowable plantation development expenditure	609,690	952,728	-	-
Utilisation of deferred tax asset previously not recognised	1,054,750	1,842,000	191,000	884,250
(Under)/Overprovision in prior years	(3,829)	298,269	-	-
Tax income/(expense)	292,707	668,056	-	(576,667)

Tax savings from utilisation of unused tax losses and unabsorbed capital allowances carryforward previously not recognised amounted to RM1,054,750 and RM191,000 (2011: RM1,842,000 and RM884,250) of the Group and of the Company respectively.

9. PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS

(a) Profit for the year from continuing operations has been arrived at after (charging)/crediting the following:

	The Group		The Company	
	2012	**2011**	**2012**	**2011**
	RM	**RM**	**RM**	**RM**
Reversal of accrued expenses over-recognised in prior years	807,213	-	251,480	-
Reversal of other payables over taken up in prior years	704,864	-	168,021	-
Interest income:				
Fixed deposits with licensed banks	275,953	255,608	163,624	253,945
Third parties	-	43,847	-	43,847
Subsidiary companies	-	-	516,193	263,687
Gain on disposal of property, plant and equipment	11,906	129,980	-	-
Management fees receivable from subsidiary companies (Note 21)	-	-	2,029,730	2,294,445
Rental income receivable from subsidiary company (Note 21)	-	-	115,881	101,573
Amortisation of plantation development expenditure	(2,176,409)	(2,119,899)	-	-
Depreciation of property, plant and equipment (Note 12)	(986,292)	(787,351)	(98,949)	(95,497)
Amortisation of prepaid lease payments	(863,659)	(612,892)	-	-

(Forward)

9. PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS (Cont'd)

(a) Profit for the year from continuing operations has been arrived at after (charging)/crediting the following: (Cont'd)

	The Group		The Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Rental of premises payable to related parties (Note 21)	(117,429)	(184,207)	(88,488)	(97,309)
Allowance for doubtful debts no longer required/ (Allowance for doubtful debts)	-	-	(106,147)	-
Audit fee:				
Current year	(84,500)	(73,000)	(45,000)	(40,000)
Underprovision in prior year	(14,000)	-	(11,000)	-
Bad debts written off	(44,438)	-	(44,438)	-
Deposits written off	(37,808)	-	(6,602)	-
Property, plant and equipment written off	(30,383)	(125,075)	-	-
Gain on disposal of investment properties	-	138,496	-	138,496
Adjustment of goodwill (Note 18)	-	(471,257)	-	-
Write off of other investments	-	(5,294)	-	(5,294)

Included in other operating expenses of the Group and the Company is an amount of RM50,000 (2011: RM100,000) paid to directors of the former subsidiary companies.

(b) Operating costs applicable to revenue:

	The Group	
	2012	2011
	RM	RM
Amount of inventories recognised as expense	5,070,316	7,995,339

(c) Directors' remuneration:

	The Group		The Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Executive directors:				
Fees	18,000	6,000	18,000	6,000
Other emoluments	1,071,567	903,537	1,071,567	903,537
Equity compensation benefits	70,758	-	70,758	-
Non-executive directors:				
Fees	38,000	22,000	18,000	12,000
Other emoluments	17,000	9,500	17,000	9,500
	1,215,325	941,037	1,195,325	931,037

Included in directors' remuneration are contributions to EPF made by the Group and the Company for the current year amounting to RM127,993 (2011: RM114,162).

9. PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS (Cont'd)

(d) Staff costs

	The Group		The Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Salaries and allowances	4,224,004	4,464,188	846,267	1,125,532
Equity compensation benefits	161,364	-	53,670	-
	4,385,368	4,464,188	899,937	1,125,532

Staff costs include salaries, contributions to EPF, bonuses and all other staff related expenses. Included in staff costs are contributions to EPF made by the Group and by the Company for the current year amounting to RM309,490 and RM66,143 (2011: RM320,836 and RM95,025) respectively.

10. DISCONTINUED OPERATIONS

On 30 November 2011, the Group completed the disposal of 80% equity interest in PTS Goldkist Industries Sdn Bhd ("PGISB") (formerly known as Sin Heng Chan Industries Sdn Bhd). The disposal also entails the disposal of an effective 48% equity interest in LKPP-Goldkist Sdn Bhd, a 60% owned subsidiary company of PGISB (Disposal Group).

The combined results of the discontinued operations included in profit or loss are set out below.

	Disposal Group	
	2012	2011
	RM	RM
Revenue	-	41,833,749
Cost of sales	-	(32,784,259)
Gross profit	-	9,049,490
Other operating income	-	210,397
Selling and distribution expenses	-	(1,824,825)
Administrative expenses	-	(2,198,394)
Finance costs	-	(123,273)
Other operating expenses	-	(1,376,388)
Profit before tax	-	3,737,007
Tax expense	-	(259,803)
Profit for the year	-	3,477,204
Results from discontinued operations:		
Profit for the year	-	3,477,204
Gain on disposal of discontinued operations	-	11,455,681
	-	14,932,885

(Forward)

10. DISCONTINUED OPERATIONS (Cont'd)

	Disposal Group 2012 RM	Disposal Group 2011 RM
Profit and total comprehensive income attributable to:		
Equity holders of the Company	-	14,045,697
Non-controlling interest	-	887,188
	-	14,932,885
Cash flows from discontinued operations:		
Net cash used in operating activities	-	(1,877,431)
Net cash used in investing activities	-	(770,273)
Net cash from financing activities	-	1,573,804
Net cash used in discontinued operations	-	(1,073,900)

The following amounts had been included in arriving at the profit before tax of the discontinued operations:

	Disposal Group 2012 RM	Disposal Group 2011 RM
Amortisation of plantation development expenditure	-	(21,340)
Depreciation of property, plant and equipment	-	(1,090,580)
Amortisation of prepaid lease payment	-	(25,350)
Allowance for doubtful debts no longer required	-	302,807
Rental of premises payable to related parties	-	(76,422)
Audit fee	-	(36,085)
Interest income from fixed deposits with licensed banks	-	89,936
Unrealised gain on foreign exchange	-	11,260
Insurance claim received	-	74,807
Interest expense on:		
Bankers' acceptances	-	(93,680)
Hire-purchase	-	(29,593)
Directors' remuneration:		
Non-executive directors:		
Other emoluments	-	(67,200)
Fees	-	(29,000)

Details of the assets, liabilities and net cash inflow arose from the disposal of discontinued operations were as follows:

	Disposal Group 2012 RM	Disposal Group 2011 RM
Non-current assets		
Property, plant and equipment	-	9,560,946
Plantation development expenditure	-	269,657
Prepaid lease payments	-	443,371
Current Assets		
Inventories	-	8,458,619
Trade receivables	-	7,994,197
Other receivables and prepaid expenses	-	479,940
Fixed deposits, cash and bank balances	-	4,559,205

10. DISCONTINUED OPERATIONS (Cont'd)

Details of the assets, liabilities and net cash inflow arose from the disposal of discontinued operations were as follows:

	Disposal Group	
	2012 RM	2011 RM
Current liabilities		
Trade payables	-	(3,111,124)
Other payables and accrued expenses	-	(2,745,442)
Amount owing to related companies	-	(1,397,144)
Bank borrowings	-	(3,017,000)
Hire-purchase payables – current portion	-	(519,315)
Tax liabilities	-	(46,287)
	-	20,929,623
Non-controlling interests	-	(5,010,222)
Net assets disposed of	-	15,919,401
Transfer to investment in associated companies	-	(3,199,729)
Gain on disposal of discontinued operations	-	11,455,681
Net proceeds from disposal of discontinued operations	-	24,175,353
Proceeds from disposals of discontinued operations	-	24,500,000
Less: Incidental costs incurred directly attributable to the disposals	-	(324,647)
	-	24,175,353
Less: Cash and cash equivalents	-	(4,559,205)
Net cash inflow from disposal of discontinued operations	-	19,616,148

11. EARNINGS PER ORDINARY SHARE

Basic earnings per share

Basic earnings per ordinary share is calculated by dividing the profit for the year by the weighted average number of ordinary shares in issue during the financial year as follows:

