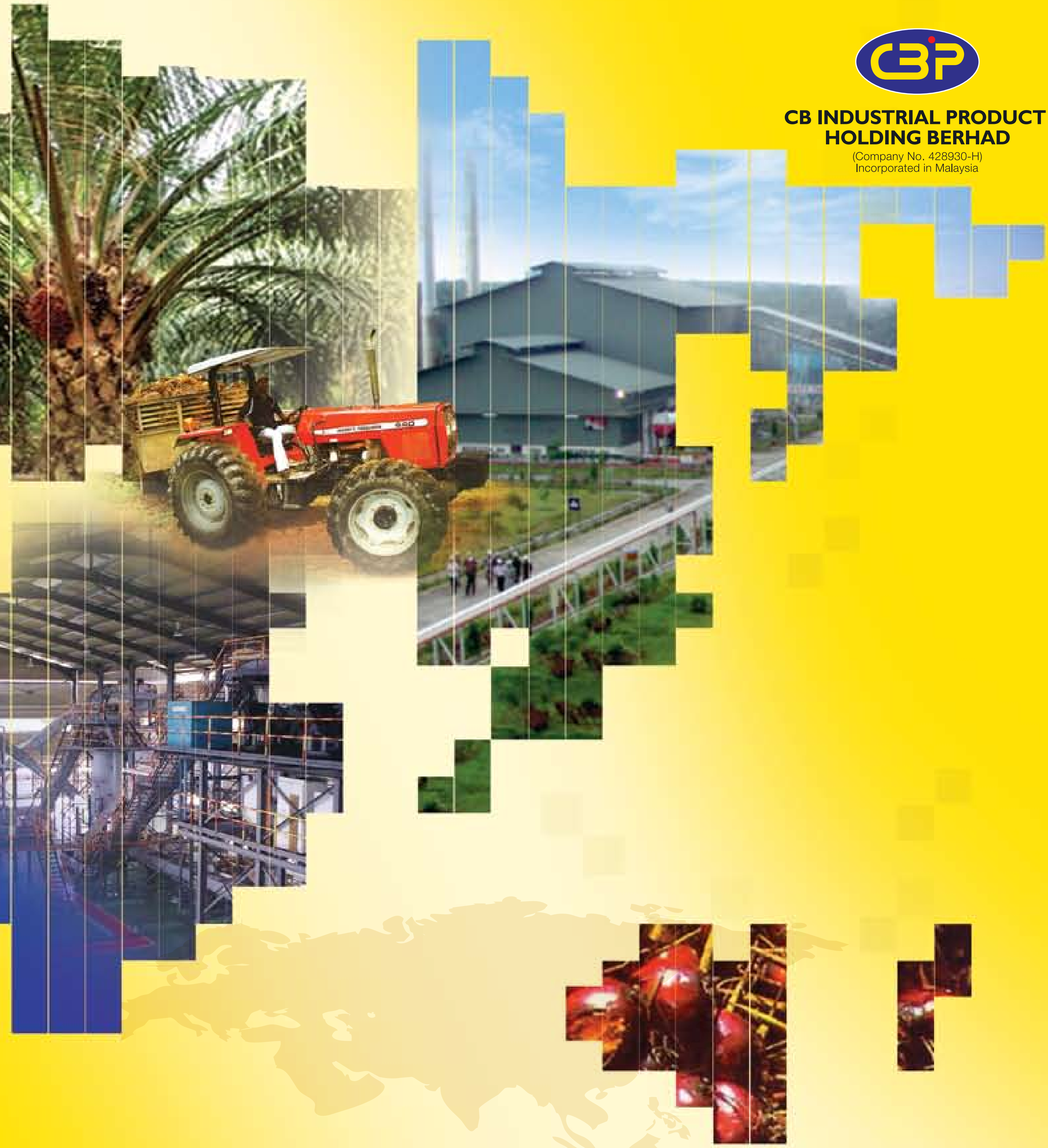

CB INDUSTRIAL PRODUCT HOLDING BERHAD

(Company No. 428930-H)
Incorporated in Malaysia

Annual Report 2010

Table of 2010

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CB INDUSTRIAL PRODUCT HOLDING BERHAD
(428930-H)

Corporate **Information**

Board of Directors

1.
Tan Sri Datuk Dr. Yusof Bin Basiran
Non-Independent Non-Executive Chairman

2.
Lim Chai Beng
Managing Director

Audit Committee

Wong Chee Beng
Chairman, Independent Non-Executive Director

Michael Ting Sii Ching
Independent Non-Executive Director

Lim Chai Huat
Non-Independent Non-Executive Director

Company Secretaries

Lim Ming Toong
(MAICSA 7000281)

Lai Chee Wah
(MAICSA 7031124)

Siti Sarah Binti Abd Rahman
(MAICSA 7059191)

Corporate Information (cont'd)

Registered Office

Lot 4, Jalan Waja 15
Kawasan Perusahaan Telok
Panglima Garang
42500 Telok Panglima Garang
Selangor Darul Ehsan
Telephone No: 03-3122 2786
Facsimile No: 03-3122 1336
E-mail: info@cbip.com.my
Website: www.cbip.com.my

Share Registrar

Symphony Share Registrars Sdn Bhd
Level 6, Symphony House Block D13
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Telephone No: 603-7841 8000
Facsimile No: 603-7841 8008

Principal Bankers

OCBC Bank (Malaysia) Berhad
HSBC Bank Malaysia Berhad
AmBank (M) Berhad

Auditors

Crowe Horwath
Chartered Accountants
Level 16 Tower C
Megan Avenue II
12 Jalan Yap Kwan Seng
50450 Kuala Lumpur
Telephone No: 03-2166 0000
Facsimile No: 03-2166 1000

Stock Exchange

Main Market
Bursa Malaysia Securities Berhad

Stock Code

7076

3.
Lim Chai Huat
Non-Independent
Non-Executive Director

4.
Y.D.M Tengku Ardy Esfandiari Bin Tengku A. Hamid Shah Tengku Seri Paduka Shah Bandar
Executive Director

5.
Mak Chee Meng
Executive Director

6.
Wong Chee Beng
Independent Non-Executive
Director

7.
Michael Ting Sii Ching
Independent Non-Executive
Director

Notice Of
Annual General Meeting

NOTICE IS HEREBY GIVEN that the Fourteenth Annual General Meeting of CB INDUSTRIAL PRODUCT HOLDING BERHAD will be held at Mutiara Room, The Saujana Hotel, 2KM, Off Jalan Sultan Abdul Aziz Shah Airport Highway, Saujana, 47200 Subang, Selangor Darul Ehsan on Monday, 30 May 2011 at 11.00 a.m. for the following purposes:-

AGENDA

1. To lay the Audited Financial Statements for the financial year ended 31 December 2010 together with the Reports of the Directors and Auditors thereon (Please refer to Note A).

2. To re-elect the following Directors retiring in accordance with Article 99 of the Articles of Association of the Company:

   (a) Lim Chai Beng — **Ordinary Resolution 1**
   (b) Wong Chee Beng — **Ordinary Resolution 2**

3. To approve the payment of Non-Executive Directors' fees of RM162,300 for the financial year ended 31 December 2010. — **Ordinary Resolution 3**

4. To re-appoint Messrs Crowe Horwath as the Auditors of the Company and to authorise the Directors to fix their remuneration. — **Ordinary Resolution 4**

AS SPECIAL BUSINESSES

To consider and if thought fit, to pass the following resolutions with or without modifications:

5. **PROPOSED RENEWAL OF AUTHORITY FOR PURCHASE OF OWN SHARES BY THE COMPANY** — **Ordinary Resolution 5**

   "THAT subject to the Companies Act, 1965 (the "Act"), rules, regulations and orders made pursuant to the Act, provisions of the Company's Memorandum and Articles of Association and the requirements of the Bursa Malaysia Securities Berhad ("Bursa Securities") and any other relevant authorities, the Directors of the Company be and are hereby authorised to make purchases of ordinary shares of RM0.50 each in the Company's issued and paid-up share capital through the Bursa Securities subject further to the following: -

   (i) the maximum number of shares which may be purchased and/or held by the Company shall be equivalent to ten per-centum (10%) of the issued and paid-up share capital of the Company ("Shares") for the time being;

   (ii) the maximum funds to be allocated by the Company for the purpose of purchasing the Shares shall not exceed the total retained profit and share premium reserve of the Company. Based on the last audited accounts as at 31 December 2010, the retained profit and share premium reserve of the Company were RM101,283,474 and RM5,558,873 respectively;

   (iii) the authority conferred by this resolution will commence immediately upon passing of this resolution and will expire at the conclusion of the next Annual General Meeting ("AGM") of the Company, unless earlier revoked or varied by ordinary resolution of the shareholders of the Company in a general meeting or the expiration of the period within which the next AGM after that date is required by the law to be held, whichever occurs first, but not so as to prejudice the completion of purchase(s) by the Company before the aforesaid expiry date and, in any event, in accordance with the provisions of the guidelines issued by the Bursa Securities or any other relevant authorities;

   and

(iv) upon completion of the purchase(s) of the Shares by the Company, the Directors of the Company be and are hereby authorised to deal with the Shares in the following manner:

(a) cancel the Shares so purchased; or
(b) retain the Shares so purchased as treasury shares; or
(c) retain part of the Shares so purchased as treasury shares and cancel the remainder; or
(d) distribute the treasury shares as dividends to shareholders and/or resell on the Bursa Securities and/or cancel all or part of them; or

in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the requirements of the Bursa Securities and any other relevant authorities for the time being in force;

AND THAT the Directors of the Company be and are hereby authorised to take all such steps as are necessary or expedient to implement or to effect the purchase(s) of the Shares with full power to assent to any condition, modification, variation and/or amendment as may be imposed by the relevant authorities and to take all such steps as they may deem necessary or expedient in order to implement, finalise and give full effect in relation thereto."

6. **AUTHORITY TO ISSUE SHARES PURSUANT TO SECTION 132D OF THE ACT** **Ordinary Resolution 6**

"THAT pursuant to Section 132D of the Act, the Directors be and are hereby empowered to issue shares in the Company, at any time, at such price, upon such terms and conditions, for such purpose and to such person or persons whomsoever as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the issued share capital of the Company at the time of issue and THAT the Directors be and are hereby also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Securities and THAT such authority shall continue to be in force until the conclusion of the next AGM of the Company."

By Order of the Board

LIM MING TOONG (MAICSA 7000281)
LAI CHEE WAH (MAICSA 7031124)
SITI SARAH BINTI ABD RAHMAN (MAICSA 7059191)
Company Secretaries

Selangor Darul Ehsan
6 May 2011

Notes:-

(A) This Agenda is meant for discussion only as the provision of Section 169(1) of the Act does not require a formal approval of the shareholders and hence, is not put forward for voting.

i) A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy may but need not be a member of the Company. A member may appoint any person to be his proxy without limitation. If the proxy is not a member, he need not be an advocate, an approved company auditor or a person approved by the Registrar of Companies.

ii) 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. Where a member appoints two (2) proxies, the appointment shall be invalid unless the member specifies the proportions of his shareholdings to be represented by each proxy.

iii) Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said securities account.

iv) If no name is inserted in the space provided for the name of your proxy, the Chairman of the meeting will act as your proxy.

v) The instrument appointing a proxy must be deposited at the registered office of the Company at Lot 4, Jalan Waja 15, Kawasan Perusahaan Telok Panglima Garang, 42500 Telok Panglima Garang,Selangor Darul Ehsan not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.

vi) If the appointer is a corporation, the instrument appointing a proxy must be executed under its Common Seal or under the hand of its attorney.

vii) **Explanatory notes on the Special Business**

Ordinary Resolution 5
Proposed Renewal of Authority for Purchase of Own Shares by the Company.

The proposed Ordinary Resolution 5 if passed, will empower the Company to purchase and/or hold up to ten per centum (10%) of the issued and paid-up share of the Company. This authority unless revoked or varied by the Company at a General Meeting will expire at the next AGM.

Further information on the Proposed Renewal of Authority for Purchase of Own Shares by the Company is set out in the Share Buy Back Statements to Shareholders of the Company which is despatched together with this Annual Report.

Ordinary Resolution 6
Authority to Issue Shares Pursuant to Section 132D of the Companies Act, 1965

The proposed Ordinary Resolution 6 is a renewable mandate for the issue of shares under Section 132D of the Act. If passed, will give flexibility to the Directors of the Company to issue shares up to a maximum of ten per centum (10%) of the issued share capital of the Company at the time of such issuance of shares (other than bonus or rights issue) and for such purposes as they consider would be in the best interest of the Company without having to convene separate general meetings. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company.

