CEPATWAWASAN GROUP BERHAD

(Company No: 536499-K)

annual report 2010

CONTENTS

Notice of the Eleventh Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Eleventh Annual General Meeting of the Company will be held at Ballroom 1, Sabah Hotel Sandakan, KM 1, Jalan Utara, Sandakan, Sabah on Thursday, 21 April 2011 at 10.30 a.m. for the following business:

AGENDA **Resolution No.**

1. To receive the Audited Financial Statements of the Company for the financial year ended 31 December 2010 together with the Directors' and Auditors' Reports thereon.

2. To approve the payment of a single tier final dividend of 2% in respect of the financial year ended 31 December 2010. 1

3. To re-elect Dato' Mah King Thian @ Mah King Thiam retiring in accordance with Article 76 of the Company's Articles of Association. 2

4. To re-elect Dato' Mah King Seng retiring in accordance with Article 76 of the Company's Articles of Association. 3

5. To re-elect Mr. Chan Kam Leong retiring in accordance with Section 129 of the Companies Act, 1965. 4

6. To appoint Messrs Ernst & Young as Auditors of the Company for the ensuring year and to authorise the Directors to fix their remuneration. 5

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

ORDINARY RESOLUTION 1
- AUTHORITY TO ISSUE SHARES

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

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

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

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

Resolution No.

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

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

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

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

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

whichever occurs first;

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

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

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

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

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

Selangor
29 March 2011

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

Notes:-

(i) Proxy

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

(ii) Explanatory Note on Special Business

* Resolution No. 6

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

As at the date of this Notice, no new shares in the Company were issued pursuant to the authority granted to the Directors at the Tenth Annual General Meeting held on 28 April 2010 and which will lapse at the conclusion of the Eleventh Annual General Meeting.

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

* Resolution No. 7

The proposed Ordinary Resolution 7, if passed, will empower the Directors of the Company to continue to purchase the Company's shares up to ten percent (10%) of the issued and paid-up share capital of the Company ("Proposed Share Buy-Back") by utilising the funds allocated which shall not exceed the total retained earnings and share premium account of the Company. Further information on the Proposed Renewal of the Share Buy-Back Authority is set out in the Share Buy-back Statement dated 29 March 2011 which is despatched together with Company's Annual Report 2010.

Corporate Information

BOARD OF DIRECTORS

Executive Chairman
Dato' Mah King Thian @ Mah King Thiam

Managing Director
Dato' Mah King Seng

Executive Director
Tan Ah Seng

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

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

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

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

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

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

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

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

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

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

STOCK EXCHANGE LISTING
Bursa Malaysia Securities
Berhad

Profile of Board of Directors

DATO' MAH KING THIAN @ MAH KING THIAM
Malaysian aged 48
Executive Director/Chairman

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

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

Dato' Mah King Thian @ Mah King Thiam is deemed connected to MHC Plantations Bhd and Yew Lee Holdings Sdn. Berhad, two of the substantial shareholders of the Company. He is the younger brother of Dato' Mah King Seng, the Managing Director of the Company and he has no conviction for offences within the past ten (10) years.

DATO' MAH KING SENG
Malaysian aged 53
Managing Director

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

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

Dato' Mah King Seng is deemed connected to MHC Plantations Bhd and Yew Lee Holdings Sdn. Berhad, two of the substantial shareholders of the Company. He is the elder brother of Dato' Mah King Thian @ Mah King Thiam, the Executive Director/Chairman of the Company and he has no conviction for offences within the past ten (10) years.

TAN AH SENG
Malaysian aged 64
Executive Director

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

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

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

He has no family relationship with any directors and/or major shareholders of the Company and he has no conviction for offences within the past ten (10) years.

CHUA KIM YIN (JP)
Malaysian aged 50
Independent Non-Executive Director

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

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

He has no family relationship with any directors and/or major shareholders of the Company and he has no conviction for offences within the past ten (10) years.

Profile of Board of Directors (cont'd)

CHAN KAM LEONG
Malaysian aged 71
Independent Non-Executive Director

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

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

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

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

He has no family relationship with any directors and/or major shareholders of the Company and he has no conviction for offences within the past ten (10) years.

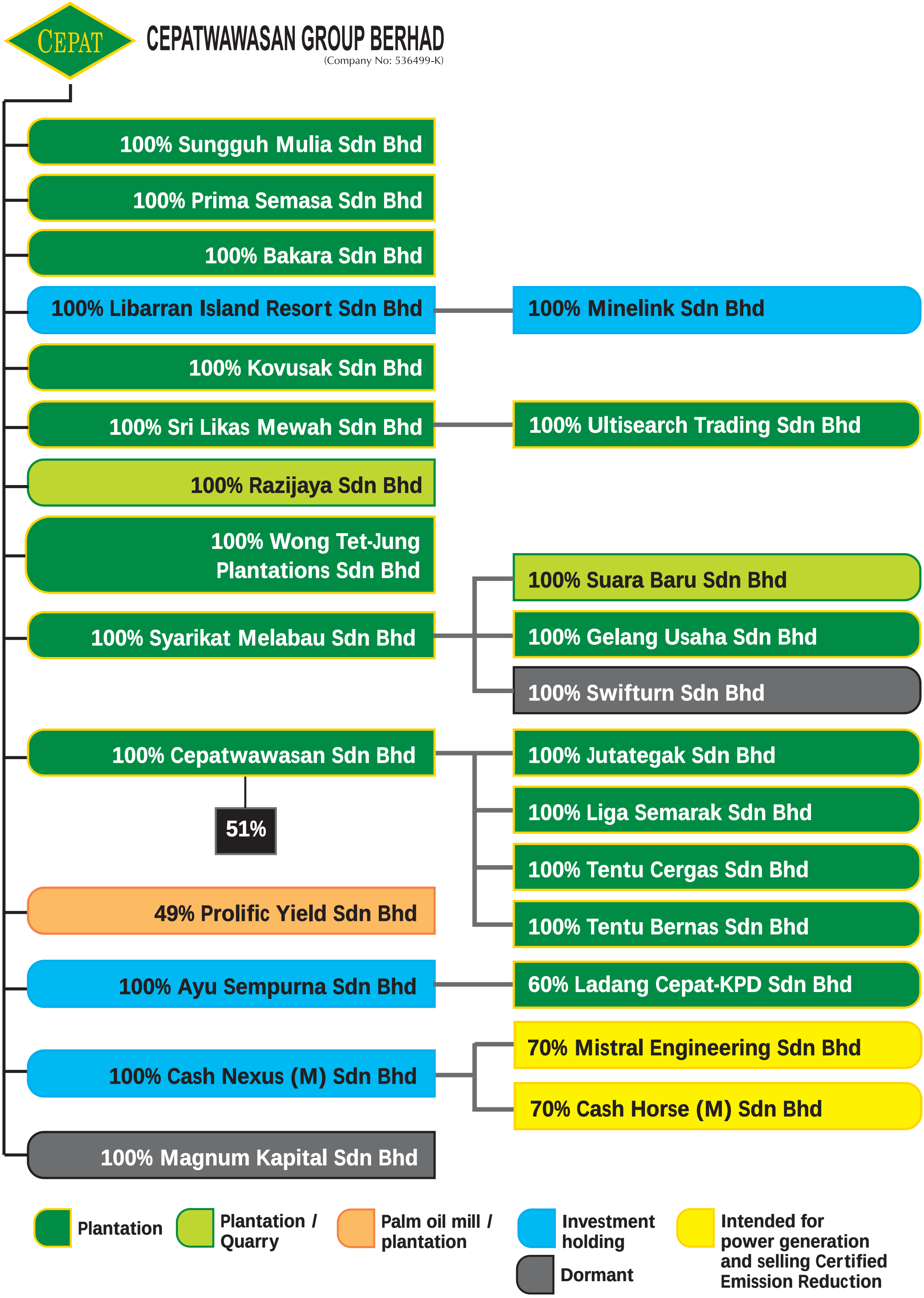
CHONG PAK WAN
Malaysian aged 67
Independent Non-Executive Director

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

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

He has no family relationship with any directors and/or major shareholders of the Company and he has no conviction for offences within the past ten (10) years.

Group Structure



CEPATWAWASAN GROUP BERHAD
(Company No: 536499-K)

- 100% Sungguh Mulia Sdn Bhd
- 100% Prima Semasa Sdn Bhd
- 100% Bakara Sdn Bhd
- 100% Libarran Island Resort Sdn Bhd
  - 100% Minelink Sdn Bhd
- 100% Kovusak Sdn Bhd
- 100% Sri Likas Mewah Sdn Bhd
  - 100% Ultisearch Trading Sdn Bhd
- 100% Razijaya Sdn Bhd
- 100% Wong Tet-Jung Plantations Sdn Bhd
- 100% Syarikat Melabau Sdn Bhd
  - 100% Suara Baru Sdn Bhd
  - 100% Gelang Usaha Sdn Bhd
  - 100% Swifturn Sdn Bhd
- 100% Cepatwawasan Sdn Bhd
  - 100% Jutategak Sdn Bhd
  - 100% Liga Semarak Sdn Bhd
  - 100% Tentu Cergas Sdn Bhd
  - 100% Tentu Bernas Sdn Bhd
  - 51%
- 49% Prolific Yield Sdn Bhd
- 100% Ayu Sempurna Sdn Bhd
  - 60% Ladang Cepat-KPD Sdn Bhd
- 100% Cash Nexus (M) Sdn Bhd
  - 70% Mistral Engineering Sdn Bhd
  - 70% Cash Horse (M) Sdn Bhd
- 100% Magnum Kapital Sdn Bhd

🟩 Plantation

🟩 Plantation / Quarry

🟧 Palm oil mill / plantation

🟦 Investment holding

⬛ Dormant

🟨 Intended for power generation and selling Certified Emission Reduction

Chairman’s Statement

On behalf of the Board of Directors, I am pleased to present to you the Annual Report of the Company and its subsidiaries (“Group”) for the financial year ended 31 December 2010.

Group’s Performance

The Group recorded revenue of RM 231.82 million and profit after tax of RM 25.87 million in 2010 as compared to RM 164.00 million and RM 18.01 million respectively in 2009.

The increase in revenue and profit after tax was mainly due to the increase in the average prices of Crude Palm Oil (“CPO”) and Palm Kernel (“PK”). As such, the Group’s net earnings per share increased to 11.77 sen from 8.27 sen in 2009 and net tangible assets per share attributable to ordinary equity holders of the parent also increased to 172 sen from 162 sen.

In 2010, the Group’s plantations produced 128,520 Metric Tonnes (“MT”) of FFB at an average FFB yield of 16.62 MT per hectare. This includes the newly matured area of 1,946 Hectares in the Paitan Division.

The Group’s Palm Oil Mill produced 64,758 MT of CPO at an average Oil Extraction Rate of 20.83% and 16,132 MT of PK at an average Kernel Extraction Rate of 5.19%. During 2010 , CPO was sold at an average price of RM2,700 per MT whereas PK was sold at an average price of RM1,690 per MT.

Dividend

On 1 December 2010, the Group declared a single tier interim dividend of 1% on 211,455,915 ordinary shares in respect of the financial year ended 31 December 2010 amounting to RM2,114,559, which was paid on 24 December 2010.

At the forthcoming Annual General Meeting, a single tier final dividend in respect of the financial year ended 31 December 2010 of 2% on 211,455,915 ordinary shares amounting to a dividend payable of RM 4,229,118 will be proposed for your approval.

Prospects

The average CPO price in 2010 increased by about 20% to RM 2,700 per tonne against RM 2,230 per tonne in 2009.

During the second half of 2010, firmer crude oil prices coupled with supply tightness of world vegetable oils resulted in an increase in the second half year average to RM 2,800 per tonne.

CPO price is expected to continue to be traded above RM 3,000 per tonne on average in 2011 as crude oil prices continue to remain firm and world demand for food increases, thereby driving demand for all commodities including palm oil with positive price sentiments.

Thus, barring any unforeseen circumstances, the Group expects higher profit in 2011 as it strives to maintain its low operating cost and gearing. Moreover, about 25% of the Group’s total planted area which matured in 2008 and 2009 would significantly enhance the Group’s FFB production in 2011.