	The Group	
	2012 RM	2011 RM
Profit attributable to equity holders of the Company:		
From continuing operations	3,329,876	2,348,341
From discontinued operations	-	14,045,697
	3,329,876	16,394,038

	2012 Units	2011 Units
Number of shares in issue as of January 1/ December 31	111,666,787	111,666,787

11. EARNINGS PER ORDINARY SHARE (Cont'd)

Basic earnings per share (Cont'd)

	2012	2011
Basic earnings per share (sen):		
From continuing operations	2.98	2.10
From discontinued operations	-	12.58
	2.98	14.68

Diluted earnings per share

Diluted earnings per ordinary share is calculated by dividing the profit for the year by the weighted average number of ordinary shares in issue after adjustment for the effects of all diluted potential ordinary shares during the financial year as follows:

	The Group	
	2012 RM	2011 RM
Profit attributable to equity holders of the Company:		
From continuing operations	3,329,876	2,348,341
From discontinued operations	-	14,045,697
	3,329,876	16,394,038

	2012 Units	2011 Units
Number of shares in issue as of January 1/ December 31	111,666,787	111,666,787
Effect of ESOS	6,561,000	633,000
	118,227,787	112,299,787

	2012	2011
Diluted earnings per share (sen):		
From continuing operations	2.82	2.09
From discontinued operations	-	12.51
	2.82	14.60

12. PROPERTY, PLANT AND EQUIPMENT

The Group

31 December 2012	At beginning of year RM	Additions RM	Transfer to plantation development expenditure (Note 13) RM	Write-offs RM	Disposal RM	Reclassification RM	At end of year RM
	Cost						
Buildings	2,199,275	572,173	-	-	-	231,287	3,002,735
Plant and machinery	7,446,108	1,265,139	-	-	-	-	8,711,247
Renovations, furniture, fixtures and equipment	2,789,904	92,473	-	(53,735)	(41,340)	-	2,787,302
Motor vehicles	2,073,408	525,119	-	(374,843)	-	621,040	2,844,724
Motor vehicles under hire-purchase	2,570,981	467,387	-	-	-	(621,040)	2,417,328
Construction in progress	1,103,300	813,038	(872,014)	-	-	(231,287)	813,037
	18,182,976	3,735,329	(872,014)	(428,578)	(41,340)	-	20,576,373

31 December 2012	At beginning of year RM	Charge for the year RM	Transfer to plantation development expenditure (Note 13) RM	Write-offs RM	Disposal RM	Reclassification RM	At end of year RM	Net book value RM
	Accumulated Depreciation							
Buildings	131,717	44,916	-	-	-	-	176,633	2,826,102
Plant and machinery	7,087,632	257,550	-	-	-	-	7,345,182	1,366,065
Renovations, furniture, fixtures and equipment	2,323,400	136,847	-	(23,356)	(11,906)	-	2,424,985	362,317
Motor vehicles	1,886,350	185,497	-	(374,839)	-	621,040	2,318,048	526,676
Motor vehicles under hire-purchase	1,292,910	361,482	-	-	-	(621,040)	1,033,352	1,383,976
Construction in progress	7,267	-	(7,267)	-	-	-	-	813,037
	12,729,276	986,292	(7,267)	(398,195)	(11,906)	-	13,298,200	7,278,173

(Forward)

12. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

The Group

31 December 2011	Cost: At beginning of year RM	Additions RM	Write-offs/ disposals RM	Disposal of subsidiary companies RM	Reclassification RM	At end of year RM
Buildings	15,936,522	747,336	(111,971)	(15,165,780)	793,168	2,199,275
Plant and machinery	17,304,654	337,305	-	(10,185,662)	(10,189)	7,446,108
Renovations, furniture, fixtures and equipment	7,387,648	678,080	(1,968)	(5,284,045)	10,189	2,789,904
Motor vehicles	4,262,577	9,000	(612,040)	(1,758,829)	172,700	2,073,408
Motor vehicles under hire-purchase	3,940,866	54,572	-	(1,251,757)	(172,700)	2,570,981
Construction in progress	1,043,266	978,279	(125,077)	-	(793,168)	1,103,300
	49,875,533	2,804,572	(851,056)	(33,646,073)	-	18,182,976

31 December 2011	Accumulated Depreciation: At beginning of year RM	Charge for the year RM	Write-offs/ disposals RM	Disposal of subsidiary companies RM	Reclassification RM	At end of year RM	Net book value RM
Buildings	7,786,789	457,603	(9,592)	(8,103,083)	-	131,717	2,067,558
Plant and machinery	16,545,107	187,050	-	(9,640,310)	(4,215)	7,087,632	358,476
Renovations, furniture, fixtures and equipment	5,952,420	438,737	(820)	(4,071,152)	4,215	2,323,400	466,504
Motor vehicles	3,843,877	220,690	(563,356)	(1,739,861)	125,000	1,886,350	187,058
Motor vehicles under hire-purchase	1,382,047	566,584	-	(530,721)	(125,000)	1,292,910	1,278,071
Construction in progress	-	7,267	-	-	-	7,267	1,096,033
	35,510,240	1,877,931	(573,768)	(24,085,127)	-	12,729,276	5,453,700

12. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

Depreciation expense for the Group is as follows:

	The Group 2012 RM	The Group 2011 RM
Depreciation from continuing operations	977,705	787,351
Depreciation from discontinued operations	-	1,090,580
	977,705	1,877,931

The Company

31 December 2012	Cost: At beginning of year RM	Cost: Additions RM	Cost: Reclassification RM	Cost: At end of year RM
Renovations, furniture, fixtures and equipment	940,403	9,200	-	949,603
Motor vehicles	73,109	5,000	466,177	544,286
Motor vehicles under hire-purchase	664,381	-	(466,177)	198,204
	1,677,893	14,200	-	1,692,093

	Accumulated Depreciation: At beginning of year RM	Accumulated Depreciation: Charge for the year RM	Accumulated Depreciation: Reclassification RM	Accumulated Depreciation: At end of year RM	Net Book Value RM
Renovations, furniture, fixtures and equipment	750,199	54,280	-	804,479	145,124
Motor vehicles	65,997	5,029	466,177	537,203	7,083
Motor vehicles under hire-purchase	550,131	39,640	(466,177)	123,594	74,610
	1,366,327	98,949	-	1,465,276	226,817

12. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

The Company

31 December 2011	Cost: At beginning of year RM	Cost: Additions RM	Cost: At end of year RM
Renovations, furniture, fixtures and equipment	861,505	78,898	940,403
Motor vehicles	68,109	5,000	73,109
Motor vehicles under hire-purchase	609,809	54,572	664,381
	1,539,423	138,470	1,677,893

	Accumulated Depreciation: At beginning of year RM	Accumulated Depreciation: Charge for the year RM	Accumulated Depreciation: At end of year RM	Net Book Value RM
Renovations, furniture, fixtures and equipment	696,372	53,827	750,199	190,204
Motor vehicles	63,968	2,029	65,997	7,112
Motor vehicles under hire-purchase	510,490	39,641	550,131	114,250
	1,270,830	95,497	1,366,327	311,566

Property, plant and equipment of the Group with net book values of RM2,476,601 (2011: RM2,058,768) are charged to a licensed bank in respect of credit facilities granted to the Group as disclosed in Note 26.

Included in property, plant and equipment of the Group and the Company are fully depreciated property, plant and equipment which are still in use, with an aggregate cost of approximately RM11,234,000 (2011: RM10,827,270) and RM1,175,000 (2011: RM1,133,055) respectively.

13. PLANTATION DEVELOPMENT EXPENDITURE

	The Group 2012 RM	The Group 2011 RM
Cost:		
At beginning of year	91,856,258	88,382,900
Disposal of subsidiary company	-	(337,555)
Transfer from property, plant and equipment (Note 12)	864,747	-
Additions	3,297,348	3,810,913
Amount over-recognised in prior year	(919,284)	-
At end of year	95,099,069	91,856,258
Cumulative amortisation:		
At beginning of year	(9,598,654)	(7,525,313)
Amortisation for the year	(2,176,409)	(2,141,239)
Disposal of subsidiary company	-	67,898
At end of year	(11,775,063)	(9,598,654)
Net	83,324,006	82,257,604

13. PLANTATION DEVELOPMENT EXPENDITURE (Cont'd)

Plantation development expenditure of the Group with carrying amount of RM81,311,212 (2011: RM80,476,000) is charged to a licensed bank for credit facilities granted to the Group as disclosed in Note 26.