The general mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to the placing of shares, funding future investment(s), acquisition(s) and working capital and thereby reducing administrative time and cost associated with the convening of such meeting(s). No shares had been issued and allotted by the Company since obtaining the said authority from its shareholders at the last AGM held on 27 May 2010.

Statement Accompanying
Notice of Annual General Meeting

Pursuant to Paragraph 8.27(2) of the Main Market of Listing Requirements of Bursa Securities

There is no person seeking election as Director of the Company at this Fourteenth AGM.

Corporate **Structure**

CB INDUSTRIAL PRODUCT HOLDING BERHAD (428930-H)

Manufacturing, Engineering & Trading

- **100%** Modipalm Engineering Sdn Bhd
- **100%** Advance Boilers Sdn Bhd
- **100%** Avecpalm Engineering (M) Sdn Bhd
- **71%** Magview Machinery Sdn Bhd
- **60%** Avecpalm Marketing Resources Sdn Bhd
- **51%** AVP Engineering (M) Sdn Bhd
- **100%** C.B. Industrial Product Sdn Bhd
  - **100%** Midas Portfolio Sdn Bhd
  - **100%** CBIP (PNG) Limited
  - **95%** PT CB Polaindo
  - **100%** Steam-Mech Engineering Sdn Bhd
    - **85%** PT Sawit Lamandau Raya

Plantation & Milling

- **100%** Sachiew Plantations Sdn Bhd
- **100%** Empresa (M) Sendirian Berhad
- **50%** Pride Palm Oil Mill Sdn Bhd
  - **100%** Solar Green Sdn Bhd
- **30%** Kumpulan Kris Jati Sdn Bhd
- **30%** Bahtera Bahagia Sdn Bhd

Chairman's Statement

Dear Shareholders,

On behalf of the Board of Directors of CB Industrial Product Holding Berhad ("CBIPH" or "the Company"), I am pleased to present the Annual Report of CBIPH Group of Companies ("the Group") for the financial year ended 31 December 2010.

BUSINESS REVIEW

For the financial year under review, the Group reported a turnover of RM351 million and a profit before tax of RM81 million, which represent a 6% and 65% increase in turnover and profit before tax respectively, over the preceding financial year.

The increase in profit before tax was mainly attributable to the improvement in the plantation segment due to the increase in prices of palm products.

The improvements to the share of results of the associates and the jointly controlled entity were also due to the increase in prices of palm products.

PROSPECTS

Looking ahead, the future of palm oil industry and mill construction is going to be bullish as worldwide food and crude petroleum prices have been increasing at a fast rate. The demand for edible oil to feed some seven billion people is assured. More new mills are needed to process the accelerated palm oil plantations development. We will need to strategise on how best to realize this opportunity in front of us.

DIVIDEND

The Company declared the following interim dividends in respect of the financial year ended 31 December 2010:-

1. First interim tax-exempt dividend of 10% per ordinary share which was paid on 25 August 2010;
2. Second interim tax-exempt dividend of 10% per ordinary share which was paid on 13 December 2010; and
3. Third interim share dividend by way of distribution of treasury shares on the basis of one (1) treasury share for every twenty (20) existing ordinary shares held on 29 April 2011. The share dividend will be credited into the entitled Depositors' Securities Accounts on 16 May 2011.

CORPORATE SOCIAL RESPONSIBILITY

CBIPH continues to strive to be a good corporate citizen by its committed efforts to doing things responsibly and for the good of the society. Our efforts to develop and implement palm oil milling technologies that are efficient and environmentally sustainable will help us in our aim to be in the forefront of our industry sector. We will continue to collaborate with research institutions to explore and develop technology which helps to focus on environmental awareness and higher efficiency in preserving green resources.

CBIPH always acknowledges the importance of human asset for the future growth of the business. We have implemented and shall continue to promote industrial safety and hygiene in our work place for our workers. Efforts are being made to create a better working environment and opportunities for the workers to realize their potential. We will continue to allocate funds to support institution for the underprivileged. Our efforts towards being a good corporate citizen will significantly strengthen our image as a socially responsible company.

CORPORATE DEVELOPMENT

During the financial year 2010, the Group acquired an additional 20% equity interest in its subsidiary, Magview Machinery Sdn. Bhd. With the acquisition, the equity interest in Magview Machinery Sdn. Bhd. has increased to 71%.

The acquisition is expected to contribute positively to the Group s' potential earnings, thereby enhancing its value to the shareholders.

ACKNOWLEDGEMENT AND APPRECIATION

The Board of Directors and I would like to extend our deepest appreciation and thanks to the Management and Staff of the Group for their commitment and unrelenting efforts throughout the year. With their continuous dedication, we are confident that the Group will continue to succeed in the face of the challenges ahead.

We would also like to thank our clients, business associates, respective authorities and shareholders for their continuous support and understanding extended to us during the year.

Tan Sri Datuk Dr. Yusof Bin Basiran
Chairman

Directors' Profile

Tan Sri Datuk Dr. Yusof Bin Basiran Non-Independent Non-Executive Chairman

Tan Sri Datuk Dr. Yusof Bin Basiran, aged 62, Malaysian, was appointed to the Board on 20 February 2006.

He is presently holding several important positions which include:
- Chief Executive Officer of Malaysian Palm Oil Council (MPOC)
- Director of Sime Darby Berhad
- Chairman and Director of TH Plantations Berhad

Apart from holding distinguished corporate positions, he is also involved in other organisations which are:
- Fellow and Past President of Academy Sciences Malaysia (ASM)
- Fellow member of Malaysia Scientific Association (MSA)
- Fellow member of Malaysian Oil Scientists' and Technologists' Association (MOSTA)
- Fellow member of the Incorporated Society of Planters

His notable academic achievements are as follows:
- In 1972, he obtained his Bachelor in Chemical Engineering Degree from the University of Canterbury, New Zealand;
- In 1974, he obtained his Post-Graduate Degree in Rubber Technology (ANCRT) in the United Kingdom; and
- In 1976, he obtained his Masters Degree in Engineering specialising in Industrial Management (M.E.) and also in Business Administration (MBA) from the Catholic University of Leuven in Belgium.

Before he joined Palm Oil Research Institute of Malaysia (PORIM) in 1979, he held the position of Rubber Technologist/Techno-Economist with the Rubber Research Institute (RRI)/Malaysian Rubber Research Development Board (MRRDB).

In 1986, he completed his doctorate with a PhD in Applied Economics and Management Science from the University of Stirling, Scotland. He was later appointed as the Director-Generall of PORIM in 1992. He held the position for 8 years until April 2000 before assuming the role of the Director-General of Malaysia Palm Oil Board (MPOB), an organisation which existed as a result of a PORIM and Palm Oil Registration and Licensing Authority (PORLA) merger, from 1 May 2000 until 18 January 2006.

For all these services, he was conferred the Federal Awards Darjah JOHAN MANGKU NEGARA (J.M.N.), Darjah Yang Mulia PANGLIMA JASA NEGARA (P.J.N.) and Darjah Kebesaran PANGLIMA SETIA MAHKOTA (P.S.M.)

Lim Chai Beng Managing Director

Lim Chai Beng, aged 52, Malaysian, was appointed to the Board on 3 February 1999.

He is one of the founders of C.B. Industrial Product Sdn Bhd and also the Managing Director of this subsidiary company, a position he holds until today. He is also the Managing Director of the subsidiary company, Modipalm Engineering Sdn Bhd. He has vast experience in the engineering industry. He is the driving force behind the Group's growth and responsible for the overall management and formulation of the Group's strategic plans and policies. He possesses strong inter-personal and management skills, which inculcates a good rapport with the highly motivated and dedicated workforce.

On 28 July 2009, Mr. Lim was awarded the Outstanding Entrepreneurship Award 2009 by Enterprise Asia.

Directors' Profile (cont'd)

Y.D.M Tengku Ardy Esfandiari Bin Tengku A. Hamid Shah Tengku Seri Paduka Shah Bandar Executive Director

Y.D.M Tengku Ardy Esfandiari Bin Tengku A. Hamid Shah Tengku Seri Paduka Shah Bandar, aged 51, Malaysian, was appointed to the Board on 3 February 1999. He is a member of the Remuneration Committee.

He is an established business entrepreneur with extensive networking and great public relations skills. He was previously the Director/Project Director of Worldwide Holdings Berhad for more than 8 years and was involved in the restructuring exercise of the company in the year 1990.

He was appointed a director of C.B. Industrial Product Sdn Bhd in 1994 and is responsible for the public affairs and government liaison of this subsidiary company. He is also the Managing Director of the subsidiary company, AVP Engineering (M) Sdn Bhd, involved in the fabrication of specialised vehicles.

He was bestowed with the Setia-Sultan Sharafuddin Idris Shah (SIS) award in conjunction with the 65th birthday of the Sultan of Selangor

Lim Chai Huat Non-Independent Non-Executive Director

Lim Chai Huat, aged 50, Malaysian, was appointed to the Board on 3 February 1999. He is the Chairman of the Nomination Committee and a member of the Audit and Remuneration Committees.

He is one of the founders of C.B. Industrial Product Sdn Bhd. He joined Chin Beng Engineering Works in 1980 as the Operations Manager. When Chin Beng Engineering Works was incorporated into a private limited company under its present name of C.B. Industrial Product Sdn Bhd, in 1983, he was promoted due to his vast experience and track record to Production Manager in the manufacturing division. In 1985, he was further promoted to Project Director where he headed the project team and managed the Project Division. He currently acts as an advisor for palm oil mill projects and the administration of the factory and Property Division. He is the Managing Director of Freiberg (Malaysia) Sdn Bhd ("Freiberg"), a company, which was granted a license from Australia to manufacture office furniture and partitions.

Mak Chee Meng Executive Director

Mak Chee Meng, aged 56, Malaysian, was appointed to the Board on 3 February 1999. Prior to joining C.B. Industrial Product Sdn Bhd in 1994, he was the Manager (Industrial Division) from 1982 to 1989 for Centrimax Engineering Sdn Bhd, a company principally involved in the supply of palm oil mill equipment and related services, where he was responsible for the sales and marketing division. He is the founder and currently the Managing Director of the subsidiary company, Avecpalm Engineering (Malaysia) Sdn Bhd and Avecpalm Marketing Resources Sdn Bhd. He is instrumental in developing the export market in the West African countries, Papua New Guinea and the South American tropical belt countries.

Michael Ting Sii Ching Independent Non-Executive Director

Michael Ting Sii Ching, aged 54, Malaysian, was appointed to the Board on 10 October 2001. He is the Chairman of the Remuneration Committee, and also a member of the Audit and Nomination Committees.

He was previously with Arthur Andersen/HRM Management Services Sdn Bhd for more than 9 years (his last position as a senior consulting manager) in which he oversaw/undertook a variety of management and financial consulting assignments and/or projects. Subsequently, he was appointed a General Manager in PhileoAllied Securities Sdn Bhd and an Executive Director in Phileo Allied Capital Partners Sdn Bhd, overseeing the origination, structuring and advisory of corporate finance deals/transactions over a period of about 8 years. His professional experience also included heading the corporate planning and development division as Vice President of MISC Berhad for over 4 years. He is currently a director of Assunta Hospital.

Wong Chee Beng Independent Non-Executive Director

Wong Chee Beng, aged 57, Malaysian, was appointed to the Board on 23 May 2002. He is the Chairman of the Audit Committee and a member of the Nomination Committee.

He is a member of the Malaysian Institute of Certified Public Accountants and a member of the Malaysian Institute of Accountants. He also holds a Master of Business Administration (MBA) from Brunel University, United Kingdom and is a Certified Financial Planner (CFP).

He has more than 30 years of experience in the areas of auditing, accounting, financial management, business entrepreneurship and company secretarial work.

Notes to Directors' Profile:

1. Family Relationship
   Lim Chai Huat is the brother to Lim Chai Beng, a Director and substantial shareholder of the Company.

   The other Directors do not have any family relationship with any Director and/or major shareholders of the Company.

2. Conviction of Offences
   None of the Directors have been convicted for any offences (other than traffic offences) within the past 10 years.

3. Conflict of Interest
   All the Directors have no conflict of interest with the Company and its subsidiaries.

4. Attendance at Board Meetings
   The details of attendance of the Directors at the Board Meetings are set out on page 19 of this Annual Report.

5. Shareholdings
   The details of Directors' Interest in the securities of the Company are set out in the Analysis of Shareholdings pages 93 to 94 of this Annual Report.

6. Directorship in Public Companies
   Save as disclosed herein, none of the directors hold any other directorships of public companies.

Audit Committee **Report**

The Board is pleased to present the following Report on the Audit Committee and its activities for the financial year ended 31 December 2010.