The Group also expects positive contributions from its bio-energy projects after 2011. On 2 November 2010, the Group entered into a Renewable Energy Power Purchase Agreement with Sabah Electricity Sdn. Bhd. ("SESB") to sell and deliver electrical energy to SESB under the Small Renewable Energy Power Programme for twenty one (21) years commencing from the date of commercial operation. In 2010, the Group also entered into various Emission Reductions Purchase Agreements with Nordjysk Elhandel A/S and the Danish Ministry of Climate and Energy to sell the Certified Emission Reductions from its bio-energy projects.

Corporate Social Responsibility ("CSR")

As part of its CSR, the Group has constructed the Cepatwawasan-Humana Education Resource Center ("CERC") at Segaliud in Kinabatangan, Sabah at a total cost of about RM 1 million, which was completed in September 2009. Facilities include staff quarters, a library, a play corner, study rooms, a computer room, an outdoor playground and a field.

The Group has appointed Humana Child Aid Society of Sabah ("Humana"), a non-profit non-governmental organisation company to coordinate, operate and manage the CERC. Under Humana, the Center commenced operation in October 2009 and was officially opened by the Minister of Plantation Industries and Commodities Malaysia, Tan Sri Bernard Dompok, on 18 October 2010. Currently, it provides classes in Bahasa Malaysia, Mathematics, Science, English and Information Technology (IT) for around 155 children living in the vicinity of Segaliud, Sandakan. There is room for future expansion to benefit more local children.

Acknowledgement

I wish to thank our Management and Staff for their dedicated services and immense contributions during the year.

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

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

Dato' Mah King Thian @ Mah King Thiam
Executive Chairman

Corporate Governance Statement

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

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

1. Directors

1.1 Board Composition

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

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

Managing Director
Dato' Mah King Seng

Executive Director
Mr Tan Ah Seng

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

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

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

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

1. Directors (cont'd)

1.1 Board Composition (cont'd)

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

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

1.2 Principal responsibility of the Board

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

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

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

1.3 Supply of information

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

1.4 Appointment and Re-election of Directors

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

1. Directors (cont'd)

1.5 Committee of Directors

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

The Committees established are as follows:

(i) Audit Committee

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

(ii) Nomination Committee

The functions of the Nomination Committee are as follows:

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

(iii) Remuneration Committee

The functions of the Remuneration Committee are as follows:

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

1. Directors (cont'd)

1.5 Committee of Directors (cont'd)

(iv) Executive Committee ("EXCO")

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

2. Directors' Remuneration

2.1 The Level and Make-up of Remuneration

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

2.2 Procedures

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

2.3 Disclosure

The aggregate remuneration paid or payable to all Directors of the Company for the financial year ended 31 December 2010 are as follows:-

	Fees RM	Emoluments RM	EPF RM	Total RM
Executive Directors	-	1,678,446	201,414	1,879,860
Non-Executive Directors	123,000	-	-	123,000
Total	123,000	1,678,446	201,414	2,002,860

2. Directors' Remuneration (cont'd)

2.3 Disclosure (cont'd)

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

Range of Remuneration	Executive Directors	Non-Executive Directors
Below RM50,000	-	3
RM250,001 to RM300,000	1	-
RM700,001 to RM750,000	2	-

3. Directors' Training

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

4. Shareholders

4.1 Dialogue between Companies and Investors

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

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

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

4.2 The Annual General Meeting

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

5. Corporate Social Responsibilities

The Company is committed to ensuring that its actions not only benefit its shareholders but also its employees, the community and the environment. As such, it has developed the Cepatwawasan-Humana Education Resource Center ("CERC") at Segaliud in Kinabatangan, Sabah at a total cost of about RM 1 million, which was completed in September 2009. Facilities include staff quarters, a library, a play corner, study rooms, a computer room, an outdoor playground and a field.

The Group has appointed Humana Child Aid Society of Sabah ("Humana"), a non-profit non-governmental organisation company to coordinate, operate and manage the CERC. Under Humana, the Center commenced operation in October 2009 and was officially opened by the Minister of Plantation Industries and Commodities, Tan Sri Bernard Dompok, on 18 October 2010. Currently, it provides classes in Bahasa Malaysia, Mathematics, Science, English and Information Technology (IT) for around 155 children living in the vicinity of Segaliud, Sandakan. There is room for future expansion to benefit more local children.

6 Financial Reporting

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

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

7. Internal Control

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

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

8. Relationship with Auditors

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

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

9. Compliance Statement

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

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

10. Additional Compliance Information

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

10.1 Utilisation of Proceeds

This was not applicable during the financial year.

10.2 Share Buybacks

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

As at 31 December 2010, there was no resale or cancellation of these purchased shares.

10.3 Options, Warrants or Convertible Securities

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

10. Additional Compliance Information (cont'd)

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

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

10.5 Imposition of Sanctions/Penalties

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

10.6 Non-Audit Fees

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

10.7 Profit Estimate, Forecast or Projection

No material variance arose between the audited results for the financial year and the unaudited results previously announced. There were no profit estimates, forecasts or projections for the financial year ended 31 December 2010.

10.8 Profit Guarantee

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

10.9 Material Contracts

There were no material contracts entered into by the Company and its subsidiaries involving Directors and substantial shareholders either subsisting at the end of the financial year ended 31 December 2010 or entered into since the previous financial year.

10.10 Revaluation Policy

The Group does not have a revaluation policy on landed properties.

10.11 Recurrent Related Party Transactions

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

Statement of Directors' Responsibility for Preparing the Financial Statements

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

In preparing the financial statements, the Directors have:

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

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

Replanting in Ladang Cepatwawasan

New Planting in Paitan Region

Audit Committee Report

COMMITTEE MEMBERS

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

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

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

TERMS OF REFERENCE

1. Composition

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

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

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

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

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

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

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

2. Authority

The audit committee shall:

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

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

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

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

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

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

3. Functions

The audit committee is to:

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

a) with the external auditors:

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

b) assistance given by the Company's officers to the external auditors;

c) adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its works;

d) 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) the quarterly financial reports and year end financial statements, prior to the approval by the board of directors, focusing particularly on:

- changes in or implementation of major accounting policy changes;
- significant and unusual events;
- the going concern assumption; and
- compliance with accounting standards and other legal requirements.
- significant transactions not forming a normal part of the Company's operations;
- significant adjustments proposed by the external auditors.

3. Functions (cont'd)

3.1 Review the following and report the same to the board of directors (cont'd):

f) any related party transactions and conflict of interest situation that may arise within the Group including any transaction, procedure or course of conduct that raises questions of management integrity;

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

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

3.2 Consider the nomination of external auditors.

3.3 Review the scope of audit and general extent of the external auditor's examination, including their engagement letter.

3.4 Review with the Company's management, external auditors and the internal auditor, the Company's general policies and procedures to reasonably assure the adequacy of internal accounting and financial reporting controls.

3.5 Discuss with the external auditors any relevant recommendations, which the external auditors may have, especially those in their letter of comments and recommendations. Topics to be considered during this discussion include improving internal financial controls, the selection of accounting principles, and management reporting systems. Review written responses of management to the letter of comments and recommendations from the external auditors.

3.6 Evaluate the cooperation received by the external auditors during their examination, including their access to all requested records, data and information. Also, elicit the comments of management regarding the responsiveness of the external auditors to the Company's needs. Enquire the external auditors whether there have been any disagreements with management, which if not satisfactorily resolved would have caused them to issue a non-standard report on the company's financial statements.

3.7 Review the scope and results of the internal audit procedures and discuss with the Company management the remedial actions taken on the areas that need improvement.

3.8 Apprise the board of directors, through minutes and special presentations as necessary, of significant developments in the course of performing the above duties.

3.9 Perform such other functions as may be agreed to by the Audit Committee and the Board of Directors.

4. Quorum and Attendance of Meetings

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

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

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

5. Frequency of Meetings and Minutes

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

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

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

MEETINGS

The Audit Committee members held four (4) meetings during the financial year ended 31 December 2010.

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

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

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

ACTIVITIES

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

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

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

ACTIVITIES (cont'd)

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

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

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

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

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

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

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

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

INTERNAL AUDIT FUNCTION

The principal role of the internal audit function is to provide the Audit Committee with independent and objective reports on the adequacy, efficiency and effectiveness of the internal control system to ensure compliance with the systems and standard operating procedures in the Group.

In this connection, the Company has engaged Messrs KPMG to assist in carrying out the internal audit function. During the financial year, four (4) cycles of internal audit were conducted. The internal activities carried out for the financial year include the following:

- Mill maintenance programme (Cycle 4, 2009)
- Payroll functions and cost management (Cycle 1, 2010)
- Manuring programme and nursery management (Cycle 2, 2010)
- Mill CPO and PK quality control and quarry's repairs and maintenance (Cycle 3, 2010)

The Audit Committee had reviewed the auditor's findings and management's responses and had ensured that appropriate actions were taken by management on the audit recommendations.

Statement on Internal Control

BOARD'S RESPONSIBILITY

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

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

RISK MANAGEMENT FRAMEWORK AND CONTROL SELF-ASSESSMENT

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

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

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

INTERNAL AUDIT FUNCTION

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

The internal audit function is outsourced to KPMG which reports directly to the Audit Committee. The scope of work covered by the internal audit function is determined by the Audit Committee after careful consideration and discussion of the audit plan with the Board.The costs incurred for the internal audit function for the financial year ended 31 December 2010 were RM 36,000.

OTHER KEY ELEMENTS OF INTERNAL CONTROL

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

i. BOARD MEETINGS

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

ii. ORGANISATIONAL STRUCTURE

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

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

iii. PERFORMANCE MANAGEMENT FRAME WORK

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

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

WEAKNESS IN INTERNAL CONTROL

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

Directors' Report

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2010.

Principal activities

The principal activities of the Company are investment holding and provision of management services to its subsidiary companies. The principal activities of the subsidiary companies are stated in Note 20 to the financial statements.

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

Results

	Group RM'000	Company RM'000
Profit net of tax	25,868	3,282
Profit attributable to:		
Owners of the parent	24,883	3,282
Minority interests	985	-
	25,868	3,282

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

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

Dividends

The amounts of dividends paid by the Company since 31 December 2009 were as follows:

	RM'000
In respect of the financial year ended 31 December 2009 as reported in the Directors' report of that year:	
Final tax exempt (single-tier) dividend of 1% on 211,455,915 ordinary shares (excluding 4,001,000 treasury shares), declared on 13 May 2010 and paid on 20 May 2010	2,115
In respect of the financial year ended 31 December 2010:	
First interim tax exempt (single-tier) dividend of 1% on 211,455,915 ordinary shares (excluding 4,001,000 treasury shares), declared on 1 December 2010 and paid on 24 December 2010	2,115
	4,230

At the forthcoming Annual General Meeting, a final tax exempt (single-tier) dividend in respect of the financial year ended 31 December 2010, of 2% on 211,455,915 ordinary shares, amounting to a dividend payable of RM4,229,118 (2 sen per ordinary share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2011.

Directors

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

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

Directors' benefits

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

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors or the fixed salary of a full-time employee of the Company as shown in Note 11 to the financial statements) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

Directors' interests

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

	Number of ordinary shares of RM1 Each			
	1.1.2010	**Acquired**	**Sold**	**31.12.2010**
Name of director				
Direct interest:				
Tan Ah Seng	100	-	-	100
Choong Pak Wan	10,000	-	-	10,000
Indirect interest:				
Dato' Mah King Thian @ Mah King Thiam	74,065,800	4,200,000	-	78,265,800
Dato' Mah King Seng	74,065,800	4,200,000	-	78,265,800

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

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

Treasury shares

As at 31 December 2010, the Company held as treasury shares a total of 4,001,000 of its 215,456,915 issued ordinary shares. Such treasury shares are held at a carrying amount of RM4,108,604 and further relevant details are disclosed in Note 29 to the financial statements.

Other statutory information

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

- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
- (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

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

- (i) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and
- (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

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

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

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

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

(f) In the opinion of the Directors:

- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and
- (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

Significant events

Details of the significant events are disclosed in Note 2 to the financial statements.

Material litigation

The details of the material litigation are disclosed in Note 3 to the financial statements.

Auditors

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

Signed on behalf of the Board in accordance with a resolution of the Directors dated 11 March 2011.

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

Statement by Directors

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

We, DATO' MAH KING THIAN @ MAH KING THIAM and TAN AH SENG, being two of the Directors of CEPATWAWASAN GROUP BERHAD, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 36 to 104 are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2010 and of their financial performance and cash flows for the year then ended.

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

Signed on behalf of the Board in accordance with a resolution of the Directors dated 11 March 2011.