Included in additions during the year is interest capitalised amounting to RM804,053 (2011: RM1,103,041), as disclosed in Note 7.

As mentioned in Note 30, in 2011, amount deposited into the High Court amounted to RM2.7milion pending outcome of the court appeal process, was capitalised in plantation development expenditure. Subsequent to the financial year, pursuant to an Order of the High Court, the claim was finalised at RM1.8million. Accordingly, amount over-recognised in prior year amounting to RM919,284 was reversed in the current financial year.

14. PREPAID LEASE PAYMENTS

	The Group	
	2012 RM	2011 RM
Cost:		
At beginning of year	27,383,527	28,272,380
Disposal of subsidiary companies	-	(888,853)
At end of year	27,383,527	27,383,527
Cumulative amortisation:		
At beginning of year	(4,467,037)	(4,274,277)
Amortisation for the year	(863,659)	(638,242)
Disposal of subsidiary companies	-	445,482
At end of year	(5,330,696)	(4,467,037)
Net	22,052,831	22,916,490

The unexpired lease period of leasehold land and buildings of the Group are as follows:

	Net book value The Group	
	2012 RM	2011 RM
45 years (46 years in 2011)	19,431,409	20,123,124
56 years (57 years in 2011)	2,621,422	2,793,366
	22,052,831	22,916,490

Certain leasehold land and buildings with carrying amounts of RM19,431,409 (2011: RM20,123,124) are pledged to a licensed bank for credit facilities granted to the Group as disclosed in Note 26.

Tubau Corporation Sdn Bhd ("TCSB") and Sin Heng Chan (Malaya) Berhad had entered into a Sale Shares and Shareholders and Development Agreement ("SSSDA") dated 31 December 2008 in respect of the joint development of two parcels of land ("the Lands") into an oil palm plantation ("the Proposed Development"), which is subject to specific terms and conditions imposed by the Sarawak State Government ("SSG"). Pursuant to SSSDA, TCSB has undertaken to execute an irrevocable assignment of the Land in favour of the Company and to transfer the Land to the Company subsequently. The transfer of land is subjected to the consent in writing of the Director of Lands and Surveys of Sarawak ("DLSS").

14. PREPAID LEASE PAYMENTS (Cont'd)

SSG had alienated the Lands to TCSB in 2008 and certain terms imposed by SSG are:

- TCSB is not allowed to sublease the Lands without consent in writing of DLSS during the initial period of five years from the date of registration of the lease; and
- TCSB shall commence field planting within two years from the issue of this lease; the whole of the plantable area shall be fully planted by the end of fifth year.

Subject to the specific terms and conditions imposed by SSG and pursuant to the SSSDA, TCSB has appointed the Company via a power of attorney dated 10 October 2011, to be an attorney to take possession and to develop the Proposed Development of the Lands.

15. INVESTMENT PROPERTIES

	The Group and The Company	
	2012 RM	2011 RM
At fair value:		
At beginning of year	5,477,703	6,178,124
Disposal	-	(659,125)
Revaluation adjustment	-	(41,296)
At end of year	5,477,703	5,477,703

The fair value of the investment properties has been arrived at by the directors based on reference to market evidence of transaction prices for similar properties. As of 31 December 2012, the directors assessed the fair value of its investment properties based on the current prices in the market of properties of similar conditions and locations and the directors are of the view that the carrying amounts of the investment properties of the Group and of the Company approximate their current fair values.

The investment properties comprise the following:

	The Group and The Company	
	2012 RM	2011 RM
Freehold land	544,000	544,000
Land under long lease and building	4,933,703	4,933,703
	5,477,703	5,477,703

Investment properties of the Group and of the Company did not generate rental income during the financial year. Direct operating expenses incurred by the Group and the Company for investment properties during the financial year amounted to RM49,157 (2011: RM70,818).

16. INVESTMENT IN SUBSIDIARY COMPANIES

	The Company 2012 RM	The Company 2011 RM
Unquoted shares in subsidiary companies – at cost	61,459,530	49,054,836
Impairment loss	(86,196)	(86,196)
Net	61,373,334	48,968,640

The subsidiary companies (all incorporated in Malaysia) are as follows:

Direct subsidiary companies	Effective Equity Interest 2012	Effective Equity Interest 2011	Principal Activities
Ayam Segar Sdn. Bhd.	100%	100%	Pre-operating.
Goldkist (Malaysia) Sdn. Bhd.	100%	100%	Dormant.
Goldkist (NS) Sdn. Bhd.	100%	100%	Dormant.
Kuala Lumpur Feedmill Sdn. Bhd.	100%	100%	Pre-operating.
SHC Technopalm Plantation Services Sdn. Bhd.	100%	100%	Provision of management services.
SHC Tubau Plantation Sdn. Bhd.	100%	80%	Cultivation of palm oil.
SHC Realty Sdn. Bhd	100%	100%	Dormant.
Sin Heng Chan Feed Sdn. Bhd.	100%	100%	Dormant.
Urun Plantations Sdn. Bhd.	100%	80%	Cultivation of palm oil.

During the financial year, the Group completed the following transactions:

(a) On 18 November 2011, the Company entered into a conditional share acquisition agreement to acquire 20% equity interest, comprising 20,000 ordinary shares of RM1.00 each, in SHC Tubau Plantation Sdn Bhd for a cash consideration of RM597,000. The acquisition was completed on 20 February 2012 resulting in it becoming a wholly owned subsidiary of the Company.

(b) On 18 November 2011, the Company has also entered into a conditional share purchase agreement to acquire 20% equity interest, comprising 2,001,278 ordinary shares of RM1.00 each in Urun Plantations Sdn Bhd for a cash consideration of RM11.70 million. The acquisition was completed on 29 August 2012 resulting in it becoming a wholly owned subsidiary of the Company.

17. AVAILABLE-FOR-SALE INVESTMENT/INVESTMENT IN ASSOCIATED COMPANIES

Available-for-sale investment consists of:

	The Group 2012 RM	The Group 2011 RM	The Company 2012 RM	The Company 2011 RM
Unquoted shares:				
At fair value	3,245,969	-	2,800,000	-

17. AVAILABLE-FOR-SALE INVESTMENT/INVESTMENT IN ASSOCIATED COMPANIES

Investment in associated companies consists of:

	The Group		The Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Unquoted shares:				
At fair value	-	3,199,729	-	-
At cost	-	-	-	2,800,000
Share of post acquisition results	-	46,240	-	-
	-	3,245,969	-	2,800,000

The details of the available-for-sale investment, previously investment in associated companies (all incorporated in Malaysia) are as follows:

	Effective Equity Interest		Principal Activities
	2012	2011	
PTS Goldkist Industries Sdn. Bhd.	20%	20%	Manufacturing and trading of formulated animal feeds.
Subsidiary company of PTS Goldkist Industries Sdn. Bhd.			
LKPP – Goldkist Sdn. Bhd.	12%	12%	Broiler breeding and the planting of fragrant coconut trees.

In prior year, the investment in associated companies was accounted for using the equity method. However, the Company ceased to equity account for the results of the investment in associated companies as it ceased to have significant influence over the financial and operating policy decisions of the associated companies during the current year. Accordingly, investment in associated companies was reclassified to available-for-sale investment and is measured at fair value as of 31 December 2012.

18. GOODWILL ON CONSOLIDATION

	The Group	
	2012 RM	2011 RM
At beginning of year	16,354,080	16,825,337
Adjustment of goodwill (Note 9)	-	(471,257)
At end of year	16,354,080	16,354,080

Goodwill on consolidation arose from acquisition of subsidiary companies which are principally involved in the cultivation of oil palm. Goodwill on consolidation has been allocated to the Group's cash generating unit ("CGU") namely, cultivation of oil palm.