COMPOSITION AND MEETINGS

The present Audit Committee comprises three (3) Directors as follows:

Chairman
Wong Chee Beng – Independent Non-Executive Director

Members
Michael Ting Sii Ching – Independent Non-Executive Director
Lim Chai Huat – Non-Independent Non-Executive Director

The Audit Committee met five (5) times during the financial year ended 31 December 2010. The details of the attendance of the Audit Committee are as follows:

		Attendance
Chairman	Wong Chee Beng *(Independent Non-Executive Director)*	5/5
Members	Michael Ting Sii Ching *(Independent Non-Executive Director)*	5/5
	Lim Chai Huat *(Non-Independent Non-Executive Director)*	5/5

Senior Management staff and Group internal auditor to whom the internal audit function was outsourced to, were invited to attend the Audit Committee meetings. The agenda of the meetings and relevant information were distributed to the Audit Committee members with sufficient notification. The Company Secretary was also present to record the proceedings of the Audit Committee meetings.

Summary of Activities of the Audit Committee

In accordance with the Terms of Reference of the Audit Committee, the following activities were undertaken by the Audit Committee during the financial year ended 31 December 2010, including the deliberation on and review of:

(a) the unaudited quarterly Financial Statements and the Annual Audited Financial Statements of the Company to ensure adherence to the regulatory reporting requirements and appropriate resolution prior to the submission to the Board of Directors for approval.

(b) the audit plan of the external auditors in terms of their scope of audit prior to their commencement of their annual audit.

(c) the audit reports of the external auditors in relation to audit and accounting matters arising form the statutory audit; matters arising form the audit of the Group in meetings with the external auditors without the presence of the executive Board members and management.

(d) related party transactions and conflict of interest situation that may arise within the Group.

(e) the internal audit reports, audit recommendations and implementation status of the recommendations.

(f) the quarterly update on the Group's key risk profile with a view to re-assess and manage the key business risks as well as to monitor the readiness to manage these risks.

Summary of Activities of the Audit Committee (cont'd)

(g) the Audit Committee Report and Statement on Internal Control for compliance with the Malaysian Code on Corporate Governance and the Main Market Listing Requirements of Bursa Securities before recommending to the Board of Directors for approval.

(h) re-appointment of external auditors and their audit fees, after taking into consideration the independence and objectivity of the external auditors and the cost effectiveness of their audit, before recommending to the Board of Directors for approval.

(i) the New Development and updates on Accounting Standard by Malaysian Accounting Standards Board.

Internal Audit Function

The Company's Internal Audit Function is in-house to assist the Audit Committee in providing independent assessment on the adequacy and effectiveness of the internal control system of the Group. The activities of the Internal Audit Function during the financial year ended 31 December 2010 were as follows:

(a) Execution of the approved internal audit plan.

(b) Presentation of the internal audit findings at the Audit Committee meetings. All findings raised by the internal audit function had been directed to the Management for appropriate actions.

(c) Conducting follow-up reviews to ensure previously established action plans had been adequately implemented by the Management within the agreed timelines.

(d) Development of the Internal Audit Plan for the 2010.

The total cost incurred for the in-house internal audit function was RM175,390.

The internal audits conducted did not reveal weaknesses which would result in material losses, contingencies or uncertainties that would require disclosure in the annual report.

Further details of the internal audit function are set out in the Statement on Internal Control on pages 24 to 25.

TERMS OF REFERENCE OF AUDIT COMMITTEE

The terms of reference of the Audit Committee are as follows:

Composition

- The Audit Committee shall be appointed from amongst the Board and shall:

    i) comprise no fewer than three (3) members who are Non-Executive Directors and majority of whom are Independent Directors;

    ii) have at least one (1) member who is a member of the Malaysian Institute of Accountants or if he/she is not a member of the Malaysian Institute of Accountants, he/she must have at least three (3) years' of working experience and;

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

        (b) he/she must be a member of one of the associations of accountants as specified in Part II of the 1st Schedule of the Accountants Act 1967; or

    fulfills such other requirements as prescribed or approved by the Bursa Securities; and

Composition (cont'd)

iii) no alternate director shall be appointed as a member of the Audit Committee.

In the event of any vacancy resulting the number of members is reduced to below three, the vacancy shall be filled within two (2) months but in any case not later than three (3) months. Therefore a member of the Audit Committee who wishes to retire or resign should provide sufficient written notice to the Company so that a replacement may be appointed before he leaves.

- The Chairman of the Audit Committee shall be appointed by the Board, or failing which, by the members of the Audit Committee themselves. The Chairman shall be an Independent Director. In event of the Chairman's absence, the meeting shall be chaired by another Independent Director.

Duties

- To review with the external auditors on:

  i) the audit plan, its scope and nature;

  ii) the audit report;

  iii) the results of their evaluation of the accounting policies and systems of internal accounting controls within the Group; and

  iv) the assistance given by the officers of the Company to external auditors, including any difficulties or disputes with the Management encountered during the audit.

- To review the adequacy of the scope, functions, competency and resources of the internal audit functions and the system of internal controls within the Group.

- To review with the Management:

  i) audit reports and management letter issued by the external auditors and the implementation of audit recommendations;

  ii) interim financial information and press release relating to financial matters of importance; and

  iii) the assistance given by the officers of the Company to external auditors.

- To review any related party transaction and conflict of interest that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of management integrity.

- To review the quarterly reports on consolidated results and the annual financial statements with the Management and the auditors prior to submission to the Board of Directors.

- To consider the appointment and/or re-appointment of internal and external auditors, the audit fees and any questions or resignation or dismissal including recommending the nomination of person or persons as external auditors to the Board of Directors.

- To verify the allocation of options pursuant to a share scheme for eligible executives and non-executives Directors as being in compliance with the criteria for allocation of options under the share scheme, at the end of each financial year.

- To review the Statement on Internal Control and the Audit Committee Report.

- To review the effectiveness of the Group's Risk Management Framework, Policies and Processes to mitigate Key Risks facing the Group.

Rights

The Audit Committee shall:

a) have authority to investigate any matter within its terms of reference;

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

c) have full and unrestricted access to any information pertaining to the group;

d) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity;

e) have the right to obtain independent professional or other advice at the cost of the Company;

f) have the right to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other Directors and employees of the Company, whenever deemed necessary;

g) the Chairman to call for a meeting upon a request of the internal auditors or external auditors.

h) promptly report to Bursa Securities matters which have not been satisfactorily resolved by the Board of Directors resulting in a breach of the listing requirements.

Meetings

- The Audit Committee shall meet at least four (4) times in each financial year. The quorum for a meeting shall be two (2) members, provided that the majority of members present at the meeting shall be Independent Directors.

- The Company Secretary is responsible for co-ordinating all administrative details including calling of meetings, voting and keeping of minutes.

- The Chairman shall upon request of the external auditors convene a meeting of the Audit Committee to consider any matter the external auditors believe should be brought to the attention of the Directors or shareholders.

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

- Members of the Audit Committee are provided with the meeting agenda and other relevant financial and non-financial information prior to each meeting.

- Senior Management staff, external auditors and internal auditors are invited to attend the meetings, whenever their presence is needed.

- The Company Secretary is responsible for preparing the minutes of each meeting which are subsequently approved and adopted.

REVIEW OF AUDIT COMMITTEE

The Board of Directors shall review the terms of office and performance of the Audit Committee and each of its members at least once every three (3) years to gauge their compliance with the terms of reference.

Statement of Corporate Governance

The Board of Directors ("the Board") is committed to ensuring that the principles and best practices on corporate governance are observed and practised throughout the Group so that the affairs of the Group are conducted with integrity and professionalism with the objective of safeguarding shareholders' investment and ultimately enhancing shareholders' value.

Set out below is a statement of how the Group has applied the principles and complied with the best practices outlined in the Malaysian Code on Corporate Governance ("Code") and Paragraph 15.25 of the Main Market Listing Requirements of Bursa Securities.

THE BOARD OF DIRECTORS

- **Composition**

  The Group is led by an effective and experienced Board with members from different backgrounds possessing a wide range of expertise. Together they bring a broad range of skills, experience and knowledge which give added strength to the leadership in managing and directing the Group's operations.

  The Board recognises its key role in charting the strategic direction, development and control of the Group which would include the reviewing and monitoring of matters relating to strategy, performance, resource allocation, standards of conduct, financial matters, succession planning, effectiveness and adequacy of the Group's system of internal controls and risk management practices.

- **Board Balance**

  The Board comprises of seven (7) members, of which, two (2) are Independent Non-Executive Directors, two (2) are Non-Independent Non-Executive Directors and three (3) Executive Directors. The profiles of the members of the Board are set out on pages 11 to 13 of this Annual Report.

  The Executive Directors are primarily responsible for the implementation of policies and decisions of the Board, overseeing the Group's operations and developing the Group's business strategies. The role of the Independent Non-Executive Directors is to provide objective and independent judgment to the decision making of the Board and as such, provide an effective check and balance to the Board's decision making process.

  With this composition of members, the Board is satisfied that it fairly reflects the interest of the minority shareholders and represents the mix of skills and experiences required for the effective discharge of Board's duties and responsibilities.

  There is a clear division of responsibilities between the roles of the Chairman and Managing Director to ensure that there is equilibrium of power and authority in managing and directing the Group. The Chairman is primarily responsible for the effective and efficient conduct and working of the Board whilst the Managing Director oversees the day-to-day management of the Group's business operations and implementation of policies and strategies adopted by the Board.

  The Board is of the opinion that the appointment of a Senior Independent Non-Executive Director is not necessary at this stage as the Chairman fully encourages active participation by all directors at Board Meetings.

- **Board Meetings**

During the financial year ended 31 December 2010, a total of five (5) Board meetings were held and the attendance details of individual Board members are shown below.

Name of Director	Designation	No. of meetings attended
Tan Sri Datuk Dr. Yusof Bin Basiran	Non-Independent Non-Executive Chairman	5/5
Lim Chai Beng	Managing Director	4/5
Tengku Ardy Esfandiari Bin Tengku A. Hamid Shah	Executive Director	4/5
Mak Chee Meng	Executive Director	4/5
Lim Chai Huat	Non-Independent Non-Executive Director	5/5
Michael Ting Sii Ching	Independent Non-Executive Director	5/5
Wong Chee Beng	Independent Non-Executive Director	5/5

Board meetings are scheduled every quarter and additional meetings are convened as and when necessary. During the meetings, Board members will deliberate on and consider matters relating to the Group's financial performance, significant investments, corporate development, strategic issues and business plans. Senior Management may be invited to attend these meetings to explain and clarify the relevant matters tabled, if required. All meetings of the Board are duly recorded in the Board Minutes by the Company Secretaries.

All Directors have full access to the advice and services of the Company Secretaries who ensure that Board procedures are adhered to at all times during meetings and advise the Board on matters including corporate governance issues and the Directors' responsibilities in complying with relevant legislation and regulations. If considered necessary, the Directors may engage independent professional adviser(s) at the Group's expense, in fulfilment of their duties.

- **Supply of Information to Board Members**

Board papers providing updates on operations, financial, corporate developments and minutes of the Board Committees are circulated prior to each meeting. This is to provide the Directors sufficient time to enable them to participate in the deliberations of the issues to be raised at the meetings and to make informed decisions.

- **Appointment and Re-election of Directors**

The appointment of Directors is undertaken by the Board as a whole guided by formal recommendations by the Nomination Committee.

In accordance with the Company's Articles of Association, all Board members who are appointed by the Board shall be subject to election by shareholders at the first opportunity of their appointment. The Company's Articles of Association also provide that at least one-third (1/3) of the Directors shall retire by rotation at each AGM and that all Directors shall retire once every three (3) years. A retiring Director shall be eligible for re-election.

Directors over seventy (70) years of age are required to submit themselves for re-appointment annually in accordance with Section 129(6) of the Act. Currently, there are no Directors of the Company who is subject to such re-appointment.

- **Directors' Training**

All members of the Board have attended and successfully completed the Mandatory Accreditation Program as prescribed by Bursa Securities.