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

Statutory Declaration

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

I, NOK CHUNG YUAN, being the Officer primarily responsible for the financial management of CEPATWAWASAN GROUP BERHAD, do solemnly and sincerely declare that the accompanying financial statements set out on pages 36 to 104 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared
by the abovenamed NOK CHUNG
YUAN at Sandakan in the State of
Sabah on 11 March 2011

NOK CHUNG YUAN

Before me,

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

Independent Auditors' Report to the Members of

CEPATWAWASAN GROUP BERHAD (Incorporated in Malaysia)

Report on the financial statements

We have audited the financial statements of Cepatwawasan Group Berhad, which comprise statements of the financial position as at 31 December 2010 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 36 to 104 .

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2010 and of their financial performance and cash flows for the year then ended.

Independent Auditors' Report to the Members of

CEPATWAWASAN GROUP BERHAD (Incorporated in Malaysia) (cont'd)

Report on other legal and regulatory requirements

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

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

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

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

Other matters

The supplementary information set out in Note 38 on page 86 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

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

Ernst & Young
AF: 0039
Chartered Accountants

Chin Mui Khiong Peter
1881/03/12 (J)
Chartered Accountant

Kuching, Malaysia
11 March 2011

Statements of Comprehensive Income

For the financial year ended 31 December 2010

	Note	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Revenue	5	231,816	164,003	7,326	45,127
Cost of sales		(185,561)	(126,751)	(111,111)	(222,222)
Gross profit		46,255	37,252	7,326	45,127
Other items of income					
Interest income	6	582	553	730	777
Other income	7	1,316	677	-	-
Other items of expense					
Marketing and distribution costs		(4,041)	(3,757)	-	-
Administrative expenses		(8,063)	(7,552)	(3,360)	(2,428)
Finance costs	8	(772)	(1,266)	(722)	(777)
Profit before tax	9	35,277	25,907	3,974	42,699
Income tax expense	12	(9,409)	(7,893)	(692)	(1,371)
Profit net of tax		25,868	18,014	3,282	41,328
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		25,868	18,014	3,282	41,328
Profit/total comprehensive income attributable to:					
Owners of the parent		24,883	17,421	3,282	41,328
Minority interests		985	593	-	-
		25,868	18,014	3,282	41,328
Earnings per share attributable to owners of the parent (sen per share):					
- Basic	13	11.77	8.12		
- Diluted	13	11.77	8.12		

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

Statements of Financial Position

As at 31 December 2010

	Note	Group 2010 RM'000	2009 (restated) RM'000	As at 1.1.2009 (restated) RM'000	Company 2010 RM'000	2009 RM'000
ASSETS						
Non-current assets						
Property, plant and equipment	15	137,415	125,992	123,988	2,881	2,189
Biological assets	16	151,021	150,681	150,374	-	-
Investment properties	17	20,279	20,279	20,279	-	-
Intangible assets	18	92,088	92,088	92,088	-	-
Land use rights	19	2,134	2,162	2,190	-	-
Investments in subsidiaries	20	-	-	-	229,458	217,208
Deferred tax assets	21	2,312	1,667	749	-	-
Other receivables	23	2,705	1,929	-	-	-
		407,954	394,798	389,668	232,339	219,397
Current assets						
Inventories	22	9,245	16,370	13,796	-	-
Trade and other receivables	23	14,806	13,099	10,576	90,320	91,745
Tax recoverable		257	238	2,206	107	238
Short term investments	24	6,259	3,133	1,092	-	-
Cash and cash equivalents	25	37,229	18,750	28,547	499	328
		67,796	51,590	56,217	90,926	92,311
Total assets		475,750	446,388	445,885	323,265	311,708
EQUITY AND LIABILITIES						
Current liabilities						
Loans and borrowings	26	2,946	5,519	8,654	-	-
Trade and other payables	27	24,297	16,755	12,413	80,449	67,984
Income tax payable		2,237	2,150	972	-	-
		29,480	24,424	22,039	80,449	67,984
Net current assets		38,316	27,166	34,178	10,477	24,327

Statements of Financial Position
As at 31 December 2010 (cont'd)

		Group			Company	
	Note	2010	2009 (restated)	As at 1.1.2009 (restated)	2010	2009
		RM'000	RM'000	RM'000	RM'000	RM'000
Non-current liabilities						
Deferred tax liabilities	21	45,585	45,856	45,805	40	-
Loans and borrowings	26	21,496	18,157	28,264	-	-
Lease rental payable	28	267	267	267	-	-
		67,348	64,280	74,336	40	-
Total liabilities		96,828	88,704	96,375	80,489	67,984
Net assets		378,922	357,684	349,510	242,776	243,724
Equity attributable to owners of the parent						
Share capital	29	215,457	215,457	215,457	215,457	215,457
Treasury shares	29	(4,109)	(4,109)	-	(4,109)	(4,109)
Retained earnings	30	151,149	130,496	118,421	31,428	32,376
		362,497	341,844	333,878	242,776	243,724
Minority interests		16,425	15,840	15,632	-	-
Total equity		378,922	357,684	349,510	242,776	243,724
Total equity and liabilities		475,750	446,388	445,885	323,265	311,708

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

Statements of Changes in Equity

For the financial year ended 31 December 2010

		Attributable to owners of the parent					
				Non-distributable		Distributable	
	Note	**Equity, total RM'000**	**Equity attributable to owners of the parent, total RM'000**	**Share capital RM'000**	**Treasury shares RM'000**	**Retained earnings RM'000**	**Minority interests RM'000**
Group							
At 1 January 2009		349,510	333,878	215,457	-	118,421	15,632
Total comprehensive income		18,014	17,421	-	-	17,421	593
Transaction with owners							
Acquisition of shares by minority shareholders		15	-	-	-	-	15
Purchase of treasury shares	29	(4,109)	(4,109)	-	(4,109)	-	-
Dividends	14	(5,346)	(5,346)	-	-	(5,346)	-
Dividend paid to minority interest		(400)	-	-	-	-	(400)
Total transactions with owners		(9,840)	(9,455)	-	(4,109)	(5,346)	(385)
At 31 December 2009		357,684	341,844	215,457	(4,109)	130,496	15,840
Total comprehensive income		25,868	24,883	-	-	24,883	985
Transaction with owners							
Dividends	14	(4,230)	(4,230)	-	-	(4,230)	-
Dividend paid to minority interest		(400)	-	-	-	-	(400)
Total transactions with owners		(4,630)	(4,230)	-	-	(4,230)	(400)
At 31 December 2010		378,922	362,497	215,457	(4,109)	151,149	16,425

Statements of Changes in Equity

For the financial year ended 31 December 2010 (cont'd)

			Non-distributable		Distributable
	Note	Equity, total RM'000	Share capital RM'000	Treasury shares RM'000	Retained earnings RM'000
Company					
At 1 January 2009		211,850	215,457	-	(3,607)
Total comprehensive income		41,329	-	-	41,329
Transaction with owners					
Purchase of treasury shares	29	(4,109)	-	(4,109)	-
Dividends	14	(5,346)	-	-	(5,346)
Total transactions with owners		(9,455)	-	(4,109)	(5,346)
At 31 December 2009		243,724	215,457	(4,109)	32,376
Total comprehensive income		3,281	-	-	3,281
Transaction with owners					
Dividends	14	(4,229)	-	-	(4,229)
Total transactions with owners		(4,229)	-	-	(4,229)
At 31 December 2010		242,776	215,457	(4,109)	31,428

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

Statements of Cash Flows

For the financial year ended 31 December 2010

	Note	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Operating activities					
Profit before tax		35,277	25,907	3,974	42,699
Adjustments for:					
Dividend income	5	-	-	(5,075)	(42,950)
Interest income	6	(582)	(553)	(730)	(777)
Finance costs	8	772	1,266	722	777
Depreciation of property, plant and equipment	9	5,895	5,558	167	19
Net (gain)/loss on disposal of plant and equipment	9	(43)	1	-	-
Amortisation of land use rights	9	28	28	-	-
Bad debts written off	9	159	249	-	-
Equipment scrapped off	9	18	71	-	-
Goodwill written off	9	15	-	-	-
Impairment loss on receivables	9	191	1,105	-	-
Total adjustments		6,453	7,725	(4,916)	(42,931)
Operating cash flows before changes in working capital		41,730	33,632	(942)	(232)
Changes in working capital					
Decrease/(increase) in inventories		7,125	(2,574)	-	-
Increase in receivables		(2,834)	(5,806)	(405)	(116)
Increase/(decrease) in payables		7,542	4,341	140	(366)
Total changes in working capital		11,833	(4,039)	(265)	(482)
Cash flows from/(used in) operations		53,563	29,593	(1,207)	(714)
Interest received		582	553	730	777
Interest paid		(772)	(1,266)	(722)	(777)
Income taxes paid		(10,256)	(5,614)	(521)	(856)
Net cash flows from/(used in) operating activities		43,117	23,266	(1,720)	(1,570)

Statements of Cash Flows

For the financial year ended 31 December 2010 (cont'd)

	Note	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Investing activities					
Purchase of property, plant and equipment	15	(17,289)	(7,582)	(861)	(608)
Proceeds from disposal of plant and equipment		398	177	1	-
Additions of biological assets	16	(340)	(307)	-	-
Acquisition of ordinary shares from minority interests	20	(15)	-	-	-
Additional investments in subsidiaries		-	-	(12,250)	(5)
Dividend received		-	-	5,075	6,700
Decrease in amounts due from subsidiary companies		-	-	1,830	2,376
Net cash flows (used in)/from investing activities		(17,246)	(7,712)	(6,205)	8,463
Financing activities					
Dividend paid		(4,229)	(5,346)	(4,229)	(5,346)
Dividend paid to minority shareholders by subsidiaries		(400)	(400)	-	-
Purchase of treasury shares		-	(4,109)	-	(4,109)
Proceeds from issuance of share capital to minority shareholders by subsidiaries		-	15	-	-
Proceeds from drawdown of bank loans		6,000	-	-	-
Repayment of bank loans		(4,899)	(6,479)	-	-
Repayment of obligations under finance leases		(738)	(992)	-	-
Net movement in bankers' acceptances		-	(6,000)	-	-
Increase in amounts due to subsidiary companies		-	-	12,325	2,647
Net cash flows (used in)/from financing activities		(4,266)	(23,311)	8,096	(6,808)
Net increase/(decrease) in cash and cash equivalents		21,605	(7,757)	171	85
Cash and cash equivalents at 1 January		21,883	29,640	328	243
Cash and cash equivalents at 31 December	25	43,488	21,883	499	328

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

Notes to the Financial Statements

For the financial year ended 31 December 2010

1. Corporate information

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

The principal activities of the Company are investment holding and provision of management services to its subsidiary companies. The principal activities of the subsidiary companies are stated in Note 20 to the financial statements. There have been no significant changes in the nature of the principal activities during the financial year.

2. Significant events

(a) On 12 March 2010, the Company acquired two ordinary shares of RM1.00 each in Magnum Kapital Sdn. Bhd., representing its entire equity interest for a total consideration of RM2.

(b) On 2 November 2010, Cash Horse (M) Sdn. Bhd. ("CHSB"), a subsidiary of the Company had entered into a Renewable Energy Power Purchase Agreement with Sabah Electricity Sdn. Bhd. (“SESB”) to sell and deliver electrical energy to SESB from a renewable energy power plant (“Biomass Power Plant”) with nominal capacity of 12MW located at off KM 63, Jalan Lahad Datu, Sandakan, Sabah to be developed under the Small Renewable Energy Power Programme for twenty one (21) years at the tariff rate of RM0.21/kwh commencing from the date of commercial operation.

(c) On 10 November 2010, CHSB and Mistral Engineering Sdn. Bhd. (“MESB”), both subsidiaries of the Company had executed the following agreements with the relevant parties:

1. Emission Reductions Purchase Agreement (“ERPA”) between MESB and Nordjysk Elhandel A/S (“NE”) on the sale of Certified Emission Reductions (“CER”) generated by MESB from its 3MW Palm Oil Mill Effluent (“POME”) Biogas Power Plant.
2. ERPA between MESB and the Danish Ministry of Climate and Energy on the sale of CER generated by MESB from the 3MW POME Biogas Power Plant.
3. ERPA between CHSB and NE on the sale of CER generated by CHSB from the 12MW Biomass Power Plant.