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

18. GOODWILL ON CONSOLIDATION (Cont'd)

Impairment testing for cash-generated units containing goodwill

For the purpose of impairment testing, carrying amount of goodwill is allocated to the Group's CGU identified as oil palm plantation.

The recoverable amount of a CGU is determined based on value in use calculations. These calculations use pre-tax cash flow projections based on internally approved financial budgets covering a five-year period which reflect management's expectations of revenue and EBITDA margin based on past experience and future expectations of business performance.

The key assumptions used in the value in use calculations are as follows:

(a) five years financial budget period; and
(b) pre-tax discount rate of 9.3% derived in accordance with the requirements of FRS 136 "Impairment of Assets" using the Group's post-tax discount rate of 7.7%.

The key assumptions represent management's assessment of future trends in the oil palm industry and are based on both external sources and internal sources.

The discount rates used are pre-tax and reflect specific risks relating to the Group. The forecasts are most sensitive to changes in discount rates in the forecast period. Based on the sensitivity analysis performed, the Directors have concluded that any variation of 10% in the base case assumptions would not cause the carrying amount of the CGU to exceed its recoverable amount.

19. INVENTORIES

	The Group	
	2012 RM	2011 RM
At cost:		
Consumables	545,856	90,635
Cover crop seeds	4,850	4,850
	550,706	95,485

20. TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAID EXPENSES

	The Group	
	2012 RM	2011 RM
Not past due and not impaired	1,373,808	786,313
Impaired receivables	1,406,238	1,406,238
Less: Allowance for doubtful debts	(1,405,909)	(1,405,909)
	329	329
Net	1,374,137	786,642

Trade receivables of the Group comprise amounts receivable for the sales of goods. The credit period granted on sales of goods ranges from 10 to 30 days (2011: 10 to 30 days). An allowance of RM1,405,909 (2011: RM1,405,909) has been made for estimated irrecoverable amounts from the sales of goods of the Group in prior years, based on individual assessment of the payment history of the trade debtors.

20. TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAID EXPENSES (Cont'd)

Movement in the allowance for doubtful debts

	The Group	
	2012 RM	2011 RM
At beginning of year	1,405,909	12,325,823
Current year provision	-	(302,807)
Disposal of subsidiary companies	-	(10,617,107)
At end of year	1,405,909	1,405,909

The impaired trade receivables amounting to RM1,405,909 (2011: RM1,405,909) is more than 1 year old.

Other receivables and prepaid expenses consist of:

	The Group		The Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Other receivables	8,647,390	8,690,099	6,833,738	6,833,738
Less: Allowance for doubtful debts	(8,553,380)	(8,553,380)	(6,828,380)	(6,828,380)
	94,010	136,719	5,358	5,358
Refundable deposits	233,102	310,225	229,010	254,333
Deposits paid for acquisitions of:				
Remaining equity interest in subsidiary companies	-	1,229,700	-	1,229,700
Property, plant and equipment	204,625	1,097,820	-	-
Prepaid expenses	247,412	286,222	114,361	217,923
	779,149	3,060,686	348,729	1,707,314

Included in other receivables, deposits and prepaid expenses of the Group and the Company are rental deposits and advance rental of RM197,208 (2011: RM100,803) paid to Desa Samudra Sdn. Bhd., a company in which Dato' Choo Keng Weng is also a director. Transactions with related parties are disclosed in Note 21.

As of the end of the reporting period, there was significant concentration of credit risk arising from amount owing by two (2) major customers which accounted for 93% (2011: 85%) of total trade and other receivables of the Group. The extension of credit to and repayments from these customers are closely monitored by the management to ensure that they adhere to the agreed credit term and policies. There is no material credit risk of the Company.

21. RELATED PARTY BALANCES AND TRANSACTIONS

The amount owing by/(to) related parties arose mainly from trade transactions and is unsecured, interest-free and repayable on demand.

The related parties and their relationship with the Company and the Group is as follows:

Name of related party	**Relationship**
Anika Desiran Sdn. Bhd.	A company in which Dato' Choo Keng Weng and Mr. Sy Choon Yen are also directors and persons connected to them.
Desa Samudra Sdn. Bhd.	A company in which Dato' Choo Keng Weng is also a director and shareholder.
Eco-Plantations Sdn. Bhd.	Persons connected to Dato' Choo Keng Weng and Mr. Sy Choon Yen, who are also directors.
Java Berhad	A company in which Dato' Choo Keng Weng and Mr. Sy Choon Yen are also shareholders and Mr. Sy Choon Yen is also a director.
Ladang Bunga Tanjong Sdn. Bhd.	A company in which Dato' Choo Keng Weng and Mr. Sy Choon Yen are also directors.
Ratus Awansari Sdn. Bhd.	A company in which Dato' Choo Keng Weng and Mr. Sy Choon Yen are also directors and persons connected to them.
Sg. Kalabakan Estate Sdn. Bhd.	Persons connected to Dato' Choo Keng Weng and Mr. Sy Choon Yen, who are also directors.
SPR Energy Sdn Bhd	A company in which Mr. Sy Choon Yen is also director.

During the financial year, significant related party transactions are as follows:

	The Group		**The Company**	
	2012	**2011**	**2012**	**2011**
	RM	**RM**	**RM**	**RM**
Related parties				
Plantation management fees receivable (Note 5)	417,787	1,496,010	-	-
Rental of premises payable (Note 9)	117,429	184,207	88,488	97,309
Disposal of furniture and fittings	41,340	-	-	-

Amount owing by/(to) subsidiary companies is as follows:

	The Company	
	2012	**2011**
	RM	**RM**
Amount owing by subsidiary companies		
- net of allowance for doubtful debts of RM13,315,245 (2011: RM13,209,098)	15,359,675	10,525,007
Amount owing to subsidiary companies	(41,051)	(43,545)

Amount owing by/(to) subsidiary companies arose mainly from trade transactions and interest-free advances and is repayable on demand.

21. RELATED PARTY BALANCES AND TRANSACTIONS (Cont'd)

	The Company	
	2012	2011
	RM	RM
Subsidiary companies		
Management fees receivable (Note 9)	2,029,730	2,294,445
Rental of premises receivable (Note 9)	115,881	101,573

Compensation of Key Management Personnel

The remuneration of key management personnel during the year is as follows:

	The Group		The Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Short-term employee benefits	1,179,444	1,019,068	996,574	828,075
Equity compensation benefits	232,122	-	124,428	-
EPF contributions	147,469	123,840	127,993	114,162
	1,559,035	1,142,908	1,248,995	942,237

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly. The key management personnel of the Group and of the Company includes Executive Directors and Non-Executive Directors of the Company and certain members of senior management of the Group and of the Company.

22. FIXED DEPOSITS, CASH AND BANK BALANCES

Cash and cash equivalents consist of:

	The Group		The Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Fixed deposits with licensed banks	823,891	17,623,891	750,000	17,550,000
Cash and bank balances	1,363,558	2,073,621	963,990	1,120,311
	2,187,449	19,697,512	1,713,990	18,670,311

The maturity periods of the deposits as at the end of the financial year are as follows:

	The Group		The Company	
	2012	2011	2012	2011
Fixed deposits with licensed banks	7 to 360 days	7 to 720 days	7 to 30 days	7 to 30 days

The interest rates per annum are as follows:

	The Group		The Company	
	2012	2011	2012	2011
Fixed deposits with licensed banks	2.95% to 3.35%	2% to 3.38%	2.95% to 3.35%	3.35% to 3.38%

23. SHARE CAPITAL

	2012 RM	2011 RM
Authorised:		
500,000,000 ordinary shares of RM1 each	500,000,000	500,000,000
Issued and fully paid:		
111,666,787 ordinary shares of RM1 each	111,666,787	111,666,787

Share Options

The Employees Share Option Scheme ("ESOS") for eligible employees of the Group, which expired on 12 July 2009 was extended for another five years period to expire on 12 July 2014. On 1 June 2012, the Company made an offer to grant 6,584,000 share options to the eligible employees of the Group pursuant to the ESOS.

