

Notes to the Interim Financial Statement - 31 December 2012

**1 Basis of preparation**

The unaudited interim financial report has been prepared in accordance with FRS 134: Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The unaudited interim financial report should be read in conjunction with the audited financial statements for the year ended 31 December 2011. The explanatory notes attached to the unaudited interim financial report provide an explanation of the events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2011.

To converge with International Financial Reporting Standards ("IFRSs") in 2012, the Malaysian Accounting Standards Board, the MASB had on 19 November 2011, issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRSs"), which are mandatory for annual financial periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture and IC Interpretation 15 Agreements for Construction of Real Estate, including its parent, significant investor and venture ("Transitioning Entities").

Transitioning Entities will be allowed to defer adoption of the new MFRSs for an additional one year. Consequently, adoption of the MFRSs by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2014.

The Group falls within the scope of Transitioning Entities and has opted to defer adoption of MFRSs. Accordingly, the Group will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2014.

**2 Changes in accounting policies**

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2011, except for the adoption of the following Financial Reporting Standards (FRSs), Amendments to FRSs and Interpretations:

**Effective for financial periods beginning on or after 1 July 2009:**

FRS 8 Operating Segments

**Effective for financial periods beginning on or after 1 January 2010:**

FRS 4	Insurance Contracts
FRS 7	Financial Instruments: Disclosures
FRS 101	Presentation of Financial Statements (Revised)
FRS 123	Borrowing Costs
FRS 139	Financial Instruments: Recognition and Measurement
Amendment to FRS 1	First Time Adoption of Financial Reporting Standards
Amendment to FRS 2	Share-based Payment-Vesting Conditions and Cancellations
Amendment to FRS 7	Financial Instruments: Disclosures
Amendment to FRS 8	Operating Segments
Amendment to FRS 107	Statement of Cash Flows
Amendment to FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
Amendment to FRS 110	Events after the Reporting Period
Amendment to FRS 116	Property, Plant and Equipment
Amendment to FRS 117	Leases
Amendment to FRS 132	Financial Instruments: Presentation
Amendment to FRS 134	Interim Financial Reporting
Amendment to FRS 136	Impairment of Assets
Amendment to FRS 140	Investment Property
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

Other than for the implications as discussed below, the application of the above FRSs, Amendments to FRSs and Interpretation did not result in any significant changes in the accounting policies and presentation of the financial results of the Group.

**(a) FRS 8: Operating Segment**

FRS 8 requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. As a result, the Group's segmental reporting had been presented based on that used for internal reporting to the chief operating decision maker who makes decisions on the allocation of resources and assesses the performance of the reportable segments. This standard does not have any impact on the financial position and results of the Group.

**(b) FRS 101: Presentation of Financial Statements (revised)**

The revised FRS 101 has introduced changes in terminology used, format and contents of financial statements. Amongst others, components of interim financial statements presented now consist of a statement of financial position, a statement of comprehensive income, a statement of changes in equity, a statement of cash flows and notes to the financial statements. This standard separates owner and non-owner changes in equity. Therefore, the statement of changes in equity only includes details of transactions with owners. All non-owner changes in equity are presented as a single line labeled as total comprehensive income. The Standard also introduces the statement of comprehensive income: presenting all items of income and expense recognized in the income statement, together with all other items of recognized income and expense, either in one single statement, or in two linked statements. The revised FRS does not have any impact on the financial position and results of the Group.

**(c) Amendment to FRS 117, Lease**

Prior to 1 January 2010, leasehold land that normally had an indefinite economic life and where title is not expected to pass to the lessee by the end of the lease term, was treated as operating lease. The minimum lease payment or the up-front payment made on entering into or acquiring a leasehold land was accounted as prepaid lease payments and was amortised on a straight-line basis over the lease term.

**(d) FRS 139: Financial Instruments- Recognition and Measurement**

FRS 139 sets out the new requirements for the recognition and measurement of financial instruments. Financial instruments are recognised initially at fair value plus, in the case of financial assets or liabilities not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial assets or financial liabilities. The Group determines the classification at initial recognition and for the purpose of the first adoption of the standard, as at transitional date on 1 January 2010.

**(i) Financial assets**

Financial assets are classified as financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables and available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

The Group's financial assets include cash and short term deposits, trade and other receivables.

All the Group's financial assets are measured at amortised cost using the effective interest method.

**(ii) Financial liabilities**

Financial liabilities are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

The Group's financial liabilities include trade and other payables.

All the Group's financial liabilities are measured at amortised cost using the effective interest method.