3. Material litigation

In July 2004, the Company and its subsidiary company, Prolific Yield Sdn. Bhd. (“Prolific Yield”) filed a Writ of Summons at the Kuala Lumpur High Court against the following persons:

Name of defendants

Tengku Dato’ Kamal Ibni Sultan Sir Abu Bakar	1st Defendant
Lt Kol Tengku Dato’ Kamarul Zaman Ibni Sultan Sir Abu Bakar	2nd Defendant
Kassim Bin Mohamed Ali	3rd Defendant
Abdul Rahim Bin Sendiri	4th Defendant
Opti Temasek Sdn. Bhd.	5th Defendant

3. Material litigation (cont'd)

Name of defendants

Yip Kum Wah	6th Defendant
Lee Ah Lan	7th Defendant
Sheikh Abdul Rahim Bin Sheikh Hassan	8th Defendant
Yip Fook Yian	9th Defendant
Yip Chee Meng	10th Defendant
Yip Ha @ Yip See Khow	11th Defendant
Chew Poh Kong	12th Defendant
Hew Yen Fatt	13th Defendant
Tan Sri Datuk Chai Kin Kong	14th Defendant
Dato Chua Tiong Moon	15th Defendant
Chai Kim Chong	16th Defendant
Chai Woon Chet	17th Defendant
Tan Kok Aun	18th Defendant

for recovery of:

(a) RM13 million which was wrongfully and fraudulently paid out by the former directors of Prolific Yield who were removed on 6 August 2004 to Opti Temasek Sdn. Bhd.;

(b) RM3 million which was wrongfully and fraudulently paid to Sheikh Abdul Rahim Bin Sheikh Hassan as an advance with no interest and no fixed term of repayment; and

Mareva Injunction to freeze the assets of the Defendants was obtained against the 1st to 13th Defendants. The 1st to 4th Defendant appeal to the Court of Appeal against the Order for Attachment Before Judgment which was fixed for case management on 1 April 2010.

The Deputy Registrar has fixed the case for mediation and has directed the parties to appear before the Judge for the purpose.

Pursuant thereto, the parties have resolved the suit and recorded a Consent Judgment before the High Court Judge on 29 October 2010 containing the various terms and conditions of the final settlement agreed to by all parties to the suit. The 1st tranche of the settlement payment has since been effected and the Company is currently awaiting the 2nd and 3rd (final) tranches amounting to RM1,000,000 equally which are due and payable within 6 months.

4. Summary of significant accounting policies

4.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. At the beginning of the current financial year, the Group and the Company adopted new and revised FRS which are mandatory for financial periods beginning on or after 1 January 2010 as described fully in Note 4.2.

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

4.1 Basis of preparation (cont'd)

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

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

4.2 Changes in accounting policies

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

On 1 January 2010, the Group and the Company adopted the following new and amended FRS and IC Interpretations mandatory for annual financial periods beginning on or after 1 January 2010.

- FRS 7 Financial Instruments: Disclosures
- FRS 8 Operating Segments
- RS 101 Presentation of Financial Statements (Revised)
- FRS 123 Borrowing Costs
- Amendments to FRS 1 First-time Adoption of Financial Reporting Standards and FRS 127 Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
- Amendments to FRS 2 Share-based Payment – Vesting Conditions and Cancellations
- Amendments to FRS 132 Financial Instruments: Presentation
- Amendments to FRS 139 Financial Instruments: Recognition and Measurement, FRS 7 Financial Instruments: Disclosures and IC Interpretation 9 Reassessment of Embedded Derivatives
- Improvements to FRS issued in 2009
- IC Interpretation 9 Reassessment of Embedded Derivatives
- IC Interpretation 10 Interim Financial Reporting and Impairment
- IC Interpretation 11 FRS 2 – Group and Treasury Share Transactions
- IC Interpretation 13 Customer Loyalty Programmes
- IC Interpretation 14 FRS119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

FRS 4 *Insurance Contracts* and TR *i-3 Presentation of Financial Statements of Islamic Financial Institutions* will also be effective for annual periods beginning on or after 1 January 2010. These FRS are, however, not applicable to the Group and the Company.

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

4.2 Changes in accounting policies (cont'd)

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

(a) FRS 7 Financial Instruments: Disclosures

Prior to 1 January 2010, information about financial instruments was disclosed in accordance with the requirements of FRS 132 *Financial Instruments: Disclosure and Presentation*. FRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk.

The Group and the Company have applied FRS 7 prospectively in accordance with the transitional provisions. Hence, the new disclosures have not been applied to the comparatives. The new disclosures are included throughout the Group's and the Company's financial statements for the year ended 31 December 2010.

(b) FRS 8 Operating Segments

FRS 8, which replaces FRS 114 *Segment Reporting*, specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. The Standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers. The Group concluded that the reportable operating segments determined in accordance with FRS 8 are the same as the business segments previously identified under FRS 114. The Group has adopted FRS 8 retrospectively. These revised disclosures, including the related revised comparative information, are shown in Note 36 to the financial statements.

(c) FRS 101 Presentation of Financial Statements (Revised)

The revised FRS 101 introduces changes in the presentation and disclosures of financial statements. The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. The Standard also introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group and the Company has elected to present this statement as one single statement.

In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the classification of items in the financial statements.

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

4.2 Changes in accounting policies (cont'd)

(c) FRS 101 Presentation of Financial Statements (Revised) (cont'd)

The revised FRS 101 also requires the Group to make new disclosures to enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital (see Note 35).

The revised FRS 101 was adopted retrospectively by the Group and the Company.

(d) Amendments to FRS 117 Leases

Prior to 1 January 2010, for all leases of land, if title is not expected to pass to the lessee by the end of the lease term, the lessee normally does not receive substantially all of the risks and rewards incidental to ownership. Hence, all leasehold land held for own use was classified by the Group as operating lease and where necessary, the minimum lease payments or the up-front payments made were allocated between the land elements in proportion to the relative fair values for leasehold interests in the land element of the lease at the inception of the lease. The up-front payment represented prepaid lease payments and were amortised on a straight-line basis over the lease term.

The amendments to FRS 117 Leases clarify that leases of land are classified as operating or finance leases in the same way as leases of other assets. They also clarify that the present value of the residual value of the property in a lease with a term of several decades would be negligible and accounting for the land element as a finance lease in such circumstances would be consistent with the economic position of the lessee. Hence, the adoption of the amendments to FRS 117 has resulted in certain unexpired land leases to be reclassified as finance leases. The Group has applied this change in accounting policy retrospectively and certain comparatives have been restated. The following are effects to the consolidated statement of financial positions as at 31 December 2010 arising from the above change in accounting policy:

	Group 2010 RM'000
Increase/(decrease) in:	
Property, plant and equipment	60,404
Land use rights	(60,404)

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

4.2 Changes in accounting policies (cont'd)

(d) Amendments to FRS 117 Leases (cont'd)

The following comparatives have been restated:

	As previously stated RM'000	Adjustments RM'000	As restated RM'000
Consolidated statement of financial position			
31 December 2009			
Property, plant and equipment	64,812	61,180	125,992
Land use rights	63,342	(61,180)	2,162
1 January 2009			
Property, plant and equipment	62,032	61,956	123,988
Land use rights	64,146	(61,956)	2,190

4.3 Standards issued but not yet effective

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

Description	**Effective for annual periods beginning on or after**
Amendments to FRS 132: Financial Instruments: Presentation (paragraphs 11, 16 and 97E relating to classification of Right Issues)	1 March 2010
FRS 1: First-time Adoption of Financial Reporting Standards	1 July 2010
FRS 3: Business Combinations (revised)	1 July 2010
Amendments to FRS 2: Share-based Payment	1 July 2010
Amendments to FRS 5: Non-current Assets Held for Sale and Discontinued Operations	1 July 2010
Amendments to FRS 127: Consolidated and Separate Financial Statements	1 July 2010
Amendments to FRS 138: Intangible Assets	1 July 2010
Amendments to IC Interpretation 9: Reassessment of Embedded Derivatives	1 July 2010
IC Interpretation 12: Service Concession Arrangements	1 July 2010
IC Interpretation 16: Hedges of a Net Investment in a Foreign Operation	1 July 2010

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

4.3 Standards issued but not yet effective (cont'd)

Description	Effective for annual periods beginning on or after
IC Interpretation 17: Distributions of Non-cash Assets to Owners	1 July 2010
Amendments to IC Interpretation 15: Agreements for the Construction of Real Estate	30 August 2010
Amendments to FRS 1: Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters	1 January 2011
Amendments to FRS 1: Additional Exemptions for First-time Adopters	1 January 2011
Amendments to FRS 2: Group Cash - Settled Share-based Payment Transactions	1 January 2011
Amendments to FRS 7: Improving Disclosures about Financial Instruments	1 January 2011
IC Interpretation 4 : Determining whether an Arrangement Contains a Lease	1 January 2011
IC Interpretation 18: Transfer of Assets from Customers	1 January 2011
Technical Release 3: Guidance on Disclosures of Transition to IRFSs	1 January 2011
Amendments to IC Interpretation 14: Prepayments of a Minimum Funding Requirements	1 July 2011
IC Interpretation 19: Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
IC Interpretation 15: Agreements for the Construction of Real Estate	1 January 2012
Amendments to FRS 124: Related Party Disclosure	1 January 2012

The Malaysian Accounting Standards Board also issued "Improvements to FRSs (2010)" which contain amendments to eleven FRSs and are effective for financial periods beginning on or after 1 January 2011.

The Group and the Company plan to adopt the above pronouncements when they become effective in the respective financial period. Unless otherwise described below, these pronouncements are expected to have no significant impact to the financial statements of the Group and the Company upon their initial application:

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

The revised standards are effective for annual periods beginning on or after 1 July 2010. The revised FRS 3 introduces a number of changes in the accounting for business combinations occurring after 1 July 2010. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. The Amendments to FRS 127 require that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction. Therefore, such transactions will no longer give rise to goodwill, nor will they give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary.

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

4.3 Standards issued but not yet effective (cont'd)

Other consequential amendments have been made to FRS 107 *Statement of Cash Flows*, FRS 112 *Income Taxes*, FRS 121 *The Effects of Changes in Foreign Exchange Rates*, FRS 128 *Investments in Associates and FRS 131 Interests in Joint Ventures*. The changes from revised FRS 3 and Amendments to FRS 127 will affect future acquisitions or loss of control and transactions with minority interests. The standards may be early adopted. However, the Group does not intend to early adopt.

4.4 Basis of consolidation

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

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

Acquisitions of subsidiaries are accounted for by applying the purchase method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in other comprehensive income. The cost of a business combination is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the business combination. Any excess of the cost of business combination over the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities is recorded as goodwill on the statement of financial position. The accounting policy for goodwill is set out in Note 4.10. Any excess of the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income in profit or loss on the date of acquisition. When the Group acquires a business, embedded derivatives separated from the host contract by the acquiree are reassessed on acquisition unless the business combination results in a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

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

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

4.5 Transactions with minority interests

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

4.6 Foreign currency

a) Functional and presentation currency

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

b) Foreign currency transactions

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

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

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

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

4.7 Property, plant and equipment

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

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

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

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

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

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

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

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

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

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

4.7 Property, plant and equipment (cont'd)

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

4.8 Biological assets

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

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

4.9 Investment properties

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

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

4.10 Intangible assets

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

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

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

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

4.10 Intangible assets (cont'd)

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

4.11 Land use rights

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

4.12 Impairment of non-financial assets

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

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

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

Impairment losses are recognised in profit or loss.

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

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

4.13 Subsidiaries

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

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

4.14 Financial assets

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

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

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

a) Financial assets at fair value through profit or loss

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

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

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

b) Loans and receivables

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

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

4.14 Financial assets (cont'd)

b) Loans and receivables (cont'd)

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

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

c) Held-to-maturity investments

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

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

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

d) Available-for-sale financial assets

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

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

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

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

4.14 Financial assets (cont'd)

d) Available-for-sale financial assets (cont'd)

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

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

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

4.15 Impairment of financial assets

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

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

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

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

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

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

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

4.16 Cash and cash equivalents

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

4.17 Inventories

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

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

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

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

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

4.18 Provisions

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

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

4.19 Government grants

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

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

4.20 Financial liabilities

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

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

a) Financial liabilities at fair value through profit or loss

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

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

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

b) Other financial liabilities

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

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

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

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

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

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

4.21 Financial guarantee contracts

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

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

4.22 Borrowing costs

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

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

4.23 Employee benefits

Defined contribution plans

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

4.24 Leases

a) As lessee

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

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

4.24 Leases (cont'd)

a) As lessee (cont'd)

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

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

b) As lessor

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

4.25 Revenue

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

(a) Sale of plantation produce

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

(b) Sale of stones

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

(c) Dividend income

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

(d) Management fees

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

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

4.26 Income taxes

a) Current tax

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

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

b) Deferred tax

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

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

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

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

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

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

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

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

4.26 Income taxes (cont'd)

b) Deferred tax (cont'd)

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

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

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

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

4.27 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 36, including the factors used to identify the reportable segments and the measurement basis of segment information.