The number and movements in the Company's ESOS options are as follows:

	Number of options over ordinary shares of RM1 each	
	2012 Unit'000	2011 Unit'000
At beginning of year	633	1,019
Granted	6,584	-
Exercised	-	-
Forfeited	(656)	(386)
At end of year	6,561	633

The salient features of the ESOS are as follows:

(a) the total number of shares which may be made available shall not exceed ten percent (10%) of the issued and paid-up share capital of the Company at any point of time during the existence of the ESOS.

(b) any employee (including the executive directors) of the Group shall be eligible to participate in the ESOS if, as at the date of offer, the employee:

   (i) is employed by and on the payroll of a company within the Group;

   (ii) must have attained the age of eighteen (18) years;

   (iii) is not an executive director who represents the government or a government institution/agency; and

   (iv) is not a government employee serving in the public service scheme as defined under Article 132 of the Federal Constitution.

(c) no option shall be granted for less than 100 shares.

23. SHARE CAPITAL (Cont'd)

Share Options (Cont'd)

(d) option shall be granted at the discretion of the ESOS committee based on job ranking, length of services, contribution and performance of the selected employee provided that:

(i) not more than ten percent (10%) of the shares available under the ESOS shall be allocated to any individual executive director or selected employee who, either singly or collectively through his/her associates, holds twenty percent (20%) or more in the issued and paid-up share capital of the Company; and

(ii) not more than fifty percent (50%) of the shares available under the ESOS shall be allocated, in aggregate, to the executive directors and senior management.

(e) the option price shall be determined based on a discount of not more than 10% from the average of the mean market quotation of the ordinary shares of the Company as quoted and shown in the Daily Official List issued by Bursa Malaysia Securities Berhad for the five (5) preceding market days prior to the date of offer or at par value of the ordinary shares of the Company, whichever is higher.

(f) the options granted may be exercised at anytime within a period of five (5) years from the date of offer of the option or extended to not more than another five (5) years commencing from the day after the expiry of the original five (5) years period.

(g) the persons to whom the options are granted have no right to participate by virtue of the options in any other share options of any other company within the Group.

Equity compensation reserve

Equity compensation reserve, which relates to the equity-settled share options granted to eligible employees by the Company, is made up of the cumulative value of services received from employees recorded on grant of share options.

24. REVALUATION SURPLUS

Revaluation surplus arises on the revaluation of land and buildings. When revalued land or buildings are sold, the portion of the revaluation surplus that relates to that asset, and that is effectively realised, is transferred directly to accumulated losses.

25. HIRE-PURCHASE PAYABLES

	The Group		The Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Total installments outstanding	2,007,507	1,293,831	85,981	184,452
Less: Interest-in-suspense	(180,517)	(137,400)	(5,592)	(12,773)
Principal outstanding	1,826,990	1,156,431	80,389	171,679
Less: Portion due within one year	(590,444)	(380,591)	(38,995)	(91,290)
Non-current portion	1,236,546	775,840	41,394	80,389

25. HIRE-PURCHASE PAYABLES (Cont'd)

The non-current portion is repayable as follows:

	The Group		The Company	
	2012	**2011**	**2012**	**2011**
	RM	**RM**	**RM**	**RM**
Due in:				
More than one year but less than two years	615,349	295,120	28,284	38,995
More than two years but less than three years	513,141	300,344	11,192	28,284
More than three years	108,056	180,376	1,918	13,110
	1,236,546	775,840	41,394	80,389

The interest rates implicit in the hire-purchase payables of the Group and of the Company range from 2.36% to 4.25% (2011: 2.36% to 4.25%) per annum. The Group's and the Company's hire-purchase payables are secured by the financial institutions charge over the assets under hire-purchase.

26. LONG-TERM LOANS

	The Group	
	2012	**2011**
	RM	**RM**
Outstanding loan principal	28,807,356	33,400,000
Less: Portion due within one year (shown under current liabilities)	-	(7,680,000)
Non-current portion	28,807,356	25,720,000

The non-current portion is repayable as follows:

	The Group	
	2012	**2011**
	RM	**RM**
Due in:		
More than one year but less than two years	2,700,000	7,920,000
More than two years but less than three years	2,700,000	8,760,000
More than three years	23,407,356	9,040,000
	28,807,356	25,720,000

The term loans are obtained by a subsidiary company from a licensed bank and bear interest ranging from 6.6% to 7.1% (2011: 6.8% to 7.1%) per annum and are repayable over 60 monthly installments commencing January 2011. On 1 September 2012, the subsidiary company has rescheduled the monthly installments to be repayable over 80 monthly installments commencing January 2014.

These term loans are secured by:

(a) a fixed charge on the buildings, plantation development expenditure and leasehold land of the subsidiary company as mentioned in Notes 12, 13 and 14;

(b) a fixed and floating charge on all the assets of the subsidiary company; and

(c) a debenture over present and future assets of the subsidiary company.

26. LONG-TERM LOANS (Cont'd)

Subsequent to the financial year, the subsidiary company has fully settled the said term loan via new term loans facilities obtained from another licensed bank. The said new loans totalling RM85,000,0000, which bear interest ranging from 5.1% to 5.6% per annum, are repayable over 120 monthly installments commencing March 2015.

27. DEFERRED TAX LIABILITIES

The Group

2012	**At beginning of year RM**	**Recognised in profit or loss (Note 8) RM**	**At end of year RM**
Deferred tax liabilities			
Temporary differences arising from:			
Revaluation of property, plant and equipment, and prepaid lease payments	(10,377,958)	296,318	(10,081,640)
Property, plant and equipment, and plantation development expenditure	(6,639,000)	(79,000)	(6,718,000)
	(17,016,958)	217,318	(16,799,640)
Deferred tax assets			
Unabsorbed capital allowances	4,761,000	(201,000)	4,560,000
Unused tax losses	1,014,000	651,000	1,665,000
Temporary differences arising from other payables and accrued expenses	864,000	(371,000)	493,000
	6,639,000	79,000	6,718,000
	(10,377,958)	296,318	(10,081,640)

2011			
Deferred tax liabilities			
Temporary differences arising from:			
Revaluation of property, plant and equipment, and prepaid lease payments	(11,331,055)	953,097	(10,377,958)
Property, plant and equipment, and plantation development expenditure	(6,112,000)	(527,000)	(6,639,000)
	(17,443,055)	426,097	(17,016,958)
Deferred tax assets			
Unabsorbed capital allowances	6,112,000	(1,351,000)	4,761,000
Unused tax losses	-	1,014,000	1,014,000
Temporary differences arising from other payables and accrued expenses	-	864,000	864,000
	6,112,000	527,000	6,639,000
	(11,331,055)	953,097	(10,377,958)

27. DEFERRED TAX LIABILITIES (Cont'd)

As mentioned in Note 3, deferred tax assets are recognised for all deductible temporary differences, unutilised tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unutilised tax losses and unused tax credits can be utilised. As of 31 December 2012, the amount of unabsorbed capital allowances and unutilised tax losses for which no deferred tax asset have been recognised in the financial statements due to uncertainty of realisation, are as follows:

	The Group		The Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Unabsorbed capital allowances	4,832,000	5,598,000	1,545,000	1,482,000
Unused tax losses	74,892,000	78,345,000	32,216,000	33,044,000
	79,724,000	83,943,000	33,761,000	34,526,000

The unabsorbed capital allowances and unused tax losses are subject to agreement by the tax authorities.

28. TRADE PAYABLES, OTHER PAYABLES AND ACCRUED EXPENSES

Trade and other payables comprise amounts outstanding for trade purchases and on-going costs. The credit period granted to the Group for trade purchases ranges from 15 to 90 days (2011: 7 to 90 days).