During the financial year ended 31 December 2010, the Directors have attended the following trainings, seminars, conference, exhibitions and speaking arrangements which they considered useful to enhance their business acumen and skills to meet challenging commercial risks and challenges:

Tan Sri Datuk Dr. Yusof Bin Basiran	
Date	**Name of Training Program**
15 June 2010	Perdana Leadership Foundation Round Table: Bridging the knowledge divide-Building the Malaysian Link
22 June 2010	8th Incorporated Society of Planters National Seminar
28 June 2010	Modipalm Continuous Sterilization System 2nd Forum
07 July 2010	International Conference on Food Security during Challenging Times
07 July 2010	7th Sime Darby Lecture Series CST International Top Leader
02 August 2010	2nd International Conference on Oil Palm Biomass
25 September 2010	Globe Oil India in Mumbai
Lim Chai Beng	
Date	**Name of Training Program**
28 June 2010	Continuous Sterilization Forum
26 – 28 September 2010	National Seminar (MPOB's POMREQ)
02 – 03 December 2010	Bali Palm Oil Conference (GAPKI)
Tengku Ardy Esfandiari Bin Tengku A. Hamid Shah	
Date	**Name of Training Program**
19 – 22 April 2010	The 12th Defence Services Asia Exhibition and Conference (DSA 2010)
07 August 2010	Seminar Kedaulatan Raja-Raja Melayu dan Orang Melayu Dalam Perlembagaan Sejarah Dan Realiti Semasa
Mak Chee Meng	
Date	**Name of Training Program**
21 – 22 January 2010	Sustainable Oil Palm Plantations Conference
27 – 28 September 2010	National Seminar (MPOB's POMREQ)
08 – 11 November 2010	The 8th Annual Roundtable of the RSPO Meeting on Sustainable Palm Oil
02 – 03 December 2010	Bali Palm Oil Conference (GAPKI)
Lim Chai Huat	
Date	**Name of Training Program**
05 – 08 March 2010	MIFF Exhibition
25 – 28 March 2010	China International Furniture Fair
29 September 2010	IPDM Workshop "GIR" – Green Interior Rating

- **Directors' Training (cont'd)**

Michael Ting Sii Ching	
Date	**Name of Training Program**
21 January 2010 29 June 2010	The Challenges of Implementing FRS 139 Bursa Malaysia – Corporate Governance Week 2010 1. Engagement versus Activism – Achieving the Right Balance 2. The Changing Landscape of Shareholder Activism - The Role We Play

Wong Chee Beng	
Date	**Name of Training Program**
10 April 2010 13 – 14 October 2010	Submission of Tax Return (organised by NST) Digital Marketing Strategies (organised by Seminars Malaysia.com)

The Directors have also benefited from various updates on regulatory and legal developments briefed by the Company Secretaries during Board meetings from time to time, with the intention of keeping the Directors abreast with the regulatory and legal related developments.

The Board of Directors are encouraged to evaluate their own training needs on a regular basis and to determine the relevant programmes, seminars or dialogues available that would best enable them to enhance their skill and knowledge so as to effectively discharge their duties.

BOARD COMMITTEES

Apart from the Audit Committee, there are two (2) additional committees established to assist the Board of Directors in the execution of its responsibilities. All the committees are provided with written terms of reference. Details of the Board committees are provided below.

- **Nomination Committee**

The Nomination Committee consists of entirely of Non-Executive Directors with majority being Independent Directors. The members of the Nomination Committee are:

Chairman
Lim Chai Huat – Non-Independent Non-Executive Director

Members
Wong Chee Beng – Independent Non-Executive Director
Michael Ting Sii Ching – Independent Non-Executive Director

The primary objective of the Nomination Committee is to evaluate suitability of candidates and make recommendations to the Board for new appointments to the Board. The Nomination Committee is also empowered to assess the effectiveness of the Board as a whole.

- **Remuneration Committee**

The Remuneration Committee consists of one (1) Executive Director and two (2) Non-Executive Directors. The members of the Remuneration Committee are:

Chairman
Michael Ting Sii Ching – Independent Non-Executive Director

Members
Tengku Ardy Esfandiari Bin Tengku A. Hamid Shah – Executive Director
Lim Chai Huat – Non-Independent Non-Executive Director

BOARD COMMITTEES (cont'd)

- ### Remuneration Committee (cont'd)

The Remuneration Committee is responsible to recommend to the Board the remuneration framework for Directors necessary to attract, retain and motivate the Directors which are reflective of the Directors' experience and level of responsibilities.

It is the ultimate responsibility of the entire Board to approve the remuneration of the Executive Directors and none of the Executive Directors participate in any way in determining their individual remuneration. The remuneration and entitlements of the Non-Executive Directors is a matter of the Board of Directors as a whole, with individual Directors abstaining form decisions in respect of their remuneration.

The Remuneration Committee held one (1) meeting during the year, which was attended by all the members.

- ### Audit Committee

The report of the Audit Committee is set out on pages 14 to 17.

DIRECTORS' REMUNERATION

The aggregate remuneration of Directors for the financial year ended 31 December 2010 are categorised as follows:

(a) Total Remuneration

Director	Salaries RM'000	Fees RM'000	Bonus and Allowances RM'000	Benefit-in-kind RM'000	Total RM'000
Executive	1,032	144	181	10	1,367
Non-Executive	–	162	25	24	211
Total	**1,032**	**306**	**206**	**34**	**1,578**

b) Directors' remuneration by bands

Range of remuneration	Executive	Non-Executive
Below RM100,000	–	3
RM100,001 to RM150,000	–	1
RM200,001 to RM250,000	1	–
RM450,001 to RM500,000	1	–
RM650,001 to RM700,000	1	–

The details of individual Director's remuneration are not disclosed as the Board considers the above disclosures on the Directors' remuneration comply sufficiently with the transparency and accountability aspects of the Code.

ACCOUNTABILITY AND AUDIT

- **Financial Reporting**

  The financial statements are prepared in accordance with the provisions of the Act and applicable approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group at the end of the financial year. The Board of Directors strives to ensure that the quarterly reports and the annual financial statements are presented in a manner which provides a balanced and understandable assessment of the Company's performance and prospect.

  A Responsibility Statement by the Directors of their responsibility pursuant to Section 169 of the Act is set out on page 27 of the Annual Report.

- **Statement on Internal Control**

  The Board acknowledges its responsibility to establish a sound system of internal control that is maintained and reviewed regularly for its adequacy and integrity.

  The Group's Statement on Internal Control is set on pages 24 to 25 of the Annual Report.

- **Relationship With Auditors**

  The role of the Audit Committee in relation to the external auditors is explained in the Audit Committee Report set out on pages 14 to 17 of the Annual Report.

RELATIONSHIP WITH SHAREHOLDERS AND INVESTORS

The timely release of quarterly financial results, press releases and other announcements provide the primary platform for the ongoing communication of the Group's performance and operations to the Company's shareholders and investors. All queries from shareholders and members of public received through phone calls or letters are handled by the Directors. In addition, the Board has taken appropriate steps to ensure that no market information is disclosed to any party prior to making an official announcement to Bursa Securities.

At the Annual General Meeting, the Board presents the progress and performance of the Group. The Chairman of the Board gives shareholders ample time and opportunity to question matters of concern to them.

Statement of Internal Control

INTRODUCTION

The Board of Directors remains committed towards ensuring that a sound system of internal control exists in order to safeguard shareholders' investment and the Group's assets.

The Board is pleased to provide this statement on the state of internal control of the Group prepared in accordance with paragraph 15.26(b) of the Listing Requirements of Bursa Securities and the Statement of Internal Control-Guidance for Directors of Public Listed Companies.

BOARD RESPONSIBILITIES

The Board affirms its responsibility for establishing and maintaining a sound system of internal control and risk management practices as well as reviewing the adequacy and integrity of the internal control system. The Board has delegated the abovementioned responsibilities to the Audit Committee. Through the Audit Committee, the Board is kept informed of all significant control issues brought to the attention of the Audit Committee by the Management, the internal audit function and the external auditor.

KEY FEATURE OF GROUP'S INTERNAL CONTROL SYSTEM

1. Control Environment

- **Organisation Structure & Authorisation Procedures**

  The Group maintains a formal organisation structure with well-defined delegation of responsibilities and accountability within the Group's Management. It sets out the roles and responsibilities, appropriate authority limits, review and approval procedures in order to enhance the internal control system of the Group's various operations.

- **Periodic Performance Review**

  Actual performance of the Group is monitored against plans to identify and to address significant variances at least once in every quarter.

- **Group Policies and Procedures**

  The Group has documented policies and procedures that are regularly reviewed and updated to ensure that they are effectiveness and continue to support the Group's business activities at all times as the Group continues to grow.

- **Site Visits and Operation Meetings**

  Regular factory and site visits by members of the Management team, the internal auditor and external consultants/ auditors are conducted.

  Nevertheless, independent directors had participated in selected meetings to appraise operations status.

2. Risk Management Framework

Risk management is regarded by the Board to be an integral part of managing business operations. The respective Heads of Departments are responsible for managing risks related to their functions on a day-to-day basis.

Quarterly management meetings are held to ensure that risks faced by the Group are discussed, monitored and appropriately addressed. It is at these meetings that key risks and corresponding controls implemented are communicated amongst the Management team. Significant risks identified are subsequently brought to the attention of the Board at their scheduled meetings.

2. Risk Management Framework (cont'd)

The abovementioned practices and initiatives by the Management serves as the ongoing process used to identify, assess and manage key business, operational and financial risks faced by the Group.

In addition, the Management updated to the Audit Committee on the status of implementation of previously identified management action plans pertaining to key business risks of the Group.

3. Internal Audit Function

The Group's in-house internal audit function is independent from day-to-day operations of the Group. The duties of the Internal Auditors are performed with professional care and without prejudice and this provides the Audit Committee and the Board with the assurance and independent assessment in respect of the adequacy, efficiency and effectiveness of the system of internal control.

The Internal Auditors report directly to the Audit Committee and the internal audit plans are tabled to the Audit Committee for review and approval to ensure adequate coverage. This is documented in the Audit Committee Report on page 15 of this Annual Report.

On a quarterly basis, the Group's internal auditors table the results of their review of the business processes of different operating units to the Audit Committee. The status of the implementation of corrective actions to address control weaknesses are also followed up by the internal auditors to ensure that these actions have been satisfactorily implemented.

During the financial year under review, identified weaknesses in internal controls have been directed to the relevant personnel to take the appropriate actions to enhance and strengthen the internal control environment.

4. Information And Communication

Information critical to the achievement of the Group's business objectives are communicated through established reporting lines across the Group. This is to ensure that matters that require the Board and Management's attention are highlighted for review, deliberation and decision on a timely basis.

5. Monitoring and Review

Scheduled management meetings are held to discuss and review the business planning, budgeting, financial and operational performances.

- Financial and Operational Review

  The monthly management accounts and the quarterly financial statements containing key financial results, operational performance results and comparisons of performance against plan are presented to the Board for their review, consideration and approval.

- Business Planning and Budgeting Review

  The Board plays an active role in discussing and reviewing the business plans, strategies, performances and risk faced by the Group.

6. Conclusion

The Board is of the view that the Group's system of internal control is adequate to safeguard shareholders' investments and the Group's assets. However, the Board is also cognizant of the fact that the Group's system of internal control and risk management practices must continuously evolve to meet the changing and challenging business environment. Therefore, the Board will continue to put in place appropriate action plans to further enhance the system of internal controls.

Additional Compliance Information

1. Shares Buy-Backs

During the financial year, the Company purchased 3,640,500 of its issued shares from the open market of Bursa Securities for RM11,125,022.92. The details of the shares bought back and held as treasury shares during the financial year are as follows:

Month	Number of Shares	Buy Back Price Per Share (RM)		Average Price (RM)	Total Cost (RM)
		Lowest	Highest		
January	235,900	3.02	3.20	3.12	736,584.61
March	230,300	2.70	2.95	2.84	654,200.92
April	85,000	2.92	2.95	2.95	250,503.13
June	739,600	2.47	2.54	2.52	1,863,075.99
July	1,087,100	2.97	3.12	3.06	3,331,091.91
August	701,900	3.18	3.40	3.30	2,315,764.60
October	408,000	3.46	3.50	3.50	1,428,018.90
November	85,000	3.55	3.57	3.57	303,547.76
December	67,700	3.55	3.57	3.58	242,235.10
Total	3,640,500			3.06	11,125,022.92

None of the treasury shares were resold or cancelled during the financial year.

2. Options, Warrants or Convertible Securities

The Company did not issue any options, warrants or convertible securities during the financial year under review.

3. American Depository Receipts ("ADR") or Global Depository Receipt ("GDR")

The Company did not participate in any ADR or GDR Programme during the financial year.

4. Imposition of Sanction / Penalties

There were no public sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by any regulatory bodies during the financial year.

5. Non-Audit Fees

There were no non-audit fees paid to the external auditors for the financial year ended 31 December 2010.

6. Variation in Results for the Financial Year

There was no material variance between the audited results for the financial year ended 31 December 2010 and the unaudited results previously announced.

7. Profit Guarantee

There were no profit guarantees given by the Company during the financial year.

8. Material Contracts involving Directors' and Major Shareholders' Interests

There were no material contracts entered into by the Company and its subsidiaries involving Directors' and major shareholders' interests during the financial year.

9. Utilisation of Proceeds

There were no proceeds raised from any corporate proposals during the financial year.