4.28 Share capital and share issuance expenses

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

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

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

4.29 Treasury shares

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

4.30 Contingencies

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

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

4.31 Significant accounting estimates

Key sources of estimation uncertainty

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

a) Useful lives of plant and equipment

The cost of plant and machinery is depreciated on a straight-line basis over the assets' estimated economic useful lives. Management estimates the useful lives of these plant and machinery to be within 5 to 20 years. These are common life expectancies applied in the milling of palm oil industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of the Company's plant and equipment at the reporting date is disclosed in Note 15.

b) Impairment of goodwill

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

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. Further details of the carrying value, the key assumptions applied in the impairment assessment of goodwill and sensitivity analysis to changes in the assumptions are given in Note 18.

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

4.31 Significant accounting estimates (cont'd)

Key sources of estimation uncertainty (cont'd)

c) Impairment of receivables

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

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's receivable at the reporting date is disclosed in Note 23.

5. Revenue

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Sales of crude palm oil	182,980	136,516	-	-
Sales of palm kernel	29,114	14,900	-	-
Sales of earth and stones	1,805	1,539	-	-
Sales of fresh fruit bunches	17,917	11,048	-	-
Management fees from subsidiaries	-	-	2,251	2,177
Dividend income from subsidiaries	-	-	5,075	42,950
	231,816	164,003	7,326	45,127

6. Interest income

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Interest received on advances given	-	-	716	777
Interest received on short term investments and fixed deposits	582	553	14	-
	582	553	730	777

7. Other income

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Equipment hiring income	96	56	-	-
Insurance claim	72	28	-	-
Net gain on disposal of plant and equipment	45	-	-	-
Rental income	3	-	-	-
Replanting incentive received	109	-	-	-
Sales of empty fruit bunches	353	283	-	-
Sales of palm kernel shell	180	-	-	-
Sales of scrapped iron	109	127	-	-
Transportation income	235	138	-	-
Unrealised gain on foreign exchange	47	-	-	-
Miscellaneous	67	45	-	-
	1,316	677	-	-

8. Finance costs

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Interest expense on:				
Advances obtained	-	-	716	777
Bankers' acceptances	-	67	-	-
Bank loans	853	1,091	-	-
Revolving credits	16	16	-	-
Obligation under finance leases	67	92	-	-
Others6	-	6	-	
	942	1,266	722	777
Less: Interest expense capitalised in capital work-in-progress (Note 15):	(170)	-	-	-
Total finance costs	772	1,266	722	777

9. Profit before tax

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

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Auditors' remuneration:				
- current year	100	94	33	33
- underprovided in prior years	4	5	-	-
Employee benefits expense (Note 10)	15,686	12,829	1,764	1,517
Non-executive Directors' remuneration (Note 11)	123	113	123	113
Depreciation of property, plant and equipment (Note 15)	5,895	5,558	167	19
Plant and equipment scrapped off	18	71	-	-
Net loss on disposal of equipment	2	1	-	-
Amortisation of land use rights (Note 19)	28	28	-	-
Bad debts written off	159	249	-	-
Goodwill written off	15	-	-	-
Impairment loss on other receivables (Note 23)	191	1,105	-	-
Hire of equipment	3	10	-	-
Quit rent and assessment	885	-	-	-
Rental of land and buildings	93	39	12	12

10. Employee benefits expense

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Wages and salaries	15,067	12,257	1,572	1,352
Contributions to defined contribution plan	693	603	186	160
Social security contributions	58	53	6	5
	15,818	12,913	1,764	1,517
Capitalised in:				
- Immature plantations	104	31	-	-
- Inventories	28	53	-	-
Recognised in income statements	15,686	12,829	1,764	1,517

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM2,586,660 (2009: RM2,074,720) and RM963,289 (2009: RM790,217) respectively.

Notes to the Financial Statements

For the financial year ended 31 December 2010 (cont'd)

11. Directors' remuneration

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Executive:				
Salaries and other emoluments	1,807	1,862	651	702
Bonus				
- current year's provision	476	296	170	102
- under/(over) provision in prior year	102	(244)	39	(99)
Defined contribution plan	202	161	103	85
Total executive directors' remuneration (Note 10)	2,587	2,075	963	790
Non-executive:				
Fees (Note 9)	123	113	123	113
Total directors' remuneration	2,710	2,188	1,086	903

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

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Executive:				
Salaries and other emoluments	1,260	1,314	651	702
Bonus				
- current year's provision	339	205	170	102
- under/(over) provision in prior year	79	(175)	39	(99)
Defined contribution plan	202	161	103	85
	1,880	1,505	963	790
Non-executive:				
Fees	123	113	123	113
	2,003	1,618	1,086	903

11. Directors' remuneration (cont'd)

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

	Number of Directors	
	2010	2009
Executive Directors:		
RM200,001 to RM250,000	-	1
RM250,001 to RM300,000	1	-
RM600,001 to RM650,000	-	2
RM700,001 to RM750,000	2	-
Non-executive Directors:		
Below RM50,000	3	3

12. Income tax expense

Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2010 and 2009 are:

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Current income tax:				
- Malaysian income tax	10,445	8,155	652	1,171
- (Over)/under provision in respect of previous years	(120)	605	-	200
	10,325	8,760	652	1,371
Deferred income tax (Note 21):				
- Origination and reversal of temporary differences	(1,065)	(930)	20	-
- Under provision in respect of previous years	149	63	20	-
	(916)	(867)	40	-
Income tax expense recognised in profit or loss	9,409	7,893	692	1,371

12. Income tax expense (cont'd)

Reconciliation between tax expense and accounting profit

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2010 and 2009 are as follows:

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Profit before tax	35,277	25,907	3,974	42,699
Tax at Malaysian statutory tax rate of 25% (2009: 25%)	8,819	6,477	993	10,675
Adjustments:				
Income not subject to taxation	(39)	(15)	(544)	(9,612)
Non-deductible expenses	621	720	223	108
Deferred tax asset not recognised	-	43	-	-
Benefits from previously unrecognised unabsorbed capital allowances	(21)	-	-	-
(Over)/under provision of income tax in respect of previous years	(120)	605	-	200
Under provision of deferred income tax in respect of previous years	149	63	20	-
Income tax expense recognised in profit or loss	9,409	7,893	692	1,371

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2009: 25%) of the estimated assessable profit for the year.

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Tax savings during the financial year arising from:				
Utilisation of previously:				
Unabsorbed capital allowances	379	370	-	-
Unutilised tax losses	-	179	-	-
Unabsorbed agriculture and capital allowances carried forward	25,842	23,225	-	-
Unutilised tax losses carried forward	23,948	21,122	-	-
	49,790	44,347	-	-

13. Earnings per share

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

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

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

	Group	
	2010 RM'000	2009 RM'000
Profit net of tax attributable to owners of the parent used in the computation of earnings per share	24,883	17,421
	Number of shares	Number of shares
Weighted average number of ordinary shares for basic earnings per share computation *	211,455,915	214,609,117
Basic earnings per share (sen)	11.77	8.12

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

Notes to the Financial Statements

For the financial year ended 31 December 2010 (cont'd)

14. Dividends

	Group and Company	
	2010 RM'000	2009 RM'000
Recognised during the financial year:		
Dividends on ordinary shares:		
- Final tax exempt (single-tier) dividend for 2009: 1 sen (2008: 1.5 sen) per share	2,115	3,231
- Interim tax exempt (single-tier) dividend for 2010: 1 sen (2009: 1 sen) per share	2,115	2,115
	4,230	5,346
Proposed but not recognised as a liability as at 31 December:		
Dividends on ordinary shares, subject to shareholders' approval at the AGM:		
- Final tax exempt (single-tier) dividend for 2010: 2 sen (2009: 1 sen) per share	4,229	2,115

At the forthcoming Annual General Meeting, a final tax exempt (single-tier) dividend in respect of the financial year ended 31 December 2010, of 2% on 211,455,915 ordinary shares, amounting to a dividend payable of RM4,229,118 (2 sen per ordinary share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2011.

Notes to the Financial Statements
For the financial year ended 31 December 2010 (cont'd)

15. Property, plant and equipment

Group	Long term leasehold land RM'000	Buildings, plantation infrastructure and quarry RM'000	Heavy equipment, plant and machinery RM'000	Motor vehicles RM'000	Furniture, fittings and equipment RM'000	Capital work-in-progress RM'000	Total RM'000
Cost							
At 1 January 2010:							
As previously stated	-	53,750	43,156	4,075	2,874	2,554	106,409
Effects of adopting the amendments to FRS 117	63,107	-	-	-	-	-	63,107
As restated	63,107	53,750	43,156	4,075	2,874	2,554	169,516
Additions	-	1,720	1,022	471	389	14,089	17,691
Disposals	-	-	(1,123)	(248)	(16)	(9)	(1,396)
Scrapped	-	(2)	(56)	-	(9)	-	(67)
Reclassifications	-	4,684	344	-	47	(5,075)	-
At 31 December 2010	63,107	60,152	43,343	4,298	3,285	11,559	185,744
Accumulated depreciation							
At 1 January 2010:							
As previously stated	-	8,128	29,189	2,261	2,019	-	41,597
Effects of adopting the amendments to FRS 117	1,927	-	-	-	-	-	1,927
As restated	1,927	8,128	29,189	2,261	2,019	-	43,524
Depreciation charge for the year	776	1,495	2,986	407	231	-	5,895
Disposals	-	-	(831)	(206)	(4)	-	(1,041)
Scrapped	-	(1)	(46)	-	(2)	-	(49)
At 31 December 2010	2,703	9,622	31,298	2,462	2,244	-	48,329
Net carrying amount							
At 31 December 2010	60,404	50,530	12,045	1,836	1,041	11,559	137,415

Notes to the Financial Statements

For the financial year ended 31 December 2010 (cont'd)

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

Group	Long term leasehold land RM'000	Buildings, plantation infrastructure and quarry RM'000	Heavy equipment, plant and machinery RM'000	Motor vehicles RM'000	Furniture, fittings and equipment RM'000	Capital work-in-progress RM'000	Total RM'000
Cost							
At 1 January 2009:							
As previously stated	-	47,182	43,094	3,979	2,575	2,648	99,478
Effects of adopting the amendments to FRS 117	63,107	-	-	-	-	-	63,107
As restated	63,107	47,182	43,094	3,979	2,575	2,648	162,585
Additions	-	2,044	555	467	304	4,442	7,812
Disposals	-	-	-	(371)	(5)	-	(376)
Scrapped	-	(12)	(493)	-	-	-	(505)
Reclassifications	-	4,536	-	-	-	(4,536)	-
At 31 December 2009	63,107	53,750	43,156	4,075	2,874	2,554	169,516
Accumulated depreciation							
At 1 January 2009:							
As previously stated	-	6,969	26,599	2,045	1,833	-	37,446
Effects of adopting the amendments to FRS 117	1,151	-	-	-	-	-	1,151
As restated	1,151	6,969	26,599	2,045	1,833	-	38,597
Depreciation charge for the year	776	1,163	3,019	413	187	-	5,558
Disposals	-	-	-	(197)	-	-	(197)
Scrapped	-	(4)	(430)	-	-	-	(434)
At 31 December 2009	1,927	8,128	29,188	2,261	2,020	-	43,524
Net carrying amount							
At 31 December 2009	61,180	45,622	13,968	1,814	854	2,554	125,992

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

Buildings, plantation infrastructure and quarry comprise:

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

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

Buildings, plantation infrastructure and quarry comprise:

Group	Leasehold property RM'000	Oil mill and other buildings RM'000	Plantation infrastructure development expenditure RM'000	Quarry RM'000	Total RM'000
At 31 December 2009					
At 1 January 2009	780	14,651	22,303	9,448	47,182
Additions	-	425	1,619	-	2,044
Scrapped	-	(12)	-	-	(12)
Reclassifications	-	3,706	830	-	4,536
At 31 December 2009	780	18,770	24,752	9,448	53,750
Accumulated depreciation					
At 1 January 2009	157	5,674	752	386	6,969
Depreciation charge for the year	16	932	215	-	1,163
Scrapped	-	(4)	-	-	(4)
At 31 December 2009	173	6,602	967	386	8,128
Net carrying amount					
At 31 December 2009	607	12,168	23,785	9,062	45,622

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

Company

	Office building RM'000	Furniture, fittings and equipment RM'000	Capital work-in-progress RM'000	Total RM'000
At 31 December 2010				
Cost				
At 1 January 2010	1,680	120	409	2,209
Additions	-	191	670	861
Disposal	-	(2)	-	(2)
Reclassification	577	13	(590)	-
At 31 December 2010	2,257	322	489	3,068
Accumulated depreciation				
At 1 January 2010	17	3	-	20
Charge for the year	136	31	-	167
At 31 December 2010	153	34	-	187
Net carrying amount				
At 31 December 2010	2,104	288	489	2,881
At 31 December 2009				
Cost				
At 1 January 2009	-	10	1,591	1,601
Additions	-	110	498	608
Reclassification	1,680	-	(1,680)	-
At 31 December 2009	1,680	120	409	2,209
Accumulated depreciation				
At 1 January 2009	-	1	-	1
Charge for the year	17	2	-	19
At 31 December 2009	17	3	-	20
Net carrying amount				
At 31 December 2009	1,663	117	409	2,189

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

(i) Capitalisation of borrowing costs

The Group's capital work-in-progress include borrowing costs arising from bank loans borrowed specifically for the purpose of the construction of a plant. During the financial year, the borrowing costs capitalised as cost of capital work-in-progress amounted to RM170,518 (2009: Nil).