**3 Auditors' report on preceding annual financial statements**

The auditors' report on the financial statements for the year ended 31 December 2011 was not qualified.

**4 Seasonal or cyclical factors**

The business of the Group was not affected by any significant seasonal or cyclical factors in the current quarter.

**5 Unusual items affecting the assets, liabilities, equity, net income, or cash flows**

There were no unusual items affecting the assets, liabilities, equity, net income or cash flow of the Group for the current quarter and financial year-to-date.

**6 Material changes in estimates**

There were no changes in estimates that have had material effect in the current results.

**7 Issuances, cancellations, repurchases, resale and repayments of debt and equity securities**

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities for the current financial year-to-date.

**8 Dividend paid**

The Company declared an interim dividend of 3.0 sen per ordinary share less 25% tax in respect of the financial year ending 2012. The interim dividend was paid on 27th July 2012.

## 9 Segmental reporting

Segmental information for the Group is presented as follows:

<u>12 months financial period</u> <u>ended 31 Dec 2012</u>		<u>Plantation</u>	<u>Construction &amp; Property Development</u>	<u>Investment</u>	<u>Elimination</u>	<u>Consolidated</u>
<u>Segment Revenue</u>		RM'000	RM'000	RM'000	RM'000	RM'000
External revenue		33,294	3,561	-	-	36,855
Inter-segment revenue		-	-	7,800	(7,800)	-
Total revenue		33,294	3,561	7,800	(7,800)	36,855
<u>Segment Results</u>						
Operating results		17,317	(4,242)	7,460	(7,800)	12,735
Share of results of associate company		-	(36)	-	-	(36)
Finance cost		(33)	(40)	-	-	(73)
Profit/(loss) before tax		17,284	(4,318)	7,460	(7,800)	12,626
Income tax expense		(4,729)	(25)	-	-	(4,754)
		12,555	(4,343)	7,460	(7,800)	7,872

<u>12 months financial period</u> <u>ended 31 Dec 2011</u>		<u>Plantation</u>	<u>Construction &amp; Property Development</u>	<u>Investment</u>	<u>Elimination</u>	<u>Consolidated</u>
<u>Segment Revenue</u>		RM'000	RM'000	RM'000	RM'000	RM'000
External revenue		36,831	1,666	-	-	38,497
Inter-segment revenue		-	-	7,800	(7,800)	-
Total revenue		36,831	1,666	7,800	(7,800)	38,497
<u>Segment Results</u>						
Operating results		23,267	(4,358)	(331)	-	18,578
Share of results of associate company		-	(38)	-	-	(38)
Finance cost		(31)	(30)	-	-	(61)
Profit/(loss) before tax		23,236	(4,426)	(331)	-	18,479
Income tax expense		(5,817)	1	-	-	(5,816)
		17,419	(4,425)	(331)	-	12,663

The Group principally operates within Malaysia.

## 10 Valuation of Property, Plant & Equipment

There were no changes to the valuation of property, plant & equipment brought forward from the previous annual financial statements.

## 11 Material event subsequent to the end of the period not reflected in the current financial period.

There were no material events subsequent to the end of the period that have not been reflected in this quarterly report.

## 12 Changes in the composition of the Group

There were no changes in the composition of the Group for the current quarter and year-to-date.

## 13 Contingent liabilities or assets

There were no material contingent liabilities or contingent assets to be disclosed as at the date of this report.

## 14 Review of performance

The Group recorded a pre-tax profit of RM 12.6 million on a revenue of RM 36.9 million for the year under review compared to a pre-tax profit of RM 18.5 million on a revenue of RM 38.5 million for the corresponding year in 2011.

The 9.60% decrease in the revenue of the Plantation Division to RM 33.3 million for the year under review was due to the lower CPO prices realised compared to the corresponding period last year. The average CPO prices realised had decreased by 9.46% to RM 2,777 per M/T (2011: RM 3,067 per M/T). The Group's total FFB harvested during the year under review had increased marginally by 0.89% to 52,415 M/T (2011: 51,955 M/T) compared to the corresponding period in 2011.

There were RM 3.6 million construction revenue for the year under review compared RM1.7 million to the corresponding period in the previous year as all projects were at the final stages of completion. The construction and development division's loss before tax of RM 4.2 million was mainly due to the Group's overhead and the administration cost to oversee the remaining outstanding contracts work and the proposed Kuantan Hi-Tech Park development.

**15 Comparison with the immediate preceding quarter's results**

The profit before tax for the current quarter is RM 0.1 million which is lower compared to the result in the preceding quarter which was RM 7.4 million was mainly due to the recovery of RM2.5 million full settlement sum from Kementerian Pengajian Tinggi Malaysia in Q3 and the declining CPO prices realised in the Q4.