10. Revaluation Policy on Landed Properties

The Company has not adopted a revaluation policy on landed properties.

Statement of Directors' Responsibility

in Respect of the Preparation of the Financial Statements

The Directors are required to prepare financial statements for each financial year which have been made out in accordance with the applicable approved accounting standards and give a true and fair view of the state of affairs of the Group and the Company at the end of the financial year and of their results and cash flows for that financial year.

In preparing the financial statements of the Company and of the Group for the financial year ended 31 December 2010, the Directors have:

- adopted suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- ensured applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepared the financial statements on a going concern basis as the Directors have a reasonable expectation, having made enquiries, that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future.

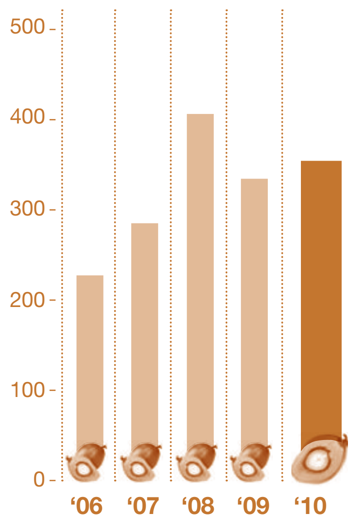
The Directors are responsible to ensure that the Group and the Company keep accounting records which disclose with reasonable accuracy the financial position of the Group and the Company which enable them to ensure that the financial statements comply with the Act.

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

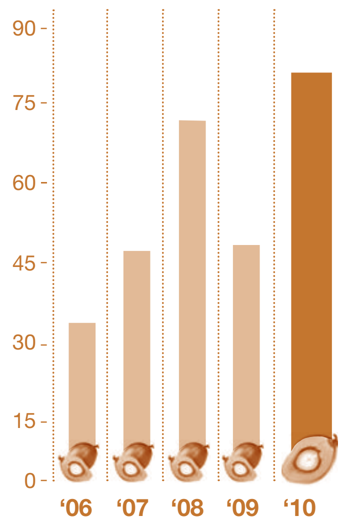
Five Years Financial Highlights

In RM'000	2006	2007	2008	2009	2010
Turnover	228,811	289,819	409,903	331,468	351,410
Profit Before Taxation	33,663	48,867	70,562	49,083	80,931
Net Profit For The Financial Year	31,016	46,546	60,686	40,381	66,328
Shareholders' Funds	142,323	177,053	217,941	248,417	288,135
Earnings Per Share (Sen)	22.8	33.8	44.3	29.8	49.7

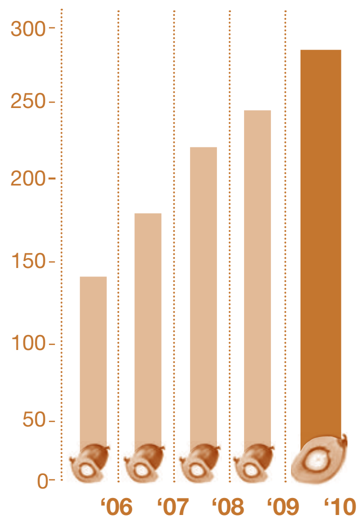
Turnover
(RM million)



Profit Before Taxation
(RM million)



Shareholders' Funds
(RM million)



Financial 2010 Statements

CB INDUSTRIAL PRODUCT
HOLDING BERHAD
(428930-H)

Directors' Report

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2010.

PRINCIPAL ACTIVITIES

The Company is an investment holding company and is involved in the provision of management services whilst the principal activities of the subsidiaries are set out in Note 5 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	THE GROUP RM'000	THE COMPANY RM'000
Profit after taxation for the financial year	**67,790**	**94,938**
Attributable to:		
Owners of the Company	**66,328**	**94,938**
Non-controlling interests	**1,462**	**–**
	67,790	**94,938**

DIVIDENDS

Since the end of the previous financial year, the amount of dividends paid by the Company in respect of the current financial year was as follows:-

		RM'000
(i)	first interim tax-exempt dividend of 5 sen per ordinary share of RM0.50 each, paid on 25 August 2010	6,654
(ii)	second interim tax-exempt dividend of 5 sen per ordinary share of RM0.50 each, paid on 13 December 2010	6,574
		13,228

The directors do not recommend the payment of any final dividend for the current financial year.

On 25 February 2011, the directors also declared an interim dividend in respect of the current financial year by way of distribution of a tax-exempt share dividend on the basis of one (1) treasury share for every twenty (20) existing ordinary shares. The share dividend involved the distribution of 6,566,100 treasury shares.

RESERVES AND PROVISIONS

All material transfers to or from reserves or provisions during the financial year have been disclosed in the financial statements.

ISSUES OF SHARES AND DEBENTURES

During the financial year,

(a) there were no changes in the authorised and issued and paid-up share capital of the Company; and

(b) there were no issues of debentures by the Company.

TREASURY SHARES

During the financial year, the Company purchased from the open market, 3,640,500 units of its own shares through purchases on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Malaysia") at an average buy-back price of RM3.06 per ordinary share. The total consideration paid for acquisition of the shares was RM11,125,023 and was financed by internally generated funds. The shares bought back are held as treasury shares in accordance with Section 67A of the Companies Act 1965 in Malaysia. None of the treasury shares held were resold or cancelled during the financial year.

As at 31 December 2010, the Company held 6,240,500 shares bought back as treasury shares out of its total issued and paid up share capital of 137,562,500 ordinary shares of RM0.50 each. Such treasury shares are held at a carrying amount of RM20,007,448.

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables, and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for impairment losses on receivables.

At the date of this report, the directors are not aware of any circumstances that would require the further writing off of bad debts, or the additional allowance for impairment losses on receivables in the financial statements of the Group and of the Company.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that any current assets other than debts, which were unlikely to be realised in the ordinary course of business, including their values as shown in the accounting records of the Group and of the Company, have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

The contingent liabilities are disclosed in Note 35 to the financial statements. At the date of this report, there does not exist:-

(i) any charge on the assets of the Group and of the Company that 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 and of the Company which has arisen since the end of the financial year.

No contingent or other liability of the Group and of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations when they fall due.

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

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

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the financial year.

DIRECTORS

The directors who served since the date of the last report are as follows:-

TAN SRI DATUK DR. YUSOF BIN BASIRAN
TENGKU ARDY ESFANDIARI BIN TENGKU A. HAMID SHAH
LIM CHAI BENG
LIM CHAI HUAT
MAK CHEE MENG
MICHAEL TING SII CHING
WONG CHEE BENG

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial year in shares in the Company during the financial year are as follows:-

	NUMBER OF ORDINARY SHARES OF RM0.50 EACH			
	AT 1.1.2010	**BOUGHT**	**SOLD**	**AT 31.12.2010**
Direct Interests:				
TENGKU ARDY ESFANDIARI BIN TENGKU A. HAMID SHAH	800,000	–	–	800,000
LIM CHAI BENG	41,066,982	200,000	–	41,266,982
LIM CHAI HUAT	4,729,600	–	–	4,729,600
MAK CHEE MENG	3,542,062	–	–	3,542,062

DIRECTORS' INTERESTS (cont'd)

	NUMBER OF ORDINARY SHARES OF RM0.50 EACH			
	AT 1.1.2010	BOUGHT	SOLD	AT 31.12.2010
Indirect Interests held through Spouse/Child:*				
TAN SRI DATUK DR. YUSOF BIN BASIRAN	44,000	76,000	–	120,000
LIM CHAI BENG	42,000	–	–	42,000

* *Deemed interest through spouse's and/or children's shareholdings by virtue of Section 134(12)(C) of the Companies (Amendment) Act 2007 in Malaysia.*

None of the other directors had any interests in shares in the Company during the financial year.

By virtue of his interest in shares in the Company, Lim Chai Beng is also deemed to have interests in shares in the subsidiaries to the extent of the Company's interests, pursuant to Section 6A of the Companies Act 1965 in Malaysia.

DIRECTORS' BENEFITS

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

Neither during nor at the end of the financial year was the Company or any of its subsidiaries a party to any arrangements whose object was to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

The significant event of the Group during the financial year is disclosed in Note 39 to the financial statements.

AUDITORS

The auditors, Messrs. Crowe Horwath, have expressed their willingness to continue in office.

SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS
DATED 19 APRIL 2011

Tengku Ardy Esfandiari Bin Tengku A. Hamid Shah
Director

Lim Chai Beng
Director

Statement **by Directors**

We, **Tengku Ardy Esfandiari Bin Tengku A. Hamid Shah** and **Lim Chai Beng**, being two of the directors of CB Industrial Product Holding Berhad, state that, in the opinion of the directors, the financial statements set out on pages 37 to 89 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 state of affairs of the Group and of the Company at 31 December 2010 and of their results and cash flows for the financial year ended on that date.

The supplementary information set out in Note 43, which is not part of the financial statements, is prepared in all material respects, in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS
DATED 19 APRIL 2011

Tengku Ardy Esfandiari Bin Tengku A. Hamid Shah
Director

Lim Chai Beng
Director

Statutory **Declaration**

I, **Tan Hock Yew**, being the officer primarily responsible for the financial management of **CB Industrial Product Holding Berhad**, do solemnly and sincerely declare that the financial statements set out on pages 37 to 89 are to the best of my knowledge and belief, 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
Tan Hock Yew, at Klang in the state of
Selangor Darul Ehsan on this 19 April 2011

Tan Hock Yew

Before Me
Goh Cheng Teak
Commissioner For Oaths

Independent Auditors' Report

to the Members of CB Industrial Product Holding Berhad

Report on the Financial Statements

We have audited the financial statements of CB Industrial Product Holding Berhad, which comprise the statements of financial position as at 31 December 2010, 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 financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 37 to 89.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of 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 of 31 December 2010 and of their financial performance and cash flows for the financial year then ended.

Report on Other Legal and Regulatory Requirements

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

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

(b) We have considered the financial statements and the auditors' reports of the subsidiaries of which we have not acted as auditors, which is indicated in Note 5 to the financial statements;

Independent Auditors' Report to the Members of CB Industrial Product Holding Berhad (cont'd)

Report on Other Legal and Regulatory Requirements (cont'd)

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

(d) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

The supplementary information set out in Note 43 on page 90 to the financial statements is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

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

Crowe Horwath
Firm No : AF 1018
Chartered Accountants

Lee Kok Wai
Approval No : 2760/06/12 (J)
Chartered Accountant

Kuala Lumpur
19 April 2011

Statements of **Financial Position**

At 31 December 2010

		THE GROUP			THE COMPANY	
	NOTE	31.12.2010 RM'000	RESTATED 31.12.2009 RM'000	RESTATED 1.1.2009 RM'000	31.12.2010 RM'000	31.12.2009 RM'000
ASSETS						
NON-CURRENT ASSETS						
Investment in subsidiaries	5	**–**	–	–	**103,491**	103,407
Investment in associates	6	**67,511**	54,794	54,737	**49,430**	49,430
Investment in jointly controlled entities	7	**12,126**	10,861	11,739	**15,187**	15,187
Property, plant and equipment	8	**169,472**	144,438	137,172	**1,232**	939
Plantation development expenditure	9	**88,325**	79,223	74,953	**–**	–
Goodwill	10	**16,278**	16,278	14,983	**–**	–
Other investments	11	**590**	592	596	**–**	–
		354,302	306,186	294,180	**169,340**	168,963
CURRENT ASSETS						
Inventories	12	**39,291**	31,292	48,617	**–**	–
Trade receivables	13	**89,294**	96,509	93,676	**–**	–
Amount due from contract customers	14	**12,899**	20,337	37,125	**–**	–
Other receivables, deposits and prepayments	15	**11,664**	13,127	14,948	**88**	154
Amount owing by subsidiaries	16	**–**	–	–	**32,481**	10,941
Assets held for sale		**–**	–	393	**–**	–
Tax refundable		**1,380**	1,270	395	**111**	157
Fixed and short-term deposits with licensed banks	17	**575**	864	6,770	**–**	–
Cash and bank balances		**33,709**	28,862	20,745	**70**	54
		188,812	192,261	222,669	**32,750**	11,306
TOTAL ASSETS		**543,114**	498,447	516,849	**202,090**	180,269

The annexed notes form an integral part of these financial statements.