Other payables and accrued expenses consist of:

	The Group		The Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Other payables	12,774,740	15,979,807	5,677,385	6,884,595
Provision for interest payable to a former minority shareholder	1,973,850	3,455,969	-	-
Accrued expenses	599,390	1,236,881	115,600	311,680
	15,347,980	20,672,657	5,792,985	7,196,275

Included in other payables and accrued expenses of the Group and the Company are amounts of RM14,128,858 (2011: RM18,210,977) and RM5,600,000 (2011: RM6,200,000) respectively owing to a former minority shareholder of a subsidiary company. The amount owing by the Company arose from additional acquisition of shares in a subsidiary company in prior years, whereas the amount owing by the subsidiary company arose from payments on behalf in prior years, which is unsecured and repayable on demand. These amounts owing are interest-free except for an amount of RM6,555,008 (2011: RM8,555,008) owing by the subsidiary company which bears interest at rate of 8% (2011: 8%) per annum.

29. CAPITAL COMMITMENT

As of 31 December 2012, the Group and the Company have the following capital commitment:

	The Group		The Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Approved and contracted for arising from:				
Purchase of property, plant and equipment	1,568,400	848,980	-	-
Acquisition of subsidiary companies	-	11,067,300	-	11,067,300

30. CONTINGENT LIABILITIES

In 2007, a subsidiary company was served with a winding-up petition by a creditor which sought to recover a sum of approximately RM2.7 million owing by the subsidiary company. In 2011, the Judge had made an order directing the subsidiary company to make payment of the debts amounting to RM2.7 million plus costs of RM25,000. The subsidiary company had appealed to the Court of Appeal of Malaysia and simultaneously made an application for a stay of the High Court's order. The entire sum of RM2.7 million has been deposited into the High Court and capitalised in plantation development expenditure as mentioned in Note 13.

On 25 January 2013, the winding-up petition brought by the creditor against the subsidiary company has been struck out pursuant to an Order of the High Court in Kuching without liberty to file afresh and with no order as to costs, and the claim was finalised at RM1.8 million. As a result, the appeal to the Court of Appeal of Malaysia has been withdrawn. This has effectively brought to a conclusion the dispute between the creditor and the subsidiary company.

31. FINANCIAL RISK MANAGEMENT

Capital Risk Management

The objective of the Group's capital management is to safeguard the Group's ability to continue as a going concern while maximising the return to shareholders through the optimisation of debt and equity balances. The Group's overall strategy remains unchanged since 2011.

The capital structure of the Group's consists of net debts (borrowings offset by cash and cash equivalents) and equity of the Company (comprising issued capital, reserves and non-controlling interests).

The Group reviews its capital structure on a semi-annual basis. As part of this review, the Group considers the cost of capital and the risks associated with each class of capital.

Gearing Ratio

The gearing ratio at end of the reporting period was as follows:

	The Group	
	2012	2011
	RM	RM
Debt (i)	30,634,346	34,556,431
Cash and cash equivalents	(2,187,449)	(19,697,512)
Net debt	28,446,897	14,858,919
Equity (ii)	83,486,868	91,933,625
Debt to equity ratio	34%	16%

31. FINANCIAL RISK MANAGEMENT (Cont'd)

Gearing Ratio (Cont'd)

(i) Debt is defined as hire-purchase obligations and long-term loans as disclosed in Notes 25 and 26.

(ii) Equity includes issued capital, reserve and non-controlling interests.

Significant accounting policies

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the bases of measurement, and the bases for recognition of income and expenses), for each class of financial assets, financial liabilities and equity instrument are disclosed in Note 3.

Categories of financial instruments

	The Group		The Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Financial assets				
Loans and receivables at amortised cost:				
Fixed deposits, cash and bank balances	2,187,449	19,697,512	1,713,990	18,670,311
Trade and other receivables	1,701,249	1,233,586	234,368	259,691
Amount owing by related parties	835,768	527,212	27,551	-
Amount owing by subsidiary companies	-	-	15,359,675	10,525,007
Available-for-sale at fair value:				
Available-for-sale investment	3,245,969	-	2,800,000	-
Financial liabilities				
Other financial liabilities at amortised cost:				
Trade and other payables	19,155,744	22,822,632	5,792,985	7,196,275
Long-term loans	28,807,356	33,400,000	-	-
Hire-purchase payables	1,826,990	1,156,431	80,389	171,679
Amount owing to related parties	71,145	128,968	56,145	-
Amount owing to subsidiary companies	-	-	41,051	43,545

Financial Risk Management Objectives

The operations of the Group and of the Company are subject to a variety of financial risks, including interest rate risk, credit risk and liquidity risk. The Group has formulated a financial risk management framework whose principal objective is to minimise the Group's exposure to risks and/or costs associated with the financing, investing and operating activities.

Various risk management policies are formulated for observation in the day-to-day operations for controlling and managing the risks associated with financial instruments.

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and assigns credit limits to these counterparties by using its own trading records and the counterparties' financial information. The Group's exposure and the creditworthiness of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

31. FINANCIAL RISK MANAGEMENT (Cont'd)

Credit risk management (Cont'd)

The Group's exposure to significant concentration of credit risk to any single counterparty or any company of counterparties having similar characteristics is disclosed in Note 20. The Group defines counterparties as having similar characteristics if they are related entities.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by local credit-rating agencies.

The carrying amount of financial assets recognised in the financial statements represents the Group's maximum exposure to credit risk without taking into account collateral or other credit enhancements held.

Interest rate risk

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

The Group is exposed to interest rate risk through the impact of rate changes on bank borrowings. The interest rates for the said bank borrowings are disclosed in Note 26.

The interest rates for hire-purchase payables and amount owing to former minority shareholder and, which are fixed at the inception of the borrowing/financing arrangements are disclosed in Notes 25 and 28.

The Group's interest bearing financial asset is mainly its fixed deposits with licensed banks. The deposits placements as at the end of the reporting period, which bear interest as disclosed in Note 22, are short-term and therefore their exposure to the effects of future changes in prevailing level of interest rates are limited.

<u>Interest rate sensitivity analysis</u>

The Group's exposures to interest rates on financial liabilities are detailed below. The sensitivity analysis below has been determined based on the exposure to interest rates for financial liabilities at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liabilities at the end of the reporting period will remain unchanged for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in the interest rates.

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's profit for the year ended 31 December 2012 would increase or decrease by as follows:

	2012 RM	2011 RM
Floating rate liability		
Long-term loans	144,037	167,000

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has established an appropriate liquidity risk management framework for the management of the Group's short-term, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and banking facilities by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The Group has made arrangements with its holding company and creditors for adequate funding to be made available for the Group's operating requirements.

31. FINANCIAL RISK MANAGEMENT (Cont'd)

The tables below summarise the maturity profile of the Group's financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligations. The tables include both interest and principal cash flows:

The Group	**Contractual interest rate**	**Less than 1 year RM'000**	**1 to 2 years RM'000**	**2 to 5 years RM'000**	**More than 5 years RM'000**	**Total RM'000**
2012						
Financial liabilities						
Non-interest bearing:						
Trade payables		3,808	-	-	-	3,808
Other payables and accrued expenses		6,819	-	-	-	6,819
Amount owing to related parties		71	-	-	-	71
Interest bearing:						
Other payables	8.0%	8,529	-	-	-	8,529
Hire-purchase payables	3.5%	690	673	644	-	2,007
Long-term loans	5.1%	1,469	1,469	11,246	26,242	40,426
		21,386	2,142	11,890	26,242	61,660
2011						
Financial liabilities						
Non-interest bearing:						
Trade payables		2,150	-	-	-	2,150
Other payables and accrued expenses		8,662	-	-	-	8,662
Amount owing to related parties		129	-	-	-	129
Interest bearing:						
Other payable	8.0%	12,011	-	-	-	12,011
Hire-purchase payables	3.5%	449	340	505	-	1,294
Long-term loans	6.8%	10,603	10,076	27,073	-	47,752
		34,004	10,416	27,578	-	71,998

31. FINANCIAL RISK MANAGEMENT (Cont'd)

The Company

	Contractual interest rate	Less than 1 year RM'000	1 to 2 years RM'000	2 to 5 years RM'000	Total RM'000
2012					
Financial liabilities					
Non-interest bearing:					
Other payables and accrued expenses		5,793	-	-	5,793
Amount owing to subsidiary companies		41	-	-	41
Amount owing to related parties		56	-	-	56
Interest bearing:					
Hire-purchase payables	3.5%	43	29	14	86
		5,933	29	14	5,976
2011					
Financial liabilities					
Non-interest bearing:					
Other payables and accrued expenses		7,196	-	-	7,196
Amount owing to subsidiary companies		44	-	-	44
Interest bearing:					
Hire-purchase payables	3.5%	98	43	43	184
		7,338	43	43	7,424

Fair Value of Financial Instruments

Except as detailed in the following table, the directors consider that the carrying amounts of financial assets and liabilities carried at amortised cost in the financial statements approximate their fair values due to short maturities of the financial instruments.