(ii) Assets held under finance leases

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RM401,400 (2009: RM229,000) by mean of finance leases. The cash outflow on acquisition of property, plant and equipment amounted to RM17,289,388 (2009: 7,582,329).

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

	Group	
	2010 RM'000	**2009 RM'000**
Heavy equipment	1,098	1,182
Motor vehicles	765	739
	1,863	1,921

Leased assets are pledged as security for the related finance lease liabilities as disclosed in Note 26.

(iii) Assets pledged as security

In addition to assets held under finance leases, the Group's property, plant and equipment pledged as securities for the Group's bank loans (Note 26) are as follows:

	Group	
	2010 RM'000	**2009 RM'000**
Long term leasehold land	38,828	39,029
Buildings	5,110	4,521
Plant and machinery	5,929	7,155
Plantation infrastructure development expenditure	14,007	13,043
	63,874	63,748

Notes to the Financial Statements

For the financial year ended 31 December 2010 (cont'd)

16. Biological assets

	Group 2010 RM'000	 2009 RM'000
Plantation development expenditure		
Cost		
At beginning of year	150,681	150,374
Additions	340	307
At end of year	151,021	150,681
Biological assets incurred during the year included the followings:		
Employee benefits expense (Note 10)	104	31

The Group's biological assets with a carrying amount of RM71,079,680 (2009: RM70,739,561) are mortgaged to secure the Group's bank loans as disclosed in Note 26.

17. Investment properties

	Group 2010 RM'000	 2009 RM'000
Cost		
At beginning and end of year	20,279	20,279

The Directors estimate the fair values of the investment properties which are located in prime areas to be approximately RM21,780,000 (2009: RM21,780,000).

18. Intangible assets

	Group	
	2010 RM'000	2009 RM'000
Goodwill		
At beginning and end of year	92,088	92,088

Allocation of goodwill

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

	Group	
	2010 RM'000	2009 RM'000
Plantation segment	55,266	55,266
Mill segment	32,106	32,106
Quarry segment	4,716	4,716
	92,088	92,088

Key assumptions used in value-in-use calculations

The recoverable amounts of CGUs have been determined based on value in use calculations using cash flow projections from financial budgets approved by management.

The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

(i) the pre-tax discount rates used is 8%;

(ii) the growth rate used for the plantation companies is determined based on the management's estimate of commodity prices, palm yields, oil extraction rates as well as cost of productions whilst growth rates of companies in other segments are determined based on the industry trends and past performances of the respective companies;

(iii) profit margins are projected based on historical profit margin achieved; and

(iv) the discount rates used are pre-tax and reflect specific rates relating to the relevant segments.

Sensitivity to changes in assumptions

With regard to the assessment of value in use of the plantation,mill and quarry unit, the management believes that no reasonably possible change in the any of the above key assumptions would cause the carrying values of the units to materially exceed their recoverable amounts.

19. Land use rights

	Group	
	2010 RM'000	2009 RM'000
Cost:		
At 1 January:		
As previously stated	65,344	65,344
Effect of adopting the amendments to FRS 117	(63,108)	(63,108)
At 31 December (restated)	2,236	2,236
Accumulated amortisation:		
At 1 January:		
As previously stated	2,001	1,197
Effect of adopting the amendments to FRS 117	(1,927)	(1,151)
As restated	74	46
Amortisation for the year	28	28
At 31 December (restated)	102	74
Net carrying amount	2,134	2,162
Amount to be amortised:		
- Not later than one year	28	28
- Later than one year but not later than five years	112	112
- Later than five years	1,994	2,022
	2,134	2,162

20. Investments in subsidiaries

	Company 2010 RM'000	 2009 RM'000
Unquoted shares, at costs:		
At 1 January	217,208	217,203
Addition investments in subsidiaries	12,250	5
At 31 December	229,458	217,208

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

Name	Principal Activities	Proportion (%) of Ownership Interest 2010	 2009
Held by the Company:			
Cepatwawasan Sdn. Bhd.	Cultivation of oil palm	100	100
Syarikat Melabau Sdn. Bhd.	Cultivation of oil palm	100	100
Wong Tet-Jung Plantations Sdn. Bhd.	Cultivation of oil palm	100	100
Razijaya Sdn. Bhd.	Cultivation of oil palm and operation of a quarry	100	100
Sri Likas Mewah Sdn. Bhd.	Cultivation of oil palm	100	100
Kovusak Sdn. Bhd.	Cultivation of oil palm	100	100
Libarran Island Resort Sdn. Bhd.	Investment holding	100	100
Bakara Sdn. Bhd.	Cultivation of oil palm	100	100
Sungguh Mulia Sdn. Bhd.	Cultivation of oil palm	100	100
Prima Semasa Sdn. Bhd.	Cultivation of oil palm, currently under development stage	100	100
Ayu Sempurna Sdn. Bhd.	Investment holding	100	100

Notes to the Financial Statements

For the financial year ended 31 December 2010 (cont'd)

20. Investments in subsidiaries (cont'd)

Name of Subsidiaries	Principal Activities	Proportion (%) of Ownership Interest 2010	2009
Cash Nexus (M) Sdn. Bhd.	Intended for investment holding	100	100
Magnum Kapital Sdn. Bhd.	Dormant	100	-
Held through Cepatwawasan Sdn. Bhd.			
Prolific Yield Sdn. Bhd.	Milling and sales of oil palm products	100	100
Jutategak Sdn. Bhd.	Cultivation of oil palm	100	100
Liga Semarak Sdn. Bhd.	Cultivation of oil palm	100	100
Tentu Cergas Sdn. Bhd.	Cultivation of oil palm	100	100
Tentu Bernas Sdn. Bhd.	Cultivation of oil palm	100	100
Held through Syarikat Melabau Sdn. Bhd.			
Suara Baru Sdn. Bhd.	Cultivation of oil palm and operation of a quarry	100	100
Gelang Usaha Sdn. Bhd.	Cultivation of oil palm	100	100
Swifturn Sdn. Bhd.	Dormant	100	70
Held through Sri Likas Mewah Sdn. Bhd.			
Ultisearch Trading Sdn. Bhd.	Cultivation of oil palm	100	100
Held through Libarran Island Resort Sdn. Bhd.			
Minelink Sdn. Bhd.	Investment property holding	100	100

20. Investments in subsidiaries (cont'd)

Name of Subsidiaries	Principal Activities	Proportion (%) of Ownership Interest 2010	Proportion (%) of Ownership Interest 2009
Held through Ayu Sempurna Sdn. Bhd.			
Ladang Cepat - KPD Sdn. Bhd.	Cultivation of oil palm	60	60
Held through Cash Nexus (M) Sdn. Bhd.			
Mistral Engineering Sdn. Bhd.	Intended for power generation and selling Certified Emission Reduction	70	70
Cash Horse (M) Sdn. Bhd.	Intended for power generation and selling Certified Emission Reduction	70	70

(a) Acquisition of subsidiary

On 12 March 2010, the Company acquired two ordinary shares of RM1.00 each in Magnum Kapital Sdn. Bhd., representing its entire equity interest for a total consideration of RM2.

(b) Acquisition of minority interests

On 1 December 2010, the Group's subsidiary company, Syarikat Melabau Sdn. Bhd., acquired an additional 30% equity interest in Swifturn Sdn. Bhd. from its minority interests for a cash consideration of RM15,000. As a result of this acquisition, Swifturn Sdn. Bhd. became a wholly-owned subsidiary of Syarikat Melabau Sdn. Bhd.

21. Deferred tax

Deferred income tax as 31 December relates to the following:

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
At beginning of year	44,189	45,056	-	-
Recognised in profit or loss (Note 12)	(916)	(867)	40	-
At end of year	43,273	44,189	40	-
Presented after appropriate offsetting as follows:				
Deferred tax assets	(2,312)	(1,667)	-	-
Deferred tax liabilities	45,585	45,856	40	-
	43,273	44,189	40	-

The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

	Unutilised tax losses RM'000	Unabsorbed agriculture and capital allowances RM'000	Total RM'000
Deferred tax assets of the Group:			
At 1 January 2010	(5,282)	(5,225)	(10,507)
Recognised in profit or loss	(705)	(676)	(1,381)
At 31 December 2010	(5,987)	(5,901)	(11,888)
At 1 January 2009	(4,588)	(4,289)	(8,877)
Recognised in profit or loss	(694)	(936)	(1,630)
At 31 December 2009	(5,282)	(5,225)	(10,507)

21. Deferred tax (cont'd)

Deferred tax liabilities of the Group:

	Long Term leasehold land RM'000	Property, plant and equipment RM'000	Biological assets RM'000	Total RM'000
At 1 January 2010	9,732	10,927	34,037	54,696
Recognised in profit or loss	(122)	527	60	465
At 31 December 2010	9,610	11,454	34,097	55,161
At 1 January 2009	9,854	9,632	34,447	53,933
Recognised in profit or loss	(122)	1,295	(410)	763
At 31 December 2009	9,732	10,927	34,037	54,696

Deferred tax liabilities of the Company:

	Property, plant and equipment RM'000
At 1 January 2010	-
Recognised in profit or loss	40
At 31 December 2010	40

Deferred tax assets of the Group in respect of unabsorbed capital allowances amounting to RM2,240,502 (2009: RM2,325,684) have not been recognised as there may not be available future taxable profits in one of the subsidiary companies against which the unabsorbed capital allowances can be utilised.

The unutilised tax losses and unabsorbed agriculture and capital allowances of the Group are available indefinitely for offsetting against future taxable profits of the respective entities within the Group, subject to no substantial change in shareholdings of those entities under the Income Tax Act, 1967 and guidelines issued by the tax authority.

22. Inventories

	Group	
	2010 RM'000	2009 RM'000
At cost:		
Crude palm oil	2,045	7,580
Palm kernels	457	1,192
Quarry stocks	4,545	4,364
Fertilisers and chemicals	1,411	2,157
Store, spares and consumable supplies	583	685
Nurseries	204	392
	9,245	16,370

There were no inventories stated at net realisable value as at 31 December 2010 and 2009.