Statements of Financial Position (cont'd)

	NOTE	THE GROUP 31.12.2010 RM'000	THE GROUP RESTATED 31.12.2009 RM'000	THE GROUP RESTATED 1.1.2009 RM'000	THE COMPANY 31.12.2010 RM'000	THE COMPANY 31.12.2009 RM'000
EQUITY AND LIABILITIES						
EQUITY						
Share capital	18	**68,781**	68,781	68,781	**68,781**	68,781
Treasury shares	19	**(20,007)**	(8,882)	(5,738)	**(20,007)**	(8,882)
Share premium	20	**5,559**	5,559	5,559	**5,559**	5,559
Currency translation reserve		**(728)**	(441)	(441)	**–**	–
Fair value reserve		**(2)**	–	–	**–**	–
Retained profits	21	**234,532**	183,400	149,780	**101,283**	19,573
TOTAL SHAREHOLDERS' EQUITY		**288,135**	248,417	217,941	**155,616**	85,031
MINORITY INTERESTS		**7,670**	6,878	4,367	**–**	–
TOTAL EQUITY		**295,805**	255,295	222,308	**155,616**	85,031
NON-CURRENT LIABILITIES						
Long-term borrowings	22	**85,969**	90,571	112,984	**280**	–
Deferred taxation	23	**19,118**	10,680	5,394	**–**	–
		105,087	101,251	118,378	**280**	–
CURRENT LIABILITIES						
Trade payables	24	**60,377**	57,407	66,079	**–**	–
Amount due to contract customers	14	**9,026**	13,739	22,255	**–**	–
Other payables and accruals	25	**22,179**	12,827	13,298	**7,544**	103
Amount owing to subsidiaries	16	**–**	–	–	**28,442**	95,135
Amount owing to a director	26	**147**	70	13	**–**	–
Dividend payable		**–**	–	6,798	**–**	–
Provision for taxation		**436**	1,726	3,492	**–**	–
Short-term borrowings	27	**47,789**	53,908	61,320	**10,208**	–
Bank overdrafts	27	**2,268**	2,224	2,908	**–**	–
		142,222	141,901	176,163	**46,194**	95,238
TOTAL LIABILITIES		**247,309**	243,152	294,541	**46,474**	95,238
TOTAL EQUITY AND LIABILITIES		**543,114**	498,447	516,849	**202,090**	180,269

The annexed notes form an integral part of these financial statements.

Statements of Comprehensive Income

for the Financial Year Ended 31 December 2010

	NOTE	THE GROUP 2010 RM'000	THE GROUP 2009 RM'000	THE COMPANY 2010 RM'000	THE COMPANY 2009 RM'000
REVENUE	28	**351,410**	331,468	**96,748**	7,821
COST OF SALES		**(256,573)**	(252,117)	**–**	–
GROSS PROFIT		**94,837**	79,351	**96,748**	7,821
OTHER OPERATING INCOME		**6,629**	1,912	**1,135**	113
		101,466	81,263	**97,883**	7,934
ADMINISTRATIVE AND OTHER OPERATING EXPENSES		**(30,923)**	(20,841)	**(1,417)**	(1,260)
PROFIT FROM OPERATIONS		**70,543**	60,422	**96,466**	6,674
FINANCE EXPENSES		**(5,716)**	(5,888)	**(139)**	–
SHARE OF PROFIT OF ASSOCIATES		**14,839**	369	**–**	–
SHARE OF PROFIT/(LOSS) OF JOINTLY CONTROLLED ENTITIES		**1,265**	(5,820)	**–**	–
PROFIT BEFORE TAXATION	29	**80,931**	49,083	**96,327**	6,674
INCOME TAX EXPENSE	30	**(13,141)**	(6,779)	**(1,389)**	(121)
PROFIT AFTER TAXATION		**67,790**	42,304	**94,938**	6,553
OTHER COMPREHENSIVE INCOME, NET OF TAX					
- fair value changes of available-for-sale financial assets		**2**	–	**–**	–
- foreign currency translations		**(335)**	–	**–**	–
		(333)	–	**–**	–
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		**67,457**	42,304	**94,938**	6,553
PROFIT AFTER TAXATION ATTRIBUTABLE TO:					
- OWNERS OF THE COMPANY		**66,328**	40,381	**94,938**	6,553
- MINORITY INTERESTS		**1,462**	1,923	**–**	–
		67,790	42,304	**94,938**	6,553
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:					
- OWNERS OF THE COMPANY		**66,029**	40,395	**94,938**	6,553
- MINORITY INTERESTS		**1,428**	1,909	**–**	–
		67,457	42,304	**94,938**	6,553
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY:					
- Basic	31	**49.7 sen**	29.8 sen	**–**	–

The annexed notes form an integral part of these financial statements.

Statements of **Changes in Equity**

for the Financial Year Ended 31 December 2010

THE GROUP	SHARE CAPITAL RM'000 (NON-DISTRIBUTABLE)	TREASURY SHARES RM'000 (NON-DISTRIBUTABLE)	SHARE PREMIUM RM'000 (NON-DISTRIBUTABLE)	CURRENCY TRANSLATION RESERVE RM'000 (NON-DISTRIBUTABLE)	RETAINED PROFITS RM'000 (DISTRIBUTABLE)	ATTRIBUTABLE TO OWNERS OF THE COMPANY RM'000	MINORITY INTERESTS RM'000	TOTAL EQUITY RM'000
Balance at 1.1.2009	68,781	(5,738)	5,559	(441)	149,780	217,941	4,367	222,308
Total comprehensive income for the financial year	–	–	–	–	40,381	40,381	1,923	42,304
Interim tax-exempt dividend of RM0.05 per ordinary share in respect of the current financial year	–	–	–	–	(6,761)	(6,761)	–	(6,761)
Acquisition of new subsidiaries	–	–	–	–	–	–	588	588
Purchase of own shares	–	(3,144)	–	–	–	(3,144)	–	(3,144)
Balance at 31.12.2009	68,781	(8,882)	5,559	(441)	183,400	248,417	6,878	255,295

The annexed notes form an integral part of these financial statements.

Statements of Changes in Equity (cont'd)

THE GROUP	NOTE	NON-DISTRIBUTABLE SHARE CAPITAL RM'000	NON-DISTRIBUTABLE TREASURY SHARES RM'000	NON-DISTRIBUTABLE SHARE PREMIUM RM'000	NON-DISTRIBUTABLE CURRENCY TRANSLATION RESERVE RM'000	NON-DISTRIBUTABLE FAIR VALUE RESERVES RM'000	DISTRIBUTABLE RETAINED PROFITS RM'000	ATTRIBUTABLE TO OWNERS OF THE COMPANY RM'000	MINORITY INTERESTS RM'000	TOTAL EQUITY RM'000
Balance at 1.1.2010:										
- as previously reported		68,781	(8,882)	5,559	(441)	–	183,400	248,417	6,878	255,295
- effects of adopting FRS 139	3(a)(iii)	–	–	–	14	(4)	(1,968)	(1,958)	(14)	(1,972)
- as restated		68,781	(8,882)	5,559	(427)	(4)	181,432	246,459	6,864	253,323
Total comprehensive income for the financial year		–	–	–	(301)	2	66,328	66,029	1,428	67,457
First interim tax-exempt dividend of RM0.05 per ordinary share		–	–	–	–	–	(6,654)	(6,654)	–	(6,654)
Second interim tax-exempt dividend of RM0.05 per ordinary share		–	–	–	–	–	(6,574)	(6,574)	–	(6,574)
Dividend paid to minority interest		–	–	–	–	–	–	–	(555)	(555)
Acquisition of minority interest		–	–	–	–	–	–	–	(67)	(67)
Purchase of own shares		–	(11,125)	–	–	–	–	(11,125)	–	(11,125)
Balance at 31.12.2010		**68,781**	**(20,007)**	**5,559**	**(728)**	**(2)**	**234,532**	**288,135**	**7,670**	**295,805**

The dividends are computed based on the outstanding issued and paid-up capital excluding treasury shares held by the Company.

The annexed notes form an integral part of these financial statements.

Statements of Changes in Equity (cont'd)

THE COMPANY	SHARE CAPITAL RM'000	TREASURY SHARES RM'000	SHARE PREMIUM RM'000	RETAINED PROFITS RM'000	TOTAL EQUITY RM'000
Balance at 1.1.2009	68,781	(5,738)	5,559	19,781	88,383
Total comprehensive income for the financial year	–	–	–	6,553	6,553
Interim tax-exempt dividend of RM0.05 per ordinary share in respect of the current financial year	–	–	–	(6,761)	(6,761)
Purchase of own shares	–	(3,144)	–	–	(3,144)
Balance at 31.12.2009/ 1.1.2010	68,781	(8,882)	5,559	19,573	85,031
Total comprehensive income for the financial year	–	–	–	94,938	94,938
First interim tax-exempt dividend of RM0.05 per ordinary share	–	–	–	(6,654)	(6,654)
Second interim tax-exempt dividend of RM0.05 per ordinary share	–	–	–	(6,574)	(6,574)
Purchase of own shares	–	(11,125)	–	–	(11,125)
Balance at 31.12.2010	**68,781**	**(20,007)**	**5,559**	**101,283**	**155,616**

The dividends are computed based on the outstanding issued and paid-up capital excluding treasury shares held by the Company.

Statements of Cash Flows

for the Financial Year Ended 31 December 2010

	THE GROUP		THE COMPANY	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES				
Profit before taxation	**80,931**	49,083	**96,327**	6,674
Adjustments for:-				
Allowance for impairment loss on trade receivables	**8,608**	70	**–**	–
Allowance for impairment loss on quoted investment	**–**	4	**–**	–
Amortisation of plantation development expenditure	**4,162**	4,150	**–**	–
Bad debts written off	**1,538**	1	**–**	–
Depreciation of property, plant and equipment	**12,545**	8,290	**112**	105
Interest expense	**4,964**	5,555	**139**	–
Inventories written down	**199**	393	**–**	–
Plant and equipment written off	**6**	143	**–**	–
Unrealised loss/(gain) on foreign exchange	**449**	(300)	**–**	–
Reversal of allowance for impairment loss on trade receivables	**(2,700)**	(149)	**–**	–
Dividend income	**–**	–	**(96,691)**	(7,800)
(Gain)/Loss on disposal of property, plant and equipment	**(3,439)**	(50)	**–**	81
Interest income	**(409)**	(120)	**–**	–
Share of (profit)/loss of:				
- associates	**(14,839)**	(369)	**–**	–
- jointly controlled entities	**(1,265)**	5,820	**–**	–
Operating profit/(loss) before working capital changes	**90,750**	72,521	**(113)**	(940)
(Increase)/Decrease in inventories	**(8,198)**	16,756	**–**	–
Decrease in amount due from contract customers, net	**2,725**	8,272	**–**	–
Decrease/(Increase) in trade and other receivables	**783**	(1,190)	**66**	(144)
Increase/(Decrease) in trade and other payables	**15,535**	(22,133)	**7,441**	(6)
CASH FROM/(FOR) OPERATIONS	**101,595**	74,226	**7,394**	(1,090)
Interest paid	**(4,964)**	(5,555)	**(139)**	–
Tax (paid)/refunded	**(3,523)**	(3,764)	**157**	–
NET CASH FROM /(FOR) OPERATING ACTIVITIES AND BALANCE CARRIED FORWARD	**93,108**	64,907	**7,412**	(1,090)

Statements of Cash Flows (cont'd)

	NOTE	THE GROUP 2010 RM'000	THE GROUP 2009 RM'000	THE COMPANY 2010 RM'000	THE COMPANY 2009 RM'000
BALANCE BROUGHT FORWARD		**93,108**	64,907	**7,412**	(1,090)
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES					
Interest received		**33**	120	**–**	–
Acquisition of minority interests		**(84)**	–	**(84)**	–
Purchase of a subsidiary		**–**	–	**–**	(127)
Proceeds from disposal of property, plant and equipment		**8,246**	3,968	**–**	113
Purchase of property, plant and equipment	32	**(40,001)**	(17,596)	**(55)**	(27)
Plantation development expenditure incurred		**(13,200)**	(825)	**–**	–
Increase in investment of a jointly controlled entity		**–** **–**	(5,000)	**–** **–**	(5,000)
Net cash outflow on acquisition of subsidiaries		**–**	(3,262)	**–**	–
Dividend received		**–**	–	**95,191**	7,575
NET CASH (FOR)/FROM INVESTING ACTIVITIES		**(45,006)**	(22,595)	**95,052**	2,534
CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES					
Dividends paid:					
- owners of the Company		**(13,228)**	(13,559)	**(13,228)**	(13,559)
- minority interests		**(555)**	–	**–**	–
Treasury shares		**(11,125)**	(3,144)	**(11,125)**	(3,144)
Net (repayment to)/advances from subsidiaries		**–**	–	**(88,233)**	15,221
Proceeds from issuance of shares to minority shareholders		**–**	122	**–**	–
Advances from a director		**77**	23	**–**	–
Drawdown of revolving credit, net		**21,095**	58,687	**10,138**	–
Repayment of hire purchase obligations		**(995)**	(412)	**–**	–
Repayment of term loans		**(38,522)**	(81,134)	**–**	–
NET CASH FOR FINANCING ACTIVITIES		**(43,253)**	(39,417)	**(102,448)**	(1,482)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**4,849**	2,895	**16**	(38)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		**27,502**	24,607	**54**	92
Exchange differences on translation of opening balance		**(335)**	–	**–**	–
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	33	**32,016**	27,502	**70**	54

The annexed notes form an integral part of these financial statements.