	2012 Carrying amount RM	2012 Fair value RM	2011 Carrying amount RM	2011 Fair value RM
The Group				
Hire-purchase payables	1,826,990	1,826,990	1,156,431	1,156,431
Long-term loan	28,807,356	23,221,263	33,400,000	28,077,200
The Company				
Hire-purchase payables	80,389	80,389	171,679	171,679

The fair values of long-term loans and hire-purchase payables are estimated using discounted cash flow analysis based on the prevailing borrowing rates of similar borrowings obtainable by the Group and the Company.

No disclosure is made for balances with related companies and related parties as it is impractical to determine their fair values with sufficient reliability given these balances are repayable on demand.

31. FINANCIAL RISK MANAGEMENT (Cont'd)

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments:

Level 1: Quoted (unadjusted) prices in active markets for identical assets.
Level 2: Valuation inputs (other than Level 1 input) that are based on observable market data for the asset or liability, whether directly or indirectly.
Level 3: Valuation that are not based on observable market data for the asset or liability.

As at the reporting date, the Group and the Company held the following financial instruments carried at fair values in the statements of financial position:

	The Group 2012 RM	The Company 2012 RM
Level 3		
Available-for-sale financial assets:		
Available-for-sale investment	3,245,969	2,800,000

32. COMPARATIVE FIGURES

Certain comparative figures in prior year have been reclassified to conform with their current year presentation:

	As previously reported RM	As reclassified RM
The Group		
Statements of comprehensive income for the year ended 31 December 2011		
Administrative expenses	(2,622,980)	(4,917,523)
Other operating expenses	(4,487,073)	(2,192,530)

33. SUPPLEMENTARY INFORMATION

On 25 March 2011, Bursa Malaysia Securities Berhad ("Bursa Malaysia") issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of the Bursa Securities Main Market Listing Requirements which requires all listed issuers to disclose the breakdown of the unappropriated profits or accumulated losses as of the end of the reporting period, into realised and unrealised profits or losses.

On 20 December 2011, Bursa Malaysia further issued guidance on the disclosure and the prescribed format of disclosure.

The breakdown of the accumulated loss of the Group and of the Company as of 31 December 2012 into realised and unrealised losses, pursuant to the directive, is as follows:

	The Group		The Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Total accumulated loss of the Company and its subsidiaries				
Realised	(56,187,301)	(60,793,385)	(35,310,238)	(35,386,303)
Unrealised	-	-	-	-
	(56,187,301)	(60,793,385)	(35,310,238)	(35,386,303)
Less: Consolidation adjustments	23,006,702	27,527,435	-	-
Total accumulated loss as per statements of financial position	(33,180,599)	(33,265,950)	(35,310,238)	(35,386,303)

The determination of realised and unrealised profits or losses is based on Guidance of Special Matter No. 1 "Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Securities Listing Requirements" as issued by the Malaysian Institute of Accountants on 20 December 2011. A charge or credit to the profit or loss of a legal entity is deemed realised when it resulted from the consumption of resources of all types and form, regardless of whether it is consumed in the ordinary course of business or otherwise. A resource may be consumed through sale or use. Where a credit or a charge to the profit or loss upon initial recognition or subsequent measurement of an asset or a liability is not attributed to consumption of resource, such credit or charge should not be deemed as realised until the consumption of resource could be demonstrated.

This supplementary information have been made solely for complying with the disclosure requirements as stipulated in the directive of Bursa Malaysia and is not made for any other purposes.

The Directors of **SIN HENG CHAN (MALAYA) BERHAD** state that, in their opinion, the accompanying financial statements are drawn up in accordance with the Financial Reporting Standards and the provisions of 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 of 31 December 2012 and of the financial performance and the cash flows of the Group and the Company for the year ended on that date.

The supplementary information set out in Note 33, which is not part of the financial statements, is prepared in all material respects, in accordance with "Guidance on Special Matter No. 1 Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements" as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed in accordance with a resolution of the Directors,

CHOO KENG WENG
Director

MOHD SHARIFF BIN SALLEH
Director

Kuala Lumpur,
1 April 2013

Declaration by the Director

Primarily responsible for the financial management of the company

I, **CHOO KENG WENG**, being the director primarily responsible for the financial management of **SIN HENG CHAN (MALAYA) BERHAD**, do solemnly and sincerely declare that the accompanying financial statements 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.

____

CHOO KENG WENG

Subscribed and solemnly declared by the abovenamed
CHOO KENG WENG at **KUALA LUMPUR** this
1st day of April, 2013.

Before me,

____

COMMISSIONER FOR OATHS

SHAFIE B. DAUD
NO. W 350

Authorised Share Capital	:	RM500,000,000 divided into 500,000,000 ordinary shares of RM1.00 each
Paid-up Share Capital	:	RM111,666,787
Class of Share	:	Ordinary Shares of RM1.00 each
Voting Rights	:	1 vote per ordinary share

DISTRIBUTION OF SHAREHOLDING

Size of Shareholdings	No. of Holders	%	Total Holdings	%
1 – 99	115	3.26	3,293	0.00
100 – 1,000	1,114	31.58	1,005,942	0.90
1,001 – 10,000	1,785	50.61	7,972,844	7.14
10,001 – 100,000	446	12.65	12,992,824	11.64
100,001 – 5,583,338	63	1.79	39,959,070	35.78
5,583,339 and above	4	0.11	49,732,814	44.54
	3,527	100.00	111,666,787	100.00

SUBSTANTIAL SHAREHOLDERS AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS

Name of Substantial Shareholder	Direct No. of Shares	%	Indirect No. of Shares	%
Wan Jin Resources Sdn Bhd	19,182,125	17.18	-	-
Dato' Sri Haji Esa bin Mohamed	16,738,989	14.99	-	-
Dato' Choo Keng Weng	15,785,793[1]	14.14	2,925,000[2]	2.62
Samudera Sentosa Sdn Bhd	8,000,000	7.16	-	-

Notes: [1] Includes shares held by nominees.
[2] Deemed interest in shares held by Macronet Sdn Bhd by virtue of Section 6A of the Companies Act, 1965.

THIRTY LARGEST ORDINARY SHAREHOLDERS

	Shareholders	No. of Shares Held	%
1	Sabah Development Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Wan Jin Resources Sdn Bhd	19,182,125	17.18
2	Esa Bin Mohamed	12,580,689	11.27
3	HDM Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Choo Keng Weng (M09)	9,970,000	8.93
4	Sabah Development Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Samudera Sentosa Sdn Bhd	8,000,000	7.16
5	Choo Keng Weng	5,053,793	4.53
6	Niaga Serimas Sdn Bhd	5,001,000	4.48
7	OSK Nominees (Tempatan) Sdn Berhad Pledged Securities Account For J.V. Avenue Sdn Bhd	4,769,162	4.27
8	Affin Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Esa Bin Mohamed	4,158,300	3.72
9	Macronet Sdn Bhd	2,925,000	2.62
10	ECML Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Mohd Salleh Bin Yeop Abd Rahman	1,560,000	1.40
11	Asraman Sdn Bhd	1,283,900	1.15
12	Teh Sen Siew	1,000,200	0.90
13	Su Ming Yaw	1,000,000	0.90

Analysis of Shareholding

As at 12 April 2013 (Cont'd)