23. Trade and other receivables

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Current				
Trade receivables				
Third parties	11,163	8,577	-	-
Less: Allowance for impairment	(224)	(224)	-	-
Trade receivables, net	10,939	8,353	-	-
Other receivables				
Amounts due from subsidiaries				
- Interest bearing advances	-	-	74,552	66,680
- Non-interest bearing advances	-	-	15,164	24,866
	-	-	89,716	91,546
Amounts recoverable from former directors and third parties	2,000	16,000	-	-
Advances given to a sub-contractor	-	1,105	-	-
Deposits	1,414	553	551	174
Prepayments	205	155	41	14
Sundry receivables	716	1,324	284	283
	4,335	19,137	90,592	92,017
Less: Allowance for impairment	(468)	(14,391)	(272)	(272)
Other receivables, net	3,867	4,746	90,320	91,745
	14,806	13,099	90,320	91,745

23. Trade and other receivables (cont'd)

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Non-Current				
Other receivables				
Deposits for acquisition of machinery	2,705	1,929	-	-
Total trade and other receivables (current and non-current)	17,511	15,028	90,320	91,745
Add: Cash and cash equivalents (Note 25)	43,488	21,883	499	328
Total loans and receivables	60,999	36,911	90,819	92,073

(a) Trade receivables

Trade receivables are non-interest bearing and generally on 7 to 30 days (2009: 7 to 30 days) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Ageing analysis of trade receivables

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

	Group	
	2010 RM'000	2009 RM'000
Neither past due nor impaired	10,685	8,070
1 to 30 days past due not impaired	29	177
31 to 60 days past due not impaired	42	45
61 to 90 days past due not impaired	106	2
More than 91 days past due not impaired	77	59
	254	283
Impaired	224	224
	11,163	8,577

23. Trade and other receivables (cont'd)

(a) Trade receivables (cont'd)

Receivables that are neither past due nor impaired

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

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

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM254,153 (2009: RM282,856) that are past due at the reporting date but not impaired.

Receivables that are impaired

There has been no movement in this allowance account for the financial year ended 31 December 2010 (2009: charge of RM224,087 for impairment loss).

(b) Amounts due from subsidiaries

These amounts are unsecured and are repayable upon demand.

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

(c) Amounts recoverable from former directors and third parties

These represent wrongful payments made by the former directors who were removed on 6 August 2004 to third parties as referred to in Note 3 to the financial statements.

Other receivables that are impaired

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

Movement in allowance accounts:

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
At 1 January	14,391	13,573	272	272
Charge for the year (Note 9)	191	1,105	-	-
Written off	(14,105)	-	-	-
Reversal of impairment losses	(9)	(287)	-	-
At 31 December	468	14,391	272	272

24. Short term investments

	Group 2010 RM'000	Group 2009 RM'000
Medium-term money market fund	5,871	2,795
Short-term money market fund	388	338
	6,259	3,133

25. Cash and cash equivalents

	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Cash at bank and on hand	4,133	3,609	499	328
Short term deposits with licensed banks	33,096	15,141	-	-
Cash and bank balances	37,229	18,750	499	328
Short term investments (Note 24)	6,259	3,133	-	-
Cash and cash equivalents	43,488	21,883	499	328

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day to one month depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. The weighted average effective interest rates as at 31 December 2010 for the Group was 2.71% (2009: 2.00%).

Short term deposits with licensed banks of the Group amounting to RM153,154 (2009: RM150,074) are pledged as securities for borrowings (Note 26).

26. Loans and borrowings

	Group	
	2010 RM'000	2009 RM'000
Current		
Secured:		
Obligation under finance leases (Note 32)	551	651
Bank loans:		
- 7% p.a. fixed rate RM loans	295	2,768
- RM loan at COF + 1.125% p.a.	2,100	2,100
	2,946	5,519
Non-current		
Secured:		
Obligation under finance leases (Note 32)	226	463
Bank loans:		
- 7% p.a. fixed rate RM loans	724	1,048
- RM loan at COF + 1.125% p.a.	14,546	16,646
- RM loan at COF + 1.5% p.a.	6,000	-
	21,496	18,157
Total loans and borrowings	24,442	23,676

The remaining maturities of the loans and borrowings as at 31 December 2010 are as follows:

Group

	2010 RM'000	2009 RM'000
On demand or within one year	2,946	5,519
More than 1 year and less than 2 years	2,587	2,819
More than 2 years and less than 5 years	11,713	7,092
5 years or more	7,196	8,246
	24,442	23,676

Obligations under finance leases

These obligations are secured by a charge over the leased assets (Note 15). The average discount rate implicit in the leases is 6.59% p.a. (2009: 6.12% p.a.). These obligations are denominated in Ringgit Malaysia (RM).

26. Loans and borrowings (cont'd)

7% p.a. fixed rate RM loans

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

RM loan at COF + 1.125% p.a.

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

RM loan at COF + 1.5% p.a.

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

27. Trade and other payables

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Trade payables				
Third parties	13,805	11,426	-	-
Other payables				
Amounts due to subsidiaries	-	-	79,632	67,307
Accruals	6,158	3,935	732	546
Sundry payables	4,334	1,394	85	131
	10,492	5,329	80,449	67,984
Total trade and other payables	24,297	16,755	80,449	67,984
Add: Loans and borrowings (Note 26)	24,442	23,676	-	-
Total financial liabilities carried at amortised cost	48,739	40,431	80,449	67,984

27. Trade and other payables (cont'd)

(a) Trade payables

These amounts are non-interest bearing. Trade payables are normally settled on 30 to 90 days (2009: 30 to 90 days) terms.

(b) Amounts due to subsidiaries

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

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

(c) Other payables

These amounts are non-interest bearing. Other payables are normally settled on an average term of three months (2009: average term of three months).

28. Lease rental payable

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

29. Share capital and treasury shares

	Number of ordinary shares of RM1 each		Amount	
	Share capital	Treasury share	Share capital	Treasury share
Issued and fully paid			RM'000	RM'000
At 1 January and 31 December 2010	215,456,915	(4,001,000)	215,457	(4,109)
At 1 January 2009	215,456,915	-	215,457	-
Purchase of treasury shares	-	(4,001,000)	-	(4,094)
Transaction costs	-	-	-	(15)
At 31 December 2009	215,456,915	(4,001,000)	215,457	(4,109)

Notes to the Financial Statements
For the financial year ended 31 December 2010 (cont'd)

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

	Number of ordinary shares of RM1 each 2010	2009	Amount 2010 RM'000	2009 RM'000
Authorised share capital:				
At 1 January and 31 December	500,000,000	500,000,000	500,000	500,000

(a) Share capital

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

(b) Treasury shares

Treasury shares relate to ordinary shares of the Company that are held by the Company. This amount relates to the acquisition cost of treasury shares.

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

30. Retained earnings

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

Notes to the Financial Statements

For the financial year ended 31 December 2010 (cont'd)

31. Related party disclosures

(a) Sale and purchase of goods and services

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

	Company	
	2010 RM'000	2009 RM'000
Transactions with subsidiary companies:		
Management fees received	2,251	2,177
Interest on advances given	716	777
Interest on advances obtained	716	777
Gross dividend income	5,075	42,950

(b) Compensation of key management personnel

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Short-term employee benefits	4,101	3,038	1,428	1,128
Defined contribution plan	379	279	157	123
	4,480	3,317	1,585	1,251

32. Commitments

(a) Capital commitments

Capital expenditure as at the reporting date is as follows:

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Property, plant and equipment:				
Approved and contracted for	33,727	13,597	568	682
Approved but not contracted for	17,591	3,474	-	-
	51,318	17,071	568	682

32. Commitments (cont'd)

(b) Finance lease commitments

The Group has finance leases for certain items of motor vehicles, heavy equipment, plant and machinery (Note 15). These leases do not have terms of renewal, but have purchase options at nominal values at the end of the lease term.

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

	Group	
	2010 RM'000	2009 RM'000
Minimum lease payments:		
Not later than 1 year	583	698
Later than 1 year and not later than 2 years	191	435
Later than 2 years and not later than 5 years	45	41
Total minimum lease payments	819	1,174
Less: Amounts representing finance charges	(42)	(60)
Present value of minimum lease payments	777	1,114
Present value of payments:		
Not later than 1 year	551	651
Later than 1 year and not later than 2 years	182	422
Later than 2 years and not later than 5 years	44	41
Present value of minimum lease payments	777	1,114
Less: Amount due within 12 months (Note 26)	(551)	(651)
Amount due after 12 months (Note 26)	226	463

33. Fair value of financial instruments

Determination of fair value

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

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

	Note
Other receivables (non-current)	23
Trade and other receivables (current)	23
Trade and other payables (current)	27
Loans and borrowings (current)	26
Loans and borrowings (non-current)	26
- RM loan at COF + 1.125%	26
- RM loan at COF + 1.5%	26
Lease rental payable (non-current)	28

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

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

Finance lease obligations and fixed rate bank loans

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

Financial guarantees

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

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

34. Financial risk management objectives and policies

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

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

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

(a) Credit risk

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

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

Exposure to credit risk

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

A nominal amount of RM23,665,038 (2009: RM22,562,965) relating to corporate guarantees provided by the Company to bankers on subsidiaries' bank loans.

Information regarding credit enhancements for trade and other receivables is disclosed in Note 23.

Credit risk concentration profile

At the reporting date, approximately 84% (2009: 82%) of the Group's trade receivables were due from 3 major customers.

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 23. Deposits with banks and other financial institutions, and short-term investment that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

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

(b) Liquidity risk

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

At the reporting date, approximately 12% (2009: 23%) of the Group's loans and borrowings will mature in less than one year based on the carrying amount reflected in the financial statements.

Analysis of financial instruments by remaining contractual maturities

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

	2010 RM'000			
	On demand or within one year	**One to five years**	**Over five years**	**Total**
Group				
Financial liabilities:				
Trade and other payables	24,297	-	-	24,297
Loan and borrowings	2,946	14,300	7,196	24,442
Total undiscounted financial liabilities	27,243	14,300	7,196	48,739
Company				
Financial liability:				
Trade and other payables	80,449	-	-	80,449

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

(c) Interest rate risk

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

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

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

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 25 basis points lower/higher, with all other variables held constant, the Group's profit net of tax would have been RM45,233 higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(d) Foreign currency risk

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

The Group holds cash and cash equivalents denominated in foreign currency for working capital purposes. At the reporting date, such foreign currency balances (mainly Euro) amounted to RM5.3 million

Sensitivity analysis for foreign currency risk

At the reporting date, if the Euro had been 5% strengthened/weakened, with all other variables held constant, the Group's profit net of tax would have been RM266,304 higher/lower.

35. Capital management

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

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2010 and 31 December 2009.

35. Capital management (cont'd)

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

		Group		Company	
	Note	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Loans and borrowings	26	24,442	23,676	-	-
Trade and other payables	27	24,297	16,755	80,449	67,984
Less: Cash and cash equivalents	25	(43,488)	(21,883)	(499)	(328)
Net debt		5,251	18,548	79,950	67,656
Capital:					
Equity attributable to owners of the parent		362,497	341,844	242,776	243,724
Capital and net debt		367,748	360,392	322,726	311,380
Gearing ratio		2%	5%	25%	22%

36. Segment information

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

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

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

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

36. Segment information (cont'd)

	Plantation		Mill		All other segments		Adjustment and elimination		Note	Per consolidated financial statements	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000		2010 RM'000	2009 RM'000
Revenue:											
External customers	17,917	11,048	212,094	151,416	1,805	1,539	-	-		231,816	164,003
Inter-segment	52,733	44,023	-	-	10,009	46,709	(62,742)	(90,732)	A	-	-
Total revenue	70,650	55,071	212,094	151,416	11,814	48,248	(62,742)	(90,732)		231,816	164,003
Results:											
Interest income	192	125	1,276	1,252	716	777	(1,602)	(1,601)		582	553
Depreciation and amortisation	2,118	1,957	2,420	2,375	898	767	487	487		5,923	5,586
Segment profit	34,999	25,872	3,356	3,295	4,024	41,524	(7,102)	(44,784)	B	35,277	25,907
Assets:											
Additions to non-current assets	13,356	6,041	2,153	880	3,920	1,273	(1,398)	(75)	C	18,031	8,119
Segment assets	207,227	257,921	56,130	51,458	387,941	361,494	(175,548)	(224,485)	D	475,750	446,388
Segment liabilities	6,744	4,826	16,995	11,854	106,470	95,949	(33,381)	(23,925)	E	96,828	88,704

36. Segment information (cont'd)

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

A Inter-segment revenues are eliminated on consolidation.

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

C Additions to non-current assets consist of:

	2010 RM'000	2009 RM'000
Property, plant and equipment	17,691	7,812
Biological assets	340	307
	18,031	8,119

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

	2010 RM'000	2009 RM'000
Deferred tax assets	2,312	1,667
Inter-segment assets	(177,860)	(226,152)
	(175,548)	(224,485)

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

	2010 RM'000	2009 RM'000
Deferred tax liabilities	45,585	45,856
Inter-segment liabilities	(78,966)	(69,781)
	(33,381)	(23,925)

36. Segment information (cont'd)

Geographical information

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

37. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2010 were authorised for issue in accordance with a resolution of the directors on 11 March 2011.