Notes to the Financial Statements

for the Financial Year Ended 31 December 2010

1. GENERAL INFORMATION

The Company is a public company limited by shares, and incorporated and domiciled in Malaysia under the Malaysian Companies Act, 1965. The registered office and principal place of business is Lot 4, Jalan Waja 15, Kawasan Perusahaan Telok Panglima Garang, 42500 Telok Panglima Garang, Selangor Darul Ehsan.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 19 April 2011.

2. PRINCIPAL ACTIVITIES

The Company is an investment holding company and is involved in the provision of management services whilst the principal activities of the subsidiaries are set out in Note 5 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

3. BASIS OF PREPARATION

The financial statements of the Group and of the Company are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Financial Reporting Standards ("FRS") and the Companies Act 1965 in Malaysia.

(a) During the current financial year, the Group has adopted the following new accounting standards and interpretations (including the consequential amendments):-

FRSs and IC Interpretations (including the Consequential Amendments)

FRS 4 Insurance Contracts

FRS 7 Financial Instruments: Disclosures

FRS 8 Operating Segments

FRS 101 (Revised) Presentation of Financial Statements

FRS 123 (Revised) Borrowing Costs

FRS 139 Financial Instruments: Recognition and Measurement

Amendments to FRS 1 and FRS 127: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate

Amendments to FRS 2: Vesting Conditions and Cancellations

Amendments to FRS 7, FRS 139 and IC Interpretation 9

Amendments to FRS 101 and FRS 132: Puttable Financial Instruments and Obligations Arising on Liquidation

Amendments to FRS 132: Classification of Rights Issues and the Transitional Provision in Relation to Compound Instruments

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: FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

Annual Improvements to FRSs (2009)

3. BASIS OF PREPARATION (cont'd)

(a) The adoption of the above accounting standards and interpretations (including the consequential amendments) did not have any material impact on the Group's financial statements, other than the following:

(i) FRS 7 requires additional disclosures about the financial instruments of the Group. Prior to 1 January 2010, information about financial statements was disclosed in accordance with the requirements of FRS 132 - Financial Instruments: Disclosures and Presentation. FRS 7 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 has applied FRS 7 prospectively in accordance with the transitional provisions. Accordingly, the new disclosures have not been applied to the comparatives and are included throughout the financial statements for the current financial year.

(ii) FRS 101 (Revised) 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 has elected to present this statement as one single statement.

The revised standard also 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 in the statement of comprehensive income as other comprehensive income.

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 statement.

FRS 101 (Revised) 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. This new disclosure is made in Note 41(b) to the financial statements.

Comparative information has been re-presented so that it is in conformity with the requirements of this revised standard.

(iii) The adoption of FRS 139 (including the consequential amendments) has resulted in several changes to accounting policies relating to recognition and measurements of financial instruments.

The financial impact to the financial statements is summarised as follows:-

	NOTE	At 1.1.2010 RM'000
Retained profits		
Remeasurement of trade receivables	(aa)	(1,127)
Recognition of derivatives previously not recognised	(bb)	(841)
		(1,968)
Fair value reserve		
Fair value of non-current quoted shares	(cc)	(4)

(aa) Prior to 1 January 2010, trade receivables after twelve months from the reporting period were recorded at cost. With the adoption of FRS 139, these trade receivables are now recognised initially at their fair values, which are estimated by discounting the expected cash flows using the current market interest rate of a loan with similar risk and tenure. Interest income is recognised in profit or loss using the effective interest method.

3. BASIS OF PREPARATION (cont'd)

(bb) Prior to the adoption of FRS 139, all derivative financial instruments were recognised in the financial statements only upon settlement. These instruments do not qualify for hedge accounting and hence, upon adoption of this standard, all derivatives held by the Group as at 1 January 2010 are recognised at their fair values and are classified as financial assets at fair value through profit or loss.

(cc) Prior to 1 January 2010, investments in non-current quoted shares were stated at cost less allowance for diminution in value which is other than temporary. With the adoption of FRS 139, these quoted investments are designated as available-for-sale financial assets and are measured at their fair values at the end of each reporting period. The adjustment to the previous carrying amounts is recognised to the fair value reserve.

(iv) The financial impact to the financial statements is summarised as follows:-

All these financial impacts are recognised as an adjustment to the opening balance of retained profits or another appropriate reserve upon the adoption of FRS 139. Comparatives are not adjusted/represented by virtue of the exemption given in this standard.

The Company has previously asserted explicitly that it regards financial guarantee contracts of banking facilities granted to its subsidiaries as insurance contracts and will apply FRS 4 to such financial guarantee contracts. Accordingly, the adoption of FRS 139 did not have any financial impact on the financial statements in respect of the financial guarantee contracts issued by the Company to its subsidiaries. These financial guarantee contracts issued are disclosed as contingent liabilities under Note 35 to the financial statements.

(v) The Group has adopted the amendments made to FRS 117 - Leases pursuant to the Annual Improvements to FRSs (2009). The Group has reassessed and determined that the leasehold land of the Group is in substance a finance lease and has been reclassified as a component of property, plant and equipment. This change in accounting policy has been made retrospectively in accordance with the transitional provisions of the amendments.

(b) The Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments) that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the current financial year:-

FRSs and IC Interpretations (including the Consequential Amendments)	**Effective date**
FRS 1 (Revised) First-time Adoption of Financial Reporting Standards	1 July 2010
FRS 3 (Revised) Business Combinations	1 July 2010
FRS 124 (Revised) Related Party Disclosures	1 January 2012
FRS 127 (Revised) Consolidated and Separate Financial Statements	1 July 2010
Amendments to FRS 1 (Revised): 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: Scope of FRS 2 and Revised FRS 3 (2010)	1 July 2010
Amendments to FRS 2: Group Cash-settled Share-based Payment Transactions	1 January 2011
Amendments to FRS 5: Plan to Sell the Controlling Interest in a Subsidiary	1 July 2010
Amendments to FRS 7: Improving Disclosures about Financial Instruments	1 January 2011

3. BASIS OF PREPARATION (cont'd)

(b) FRSs and IC Interpretations (including the Consequential Amendments) (cont'd)	Effective date
Amendments to FRS 138: Consequential Amendments Arising from Revised FRS 3 (2010)	1 July 2010
Amendments to IC Interpretation 14: Prepayment of a Minimum Funding Requirement	1 July 2011
Amendments to IC Interpretation 9: Scope of IC Interpretation 9 and FRS 3 (Revised)	1 July 2010
IC Interpretation 4 Determining Whether An Arrangement Contains a Lease	1 January 2011
IC Interpretation 12 Service Concession Arrangements	1 July 2010
IC Interpretation 15 Agreements for the Construction of Real Estate	1 January 2012
IC Interpretation 16 Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Interpretation 17 Distributions of Non-cash Assets to Owners	1 July 2010
IC Interpretation 18 Transfers of Assets from Customers	1 January 2011
IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
Annual Improvements to FRSs (2010)	1 January 2011

The above accounting standards and interpretations (including the consequential amendments) are not relevant to the Group's operations except as follows:-

(i) FRS 3 (Revised) introduces significant changes to the accounting for business combinations, both at the acquisition date and post acquisition, and requires greater use of fair values. In addition, all transaction costs, other than share and debt issue costs, will be expensed as incurred. This revised standard will be applied prospectively and therefore there will not have any financial impact on the financial statements of the Group for the current financial year but may impact the accounting for future transactions or arrangements.

(ii) FRS 127 (Revised) requires accounting for changes in ownership interests by the group in a subsidiary, while maintaining control, to be recognised as an equity transaction. When the group losses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognised in profit or loss. The revised standard also requires all losses attributable to the minority interest to be absorbed by the minority interest instead of by the parent. The Group will apply the major changes of FRS 127 (Revised) prospectively and therefore there will not have any financial impact on the financial statements of the Group for the current financial year but may impact the accounting its future transactions or arrangements.

4. SIGNIFICANT ACCOUNTING POLICIES

(a) Critical Accounting Estimates And Judgements

Estimates and judgements are continually evaluated by the directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Group's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below:-

(i) Depreciation of Property, Plant and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial and production factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Critical Accounting Estimates And Judgements (cont'd)

(i) Depreciation of Property, Plant and Equipment (cont'd)

The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount.

Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(ii) Amortisation of Plantation Development Expenditure

Plantation development expenditure is amortised on a straight-line basis over the expected useful life of oil palm trees. Significant management judgement is required to determine the expected useful life of oil palm trees, taking into account such factor as soil condition.

(iii) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the current tax and deferred tax provisions in the period in which such determination is made.

(iv) Impairment of Non-financial Assets

When the recoverable amount of an asset is determined based on the estimate of the value-in-use of the cash-generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

(v) Allowance for Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

(vi) Impairment of Trade and Other Receivables

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its loan and receivables financial assets and analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgment to evaluate the adequacy of the allowance for impairment losses. 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. If the expectation is different from the estimation, such difference will impact the carrying value of receivables.

(vii) Impairment of Available-for-sale Financial Assets

The Group reviews its available-for-sale financial assets at the end of each reporting period to assess whether they are impaired. The Group also records impairment loss on available-for-sale equity investments when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is "significant' or "prolonged" requires judgement. In making this judgement, the Group evaluates, among other factors, historical share price movements and the duration and extent to which the fair value of an investment is less than its cost.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Critical Accounting Estimates And Judgements (cont'd)

(viii) Classification of Leasehold Land

The classification of leasehold land as a finance lease or an operating lease requires the use of judgement in determining the extent to which risks and rewards incidental to its ownership lie. Despite the fact that there will be no transfer of ownership by the end of the lease term and that the lease term does not constitute the major part of the indefinite economic life of the land, management considered that the present value of the minimum lease payments approximated to the fair value of the land at the inception of the lease. Accordingly, management judged that the Group has acquired substantially all the risks and rewards incidental to the ownership of the land through a finance lease.

(ix) Impairment of Goodwill

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires management to estimate the expected future cash flows of the cash-generating unit to which goodwill is allocated and to apply a suitable discount rate in order to determine the present value of those cash flows. The future cash flows are most sensitive to budgeted gross margins, growth rates estimated and discount rate used. If the expectation is different from the estimation, such difference will impact the carrying value of goodwill.

(x) Construction Contracts

Construction contract accounting requires reliable estimation of the costs to complete the contract and reliable estimation of the stage of completion.

(a) Contract Revenue

Construction contract accounting requires that variation claims and incentive payments only be recognised as contract revenue to the extent that it is probable that they will be accepted by the customers. As the approval process often takes some time, a judgement is required to be made of its probability and revenue recognised accordingly.

(b) Contract Costs

Using experience gained on each particular contract and taking into account the expectations of the time and materials required to complete the contract, management estimates the profitability of the contract on an individual basis at any particular time.

(xi) Fair Value Estimates for Certain Financial Assets and Liabilities

The Group carries certain financial assets and liabilities at fair value, which requires extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Group uses different valuation methodologies. Any changes in fair value of these assets and liabilities would affect profit and/or equity.

(b) Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries made up to 31 December 2010.

A subsidiary is defined as a company in which the parent company has the power, directly or indirectly, to exercise control over the financial and operating policies so as to obtain benefits from its activities.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(b) Basis of Consolidation (cont'd)

All subsidiaries are consolidated using the purchase method. Under the purchase method, the results of the subsidiaries acquired or disposed of are included from the date of acquisition or up to the date of disposal. At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the consolidated financial statements. The cost of acquisition is measured at the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination.

Intragroup transactions, balances and unrealised gains on transactions are eliminated, unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

Minority interests in the consolidated statement of financial position consist of the minorities' share of fair values of the identifiable assets and liabilities of the acquiree as at the date of acquisition and the minorities' share of movements in the acquiree's equity.

Minority interests are presented within equity in the consolidated statement of financial position, separately from the Company's shareholders' equity, and are separately disclosed in the consolidated statement of comprehensive income. Transactions with non-controlling interests are accounted for as transactions with owners. Gain or loss on disposal to minority interests is recognised directly in equity.

(c) Goodwill

Goodwill represents the excess of the fair value of the purchase consideration over the Group's share of the fair values of the identifiable assets, liabilities and contingent liabilities of the subsidiaries at the date of acquisition.