THIRTY LARGEST ORDINARY SHAREHOLDERS

	Shareholders	No. of Shares Held	%
14	Citigroup Nominees (Asing) Sdn Bhd Exempt An For OCBC Securities Private Limited (Client A/C-NR)	935,726	0.84
15	Chu Siew Fei	842,700	0.75
16	Maybank Securities Nominees (Tempatan) Sdn Bhd Maybank Kim Eng Securities Pte Ltd For Eng Holdings Sdn Bhd	838,553	0.75
17	Lee Lai Leng	695,600	0.62
18	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Choo Keng Weng	600,000	0.54
19	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Cheng Teck Loong	430,800	0.39
20	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank For Chong Lee Fong (MQ0269)	402,000	0.36
21	Su Ming Keat	402,000	0.36
22	Tan Soon Chai	310,000	0.28
23	Ku Nee Kher @ Chew Fa	300,000	0.27
24	Tan Kim Hia @ Tan Kim Hai	300,000	0.27
25	HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Ang Poh Eng	295,800	0.26
26	Leong Sze Eam	251,400	0.22
27	Ho Ching Yeu	250,000	0.22
28	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Sek Liak Seng (CEB)	250,000	0.22
29	Eng See Tiau	249,000	0.22
30	Tay Kuan Tea @ Tay Swee Seng	244,000	0.21
	Total	84,081,748	75.30

DIRECTORS' INTEREST IN SHARES (Based on the Register of Directors' Shareholdings)

	Direct No. of Shares	%	Indirect No. of Shares	%
Tuan Syed Omar Bin Syed Abdullah	-	-	-	-
Dato' Choo Keng Weng	15,785,793[1]	14.14	2,925,000[2]	2.62
YBM Tunku Mahmood Bin Tunku Mohammed	-	-	-	-
Mohd Shariff Bin Salleh	-	-	-	-
Thomas Tuan Kit Kwong	-	-	-	-

Notes: [1] Includes shares held by nominees.
[2] Deemed interest in shares held by Macronet Sdn Bhd by virtue of Section 6A of the Companies Act, 1965.

DIRECTORS' INTEREST IN OPTIONS (Based on the Register of Directors' Shareholdings)

	No. of Shares
Tuan Syed Omar Bin Syed Abdullah	600,000[1]
Dato' Choo Keng Weng	1,400,000[2]
YBM Tunku Mahmood Bin Tunku Mohammed	-
Mohd Shariff Bin Salleh	-
Thomas Tuan Kit Kwong	-

Notes: [1] Granted on 13 July 2004
[2] Granted on 1 June 2012

Landed properties in the Group consist of:

	Location	Description	Area	Tenure (Year Expiring)	Age of Building	Net Book Value (RM)
A.	**Freehold**					
1	Holding 2058, 2060 & 2062 Mukim Tanjong Kling 76400 Melaka	Vacant Land	127,576 sq. ft.	-	-	544,000
B.	**Leasehold**					
1	82 Jalan Tun Ali 75300 Melaka	Factory with office	99,956 sq. ft.	2050 to 2056	41 years	4,535,545
2	129A Jalan Mutahir 75300 Melaka	Vacant Land	9,440 sq. ft.	2061	50 years	398,158
3	Provisional Lease Lot 4, Punan Land District, Sarawak	Oil Palm Plantation with Office/Store/ Worker Quarters	10,730 hectares	2057	11 years	19,431,409
	Provisional Lease Lot 7, Dulit Land District, Sarawak	Oil Palm Plantation	267 hectares	2057	N/A	
4	Lot 10 Rasan Land Jalan Bintulu-Bakun Tubau Bintulu	Oil Palm Plantation	257.9 hectares	2068	N/A	2,621,422
	Lot 8 Rasan Land Jalan Bintulu-Bakun Tubau Bintulu	Oil Palm Plantation	13.951 hectares	2068	N/A	
	GRAND TOTAL					27,530,534

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Proxy Form

CDS Account No.	
No. of Shares Held	

SIN HENG CHAN (MALAYA) BERHAD
(Company No. 4690-V)
(Incorporated in Malaysia)

I/We, ____
(FULL NAME IN BLOCK LETTERS)
of ____
(ADDRESS IN FULL)
being a member/members of **SIN HENG CHAN (MALAYA) BERHAD**, hereby appoint ______________________

____
(FULL NAME IN BLOCK LETTERS)
of ____
(ADDRESS IN FULL)
or failing him/her, the CHAIRMAN OF MEETING,as my/our proxy to vote for me/us and on my/our behalf at the Fifty-First (51st) Annual General Meeting of the Company to be held at Banyan & Casuarina Rooms, Ground Floor, Sime Darby Convention Centre, 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Wednesday, 15 May 2013 at 10:00 a.m. and at any adjournment thereof, on the following resolutions as indicated below:

	RESOLUTION	FOR	AGAINST
1.	To re-elect Dato' Choo Keng Weng, a Director who retires by rotation in accordance with Article 94 of the Articles of Association of the Company. (Ordinary Resolution 1)		
2.	To re-elect Encik Mohd Shariff Bin Salleh, a Director who retires by rotation in accordance with Article 94 of the Articles of Association of the Company. (Ordinary Resolution 2)		
3.	To approve the payment of Directors' fees amounting to RM36,000.00 for the financial year ended 31 December 2012. (Ordinary Resolution 3)		
4.	To appoint Messrs Ecovis AHL as Auditors for the ensuring year and to authorise the Directors to fix their remuneration. (Ordinary Resolution 4)		
5.	**Special Businesses:** To authorise the Directors to issue shares pursuant to Section 132D of the Companies Act, 1965. (Ordinary Resolution 5)		
6.	To approve the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions. (Ordinary Resolution 6)		
7.	To retain YBM Tunku Mahmood Bin Tunku Mohammed as Independent Non-Executive Director. (Ordinary Resolution 7)		
8.	To approve the Proposed Adoption of the New Articles of Association of the Company. (Special Resolution)		

(Please indicate with an "x" on how you wish your vote to be cast. In the absence of specific directions, your proxy may vote or abstain at his/ her discretion.)
** Delete the words "the Chairman of the Meeting" if you wish to appoint some other person(s) to be your proxy.*

Dated this ___________ day of _______________ 2013

____
Signature or Common Seal of Shareholder (s)

Notes:

1. *A member of the Company entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and vote in his stead. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without limitation and the provisions of Section 149(1)(a), (b), (c) and (d) of the Act shall not apply to the Company.*
2. *Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, which holds ordinary shares for multiple beneficial owners in one securities account ("Omnibus Account"), there is no limit to the number of proxies it may appoint in respect of each omnibus account.*
3. *In the case of a corporate member, the instrument appointing a proxy shall be under its Common Seal or under the hand of an officer or attorney, duly authorised in writing.*
4. *Where a member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportion of his holding to be represented by each proxy.*
5. *To be valid, the original Form of Proxy, must be completed and deposited at the Registered Office of the Company at Suite 2.02, Level 2, Wisma E&C, No. 2, Lorong Dungun Kiri, Damansara Heights, 50490 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time for holdings the Meeting or any adjournment thereof.*
6. *The lodging of a completed Form of Proxy will not preclude a member from attending and voting in person at the meeting should the member subsequently wish to do so, however such attendance would be an automatic revocation of the proxy's authority unless an intimation in writing has been made to the Company at the registered office*
7. *For the purposes of determining a member entitled to attend the meeting, the Company will request Bursa Malaysia Depository Sdn Bhd (in accordance with Article 66(b) of the Company's Articles of Association), to issue the Record of Depositors ("ROD") as at 9 May 2013 for determining the depositors who shall be deemed to be the registered holders of the shares of the Company eligible to be present and vote at the meeting. Only a depositor whose name appears on the ROD as at 9 May 2013 shall be entitled to attend the meeting.*

Fold this flap for sealing

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Affix
Stamp
Here

THE COMPANY SECRETARY
SIN HENG CHAN (MALAYA) BERHAD
SUITE 2.02, LEVEL 2
WISMA E & C
NO.2, LORONG DUNGUN KIRI
DAMANSARA HEIGHTS
50490 KUALA LUMPUR
MALAYSIA

1st fold here

SIN HENG CHAN (MALAYA) BERHAD (4690-V)
(Incorporated in Malaysia)

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