**16 Commentary on prospects**

The Group anticipates the plantation division to maintain its profit at the current level for the forthcoming financial year in view of the expected recovery of CPO prices in 2013.

The construction division has fully provided the foreseeable losses on all current projects which have reached the final stages of construction. The Group does not anticipate further losses on these projects.

**17 Profit forecast**

Not applicable as there was no profit forecast published.

**18 Taxation**

	<u>Individual Quarter</u> 3 months ended		<u>Cumulative Quarter</u> 12 months ended	
	31.12.2012 RM'000	31.12.2011 RM'000	31.12.2012 RM'000	31.12.2011 RM'000
Current Taxation	978	1,114	4,754	5,816
Under/(Over) provision of tax in prior year	-	-	-	-
	<u>978</u>	<u>1,114</u>	<u>4,754</u>	<u>5,816</u>
Deferred Tax	-	-	-	-
Share of taxation of subsidiary	-	-	-	-
Total income tax expense	<u>978</u>	<u>1,114</u>	<u>4,754</u>	<u>5,816</u>

The provision for income tax for the Group is mainly due to the chargeable income from the Plantation Division and interest income.

**19 Unquoted investments and properties**

There were no disposals of unquoted investments or properties during the current quarter.

**20 Purchase or disposal of quoted securities****a. Sale proceeds and purchase consideration**

There were no disposals and purchase of quoted investment or properties for the current quarter and financial year-to-date.

**b. Investment in quoted securities as at end of the reporting period**

There was no quoted securities as at end of the current quarter.

**21 Status of uncompleted corporate proposals**

There were no uncompleted corporate proposal as at the date of this report.

**22 Borrowings and debts securities**

There were no borrowings and debts securities as at the end of the current quarter.

**23 Off balance sheet financial instruments**

During the quarter under review, the Group did not enter into any contracts involving off balance sheet financial instruments.

**24 Disclosure of Realised and Unrealised Profits (Unaudited)**

	As at 31.12.2012 RM'000	As at 31.12.2011 RM'000
Total retained profits / (accumulated losses) of the Company and its subsidiaries:		
- Realised	(56,716)	(163,173)
- Unrealised	(47,180)	(47,180)

	(103,896)	(210,353)
Total share of retained profits / (accumulated losses) from associate company:		
- Realised	(1,010)	(974)
	<u>(104,906)</u>	<u>(211,327)</u>
Less: Consolidated adjustments	48,482	154,123
Total group retained profits / (accumulated losses) as per consolidated accounts	<u><b>(56,424)</b></u>	<u><b>(57,204)</b></u>

## 25 Material Litigation

There were no material changes with regard to material litigation since the date of the last interim report dated 19.11.2012 except as follow:

### Behn Meyer & Co (M) Sdn Bhd Vs Syarikat Ladang LKPP Sdn Bhd

In respect of the appeal filed by Behn Meyer, the Court of Appeal had on 5.1.2013 allowed the appeal and awarded nominal damages of RM10.00, the refund of RM15,000 deposit and RM20,000 as costs. The decision of the Court of Appeal is final as no further appeal has been filed by both the parties to date.

## 26 Dividend

The Company declared an interim dividend of 3.0 sen per ordinary share less 25% tax in respect of the financial year ending 2012. The interim dividend was paid on 27th July 2012.

## 27 Earnings per share

	<u>Individual Quarter</u> 3 months ended		<u>Cumulative Quarter</u> 12 months ended	
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
Profit attributable to ordinary equity holders of the parent (RM'000)	(782)	(33)	7,872	12,663
Weighted average number of ordinary share in issue ('000)	119,997	119,997	119,997	119,997
Basic earning per share (sen)	(1.47)	(0.61)	2.90	5.47

There is no diluted earning per share as the Group has no dilutive potential ordinary share.

## 28 Additional notes to the Statement of Comprehensive Income

	<u>Individual Quarter</u> 3 months ended		<u>Cumulative Quarter</u> 12 months ended	
	31.12.2012 RM'000	31.12.2011 RM'000	31.12.2012 RM'000	31.12.2011 RM'000
Profit before tax is arrived at after charging / (crediting):				
Interest Income	(169)	(226)	(620)	(593)
Interest expense	5	49	49	61
Depreciation and amortization	575	816	2,277	1,979

## 29 Capital Expenditure not provided for in the Financial Statements

There were no capital commitments as at the end of the current financial quarter under review.