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

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

	Group RM'000	Company RM'000
Total retained earnings of the Company and its subsidiaries		
- Realised	209,131	31,468
- Unrealised	(11,483)	(40)
	197,648	31,428
Less: Consolidation adjustments	(46,499)	-
Retained earnings as per financial statements	151,149	31,428

List of Properties of the Group

as at 31 December 2010

	Location of Property Sabah	Tenure	Year of Expiry	Land Area		Description	Net Book Value As At 31.12.2010 RM'000	Year Acquired
1	Prolific, Wong Tet-Jung Plantations Off KM 63.7, Sandakan-Lahad Datu Highway	Leasehold 99 years	2069	39.752	hectares	Oil Palm Plantation & Oil Mill	19,088	2001
			2070	30.607	hectares			
			2074	18.195	hectares			
			2075	207.991	hectares			
			2076	9.967	hectares			
			2077	24.460	hectares			2005
			2082	6.463	hectares			
			2082	72.790	hectares			2005
		Perpetuity (Sublease 99 years)	2097	6.435	hectares			
	Kolapis-Beluran Area District of Labuk Sugut	Leasehold 99 years	2073	2.250	hectares	Plantable Reserve		2002
				418.910	**hectares**			
	Prolific Yield Lot 38, Block C Taman Indah Jaya Phase 4A, Mile 4, Jalan Utara, Sandakan	Under Sub Division Leasehold 99 years (Parent title TL077552035)	2081	**167.220**	**Sq.M**	Double Storey Terrace Shoplot	159	2002
	Prolific Yield Lot 39, Block C, Taman Indah Jaya Phase 4A, Mile 4, Jalan Utara, Sandakan	Under Sub Division Leasehold 99 years (Parent title TL077552035)	2081	**167.220**	**Sq.M**	Double Storey Terrace Shoplot	188	2001
	Prolific Yield Lot 40, Block C, Taman Indah Jaya Phase 4A, Mile 4, Jalan Utara, Sandakan	Under Sub Division Leasehold 99 years (Parent title TL077552035)	2081	**213.200**	**Sq.M**	Double Storey Terrace Shoplot	239	2001
2	Melabau, Suara Baru & Gelang Usaha 0.2 Km East of KM 96, Sandakan-Lahad Datu Highway	Leasehold 99 years	2069	27.480	hectares	Oil Palm Plantation	636	2002
			2078	17.110	hectares	Oil Palm Plantation & Quarry	35,991	2001
			2079	260.780	hectares			
			2080	202.303	hectares			
			2081	136.615	hectares			
			2082	88.690	hectares			
			2085	252.660	hectares			
			2086	14.930	hectares			
			2095	4.993	hectares			
			2093	154.700	hectares			
			2097	12.300	hectares			
		Perpetuity (Sublease 99 years)	2075	316.549	hectares			
			2080	136.763	hectares			
			2093	5.751	hectares			
			2097	10.930	hectares			
	KM 28, Jalan Labuk	Leasehold 99 years	2065	3.055	hectares	Plantable Reserve		
				1,645.609	**hectares**			

List of Properties of the Group

as at 31 December 2010 (cont'd)

	Location of Property Sabah	Tenure	Year of Expiry	Land Area		Description	Net Book Value As At 31.12.2010 RM'000	Year Acquired
3	Sri Likas Mewah &	Leasehold 99 years	2085	10.120	hectares	Oil Palm Plantation	13,988	2001
	Ultisearch Trading		2094	386.100	hectares			
	2.6 KM north of KM 31,		2096	168.700	hectares			
	Sukau Road		2098	47.750	hectares			
				612.670	**hectares**			
4	Bakara	Leasehold 99 years	2085	150.300	hectares	Oil Palm Plantation	12,871	2001
	Bukit Garam/Sg. Lokan		2087	400.000	hectares			
	Off KM 76.5, Sandakan-Lahad Highway			**550.300**	**hectares**			
5	Cepatwawasan & Kovusak	Leasehold 99 years	2061	992.700	hectares	Oil Palm Plantation	41,017	2001
	KM 4.5, Jalan Beluran		2071	133.550	hectares			
			2078	485.300	hectares			
				1,611.550	**hectares**			
6	Razijaya & Sugguh Mulia Sungai-Sungai Locality, 99 KM North-West of Sandakan	Leasehold 99 years	2098	**362.200**	**hectares**	Oil Palm Plantation, Quarry & Plantable Reserve	15,080	2001
7	Prima Semasa Sonsogon Suyad, Paitan Locality 105 KM North-West of Sandakan	Leasehold 99 years	2094	**2,997.000**	**hectares**	Oil Palm Plantation & Plantable Reserve	31,907	2003
8	Cepatwawasan, Tentu Bernas,	Leasehold 99 years	2097	242.800	hectares	Oil Palm Plantation	7,833	2005
	Tentu Cergas, Liga Semarak &		2098	145.710	hectares			
	Jutategak		2099	48.550	hectares			
	Sg. Kawananan Locality		2100	48.520	hectares			
	113 KM North-West of Sandakan			**485.580**	**hectares**			
9	Ladang Cepat-KPD 85 KM South-West of Beaufort	Leasehold 99 years	2087	**1,618.740**	**hectares**	Oil Palm Plantation	49,507	2007
10	Cepatwawasan Group Berhad Lot 70, Block 6, Prima Square Mile 4, North Road Sandakan	Leasehold 99 years	2106	**564.386**	**Sq.M**	Three Storey Shop/Office	2,104	2009

List of Properties of the Group

as at 31 December 2010 (cont'd)

Location of Property Kuala Lumpur	Tenure	Year of Expiry	Land Area		Description	Net Book Value As At 31.12.2010 RM'000	Year Acquired
11 Minelink HS (D) 32033, No. PT 808 Damansara Heights Mukim of Kuala Lumpur	Freehold	-	**1,774.669**	**Sq.M**	High-end residential property	7,637	2008
Minelink HS (D) 32033, No. PT 809 Damansara Heights Mukim of Kuala Lumpur	Freehold	-	**1,775.377**	**Sq.M**	High-end residential property	6,305	2008
Minelink HS (D) 32033, No. PT 810 Damansara Heights Mukim of Kuala Lumpur	Freehold	-	**1,775.284**	**Sq.M**	High-end residential property	6,337	2008

Statistical Report

as at 28 February 2011

Issued & Fully Paid-Up Share Capital : 215,456,915 (including treasury shares of 4,001,000)
Authorised Share Capital : 500,000,000
Type of Share : Ordinary Share of RM1.00 each
No. of Shareholders : 7,504
Voting Rights : One Vote for Every Share

ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of Holdings	No. of Holders	(%)	No. of Shares	Percentage (%)
1 to 99	55	0.732	2,231	0.001
100 to 1,000	1,304	17.377	1,073,507	0.507
1,001 to 10,000	4,655	62.033	23,585,898	11.154
10,001 to 100,000	1,324	17.643	41,742,586	19.740
100,001 to 10,572,794*	164	2.185	76,082,393	35.980
10,572,795 and above**	2	0.026	68,969,300	32.616
TOTAL	**7,504**	**100.000**	**211,455,915**	**100.000**

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

LIST OF SUBSTANTIAL SHAREHOLDERS

as per the Register of Substantial Shareholders as at 28 February 2011

Shareholders	No. of Shares Direct	%	No. of Shares Indirect	%	
MHC Plantations Bhd	58,265,800	27.55	20,000,000	9.46	(1)
Dato' Mah Pooi Soo Realty Sdn Bhd	-	-	78,265,800	37.01	(2)
Dato' Mah King Thian @ Mah King Thiam	-	-	78,265,800	37.01	(2)
Dato' Mah King Seng	-	-	78,265,800	37.01	(2)
Datin Seri Ooi Ah Thin	-	-	78,265,800	37.01	(2)
Yew Lee Holdings Sdn. Berhad	10,703,500	5.06	-	-	

Notes:
(1) Deemed interest by virtue of its shareholdings in Yew Lee Holdings Sdn. Berhad and Hutan Melintang Plantations Sdn. Berhad.
(2) Deemed interest by virtue of Section 6A of the Companies Act 1965.

LIST OF DIRECTORS' SHAREHOLDINGS

as per the Register of Directors' Shareholdings as at 28 February 2011

Directors	No. of Shares Direct	%	No. of Shares Indirect	%	
Dato' Mah King Thian @ Mah King Thiam	-	-	78,265,800	37.01	(1)
Dato' Mah King Seng	-	-	78,265,800	37.01	(1)
Tan Ah Seng	100	-	-	-	
Chua Kim Yin	-	-	-	-	
Chan Kam Leong	-	-	-	-	
Choong Pak Wan	10,000	-	-	-	

Note:
(1) Deemed interest by virtue of Section 6A of the Companies Act 1965.

Statistical Report
as at 28 February 2011 (cont'd)

LIST OF TOP 30 HOLDERS as at 28 February 2011

No.	Names	Holdings	%
1	MHC PLANTATIONS BHD.	58,265,800	27.554
2	YEW LEE HOLDINGS SDN. BERHAD	10,703,500	5.061
3	HUTAN MELINTANG PLANTATIONS SDN. BERHAD	9,296,500	4.396
4	HSBC NOMINEES (ASING) SDN BHD *EXEMPT AN FOR DZ PRIVATBANK S.A.*	6,454,800	3.052
5	SEE LENG TAT	5,456,800	2.580
6	TAN LAI KIM	3,875,000	1.832
7	LI NAI KWONG	3,045,009	1.440
8	JUWITAWAN SDN BHD	2,298,700	1.087
9	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR FONG SILING (CEB)*	1,628,000	0.769
10	HSBC NOMINEES (ASING) SDN BHD *EXEMPT AN FOR CREDIT SUISSE (SG BR-TST-ASING)*	1,395,000	0.659
11	MAYBAN NOMINEES (TEMPATAN) SDN BHD *JINCAN SDN BHD*	1,369,300	0.647
12	VOON CHONG KIAN	1,180,000	0.558
13	TEY POR YEE	1,000,000	0.472
14	MKW JAYA SDN. BHD.	985,500	0.466
15	WANGSA HARTAMAS SDN. BHD.	924,700	0.437
16	LEE GUAN HUAT	919,900	0.435
17	EDMOND HOYT YUNG	900,000	0.425
18	RICKOH CORPORATION SDN BHD	860,000	0.406
19	CIMSEC NOMINEES (TEMPATAN) SDN BHD *CIMB BANK FOR KOH KIN LIP (MY0502)*	850,000	0.501
20	HDM NOMINEES (ASING) SDN BHD *DBS VICKERS SECS (S) PTE LTD FOR GREAT FOREST LIMITED*	791,300	0.374
21	NG BAN SENG	772,000	0.365
22	GAN HONG LIANG	715,900	0.338
23	CIMSEC NOMINEES (TEMPATAN) SDN BHD *CIMB FOR LEOW MING FONG @ LEOW MIN FONG (PB)*	700,000	0.331
24	SEE HONG CHEEN @ SEE HONG CHEN	700,000	0.331
25	AFFIN NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR ROVENT SDN BHD (ROV0001C)*	645,400	0.305
26	DATO' TEO SOO CHENG	625,000	0.295
27	NG TENG SONG	600,700	0.284
28	CITIGROUP NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR CHEAH SEE HAN (471145)*	550,000	0.260
29	LAW PEY NGET	530,500	0.250
30	CHOO SHIOW CHARN	501,000	0.236
	TOTAL	**118,540,309**	**56.059**

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CEPAT CEPATWAWASAN GROUP BERHAD
(Company No: 536499-K)

FORM OF PROXY

No of Shares Held	

I/We ______________________________ (BLOCK LETTERS)

NRIC No./Company No. ______________________________ of

____

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

Name of proxy, NRIC No. & Address	No. of shares to be represented by proxy
1. ______________________________	______________
2. ______________________________	______________

or failing him/her,

1. ______________________________	______________
2. ______________________________	______________

or failing him/her, THE CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us on my/our behalf at the Eleventh Annual General Meeting of the Company to be held at Ballroom 1, Sabah Hotel Sandakan, KM 1, Jalan Utara, 90000 Sandakan, Sabah on Thursday, 21 April 2011 at 10.30 a.m. and at any adjournment thereof and to vote as indicated below:-

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

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

Signed this .... day of ...., 2011

____
Signature / Seal of Member

Notes:

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

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

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

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

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

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

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Stamp

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

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