Goodwill is measured at cost less accumulated impairment loss, if any. The carrying value of goodwill is reviewed for impairment annually. The impairment value of goodwill is recognised immediately in profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent period.

If, after reassessment, the Group's interest in the fair values of the identifiable net assets of the subsidiaries exceeds the cost of the business combination, the excess is recognised as income immediately in profit or loss.

(d) Functional and Foreign Currencies

(i) Functional and Presentation Currency

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

The consolidated financial statements are presented in Ringgit Malaysia, which is the Company's functional and presentation currency.

(ii) Transactions and Balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(d) Functional and Foreign Currencies (cont'd)

(iii) Foreign Operations

Assets and liabilities of foreign operations are translated to RM at the rates of exchange ruling at the end of the reporting period. Revenues and expenses of foreign operations are translated at exchange rates ruling at the dates of the transactions. All exchange differences arising from translation are taken directly to other comprehensive income and accumulated in equity under currency translation reserve. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income relating to that particular foreign operation is reclassified from equity to profit or loss.

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

(e) Financial Instruments

Financial instruments are recognised in the statement of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

Financial instruments recognised in the statement of financial position are disclosed in the individual policy statement associated with each item.

(i) Financial Assets

On initial recognition, financial assets are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate.

- *Financial Assets at Fair Value Through Profit or Loss*

  As at the end of the reporting period, there were no financial assets classified under this category.

- *Held-to-maturity Investments*

  As at the end of the reporting period, there were no financial assets classified under this category.

- *Loans and Receivables Financial Assets*

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

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(e) Financial Instruments (cont'd)

(i) Financial Assets (cont'd)

- Available-for-sale Financial Assets

Available-for-sale financial assets are non-derivative financial assets that are designated in this category or are not classified in any of the other categories.

After initial recognition, available-for-sale financial assets are remeasured to their fair values at the end of each reporting period. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the fair value reserve, with the exception of impairment losses. On derecognition, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity into profit or loss.

Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payments is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less accumulated impairment losses, if any.

(ii) Financial Liabilities

All financial liabilities are initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

(iii) Equity Instruments

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from proceeds.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

(iv) Treasury Shares

When the Company's own shares recognised as equity are bought back, the amount of the consideration paid, including all costs directly attributable, are recognised as a deduction from equity. Own shares purchased that are not subsequently cancelled are classified as treasury shares and are presented as a deduction from total equity.

Where such shares are subsequently sold or reissued, any consideration received, net of any direct costs, is included in equity.

(f) Investments

(i) Subsidiaries

Investments in subsidiaries are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(f) Investments (cont'd)

(ii) Associates

An associate is an entity in which the Group and the Company have has a long-term equity interest and where it exercises significant influence over the financial and operating policies.

Investments in associates are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable.

The investments in an associates are accounted for under the equity method, based on the financial statements of the associates made up to 31 December 2010. The Group's share of the post acquisition profits of the associates is included in the consolidated statement of comprehensive income and the Group's interest in the associates is carried in the consolidated statement of financial position at cost plus the Group's share of the post-acquisition retained profits and reserves.

Unrealised gains on transactions between the Group and the associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are eliminated unless cost cannot be recovered.

(iii) Jointly Controlled Entities

Jointly controlled entities are corporations, partnerships or other entities over which there is a contractually agreed sharing of control by the Group with one or more parties where the strategic financial and operating decisions relating to the entities require unanimous consent of the parties sharing control. The Groups interests in jointly controlled entities are accounted for in the consolidated financial statements using the equity method of accounting.

Equity accounting involves recognising in the consolidated statement of comprehensive income and consolidated statement of changes in equity, the Group's share of profits less losses of jointly controlled entities based on the latest audited financial statements or management accounts of the companies concerned. Where necessary, adjustments are made to the results and net assets of jointly controlled entities to ensure consistency of accounting policies with those of the Group. The Group's investment in jointly controlled entities is recorded at cost inclusive of goodwill and adjusted thereafter for accumulated impairment loss and the post acquisition change in the Group's share of net assets of the jointly controlled entities.

Unrealised gains on transactions between the Group and its jointly controlled entities are eliminated to the extent of the Group's interest in the jointly controlled entities. Unrealised losses are also eliminated on the same basis but only to the extent of the costs that can be recovered, and the balance that provides evidence of reduction in net realisable value or an impairment of the asset transferred are recognised in profit or loss.

(iv) Other Investments

The investment in club membership is initially stated at cost in the statements of financial position of the Company, and is reviewed for impairment at the end of the financial year if events or changes in circumstances indicate that its carrying value is not recoverable.

(g) Property, Plant and Equipment

Property, plant and equipment, other than freehold land, are stated at cost less accumulated depreciation and impairment losses, if any. Freehold land is stated at cost less impairment losses, if any, and is not depreciated.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(g) Property, Plant and Equipment (cont'd)

Depreciation is calculated under the straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Long leasehold land	over the lease periods of 81 to 99 years
Short leasehold land	over the lease period of 60 years
Buildings	1% - 5%
Estate access road	5%
Factory equipment and machinery	10% - 20%
Furniture, fittings and office equipment	10% - 20%
Mills	5% - 10%
Motor vehicles	10% - 20%
Renovation	10% - 20%

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

An item of equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset is recognised in profit or loss.

In the previous financial year, a leasehold land that normally had an indefinite economic life and title was not expected to pass to the lessee by the end of the lease term was treated as an operating lease. The payment made on entering into or acquiring a leasehold land that was accounted for as an operating lease represents prepaid lease payments.

During the financial year, the Company adopted the amendments made to FRS 117 - Leases in relation to the classification of lease of land. The Company's leasehold land which in substance is a finance lease has been reclassified as property, plant and equipment and measured as such retrospectively.

Capital work-in-progress is stated at cost, and will be transferred to the relevant category of long term assets and depreciated accordingly when the assets are completed and ready for commercial use.

Fully depreciated plant and equipment are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these plant and equipment.

(h) Plantation Development Expenditure

Plantation development expenditure comprise cost of planting and development of oil palm. Plantation development expenditure are stated at cost less accumulated amortisation and impairment losses, if any, consistent with the accounting policy for property, plant and equipment as stated in Note 5(g) to the financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(h) Plantation Development Expenditure (cont'd)

Expenditure incurred on newly planted areas up to the time of maturity is capitalised under plantation development expenditure. This expenditure will be amortised over its estimated useful life commencing from the year of maturity of the crop that is normally 3 years from planting. Subsequent expenditure incurred on planted areas is expensed off to the income statement.

Plantation development expenditure is amortised on a straight-line basis over a period of 25 years commencing from the year of maturity of the crop.

(i) Capitalisation of Borrowing Costs

Borrowing costs incurred to finance plantation development expenditure that require a substantial period of time to be ready for their commercial harvesting are capitalised. Capitalisation of borrowing costs will cease when the crops are ready for commercial harvesting.

(j) Impairment of Assets

(i) Impairment of Financial Assets

All financial assets (other than those categorised at fair value through profit or loss), are assessed at the end of each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset.

An impairment loss in respect of held-to-maturity investments and loans and receivables financial assets is recognised in profit or loss and 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.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the fair value reserve. In addition, the cumulative loss recognised in other comprehensive income and accumulated in equity under fair value reserve, is reclassified from equity to profit or loss.

With the exception of available-for-sale equity instruments, 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 through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. In respect of available-for-sale equity instruments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss made is recognised in other comprehensive income.

(ii) Impairment of Non-Financial Assets

The carrying values of assets, other than those to which FRS 136 - Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount of the assets is the higher of the assets' fair value less cost to sell and their value-in-use, which is measured by reference to discounted future cash flow.

An impairment loss is recognised in profit or loss immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(j) Impairment of Assets (cont'd)

(ii) Impairment of Non-Financial Assets (contd)

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately, unless the asset is carried at its revalued amount. A reversal of an impairment loss on a revalued asset is credited to other comprehensive income. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the statements of comprehensive income, a reversal of that impairment loss is recognised as income in the statements of comprehensive income.

(k) Assets under Hire Purchase

Assets acquired under hire purchase are capitalised in the financial statements and are depreciated in accordance with the policy set out in Note 4(g) above. Each hire purchase payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. Finance charges are recognised in profit or loss over the period of the respective hire purchase agreements.

(l) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in-first-out basis, and comprises the cost of materials and incidentals incurred in bringing the inventories to their present location and condition. Cost of finished goods and work-in-progress includes cost of materials and an appropriate proportion of production overheads.

Cost of crude palm oil and palm kernel includes raw materials, direct labour and an appropriate share of production overheads based on normal operating capacity.

Nursery inventories comprising seedling remaining in nursery for eventual field planting are valued at the lower of cost and net realisable value. Cost is determined using the first-in-first-out basis, and comprising the cost of materials, direct labour and appropriate proportion of planting production overheads.

Net realisable value represents the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

Where necessary, due allowance is made for all damaged, obsolete and slow-moving items. The Group writes down its obsolete or slow-moving inventories based on assessment of the condition and the future demand for the inventories. The inventories are written down when events or changes in circumstances indicate that the carrying amounts may not be recovered.

(m) Amount Due From/(To) Contract Customers

The amount due from/(to) contract customers is stated at cost plus profit attributable to contracts in progress less progress billings and provision for foreseeable losses, if any. Cost includes direct materials, labour and applicable overheads.

(n) Borrowings Costs

Borrowing costs, directly attributable to the acquisition and construction of property, plant and equipment are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale. Capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted.

All other borrowing costs are recognised in profit or loss as expenses in the period in which they incurred.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(o) Purchase of Own Shares

When the share capital recognised as equity is bought by the Company under the share buy-back programme, the amount of the consideration paid, including directly attributable costs, is recognised as a deduction from equity. Shares bought that are not subsequently cancelled are classified as treasury shares and presented as a deduction from the total equity.

Where such shares are subsequently sold or reissued, any consideration received, net of any direct costs, is included in shareholders' equity.

(p) Income Taxes

Income taxes for the financial year comprise current and deferred tax.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the financial year and is measured using the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority.

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 transactions either in other comprehensive income or directly in equity and deferred tax arising from a business combination is included in the resulting goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs.

(q) Operating Segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(r) Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, deposits pledged with financial institution, bank overdrafts and short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(s) Employee Benefits

(i) Short-term Benefits

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

(ii) Defined Contribution Plans

The Group's contributions to defined contribution plans are recognised in profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

(t) Related Parties

A party is related to an entity if:-

(i) directly, or indirectly through one or more intermediaries, the party:-
- controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries);
- has an interest in the entity that gives it significant influence over the entity; or
- has joint control over the entity;

(ii) the party is an associate of the entity;

(iii) the party is a joint venture in which the entity is a venturer;

(iv) the party is a member of the key management personnel of the entity or its parent;

(v) the party is a close member of the family of any individual referred to in (i) or (iv);

(vi) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or

(vii) the party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity.

Close members of the family of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

(u) Contingent Liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(v) Revenue Recognition

(i) Revenue from Contract Income

Revenue on contracts is recognised on the percentage of completion method unless the outcome of the contract cannot be reliably determined, in which case the revenue on contracts will only be recognised to the extent of contract costs incurred that are recoverable. Foreseeable losses, if any, are provided for in full as and when it can be reasonably ascertained that the contract will result in a loss.

The stage of completion is determined based on the proportion that the contract costs incurred for work performed to date bear to the estimated total contract costs.

(ii) Sale of Goods

Revenue are recognised upon the delivery of goods and customers' acceptance and where applicable, net of returns and trade discounts.

(iii) Dividend Income

Dividend income from investment in subsidiaries is recognised upon declaration by the subsidiaries. Dividend income from other investments is recognised when the right to receive the dividend is established.

(iv) Other Income

Interest income is recognised on an accrual basis, based on the effective yield on the investment.

Fee, rental and commission income are recognised on an accrual basis.

5. INVESTMENT IN SUBSIDIARIES

	THE COMPANY	
	2010 RM'000	**2009 RM'000**
Unquoted shares in Malaysia, at cost:-		
At 1 January	**98,441**	98,314
Purchase of additional shares in a subsidiary	**84**	–
Acquired during the financial year	**–**	127
At 31 December	**98,525**	98,441
Unquoted shares outside Malaysia, at cost	**4,966**	4,966
	103,491	103,407

Details of the subsidiaries are as follows:-

Name of Company	Country of Incorporation	Effective Equity Interest 2010	Effective Equity Interest 2009	Principal Activities
Modipalm Engineering Sdn. Bhd.	Malaysia	**100%**	100%	Manufacturer of palm oil mill equipment and related spare parts, provision of engineering support, commissioning and contracting works for palm oil mills.

5. INVESTMENT IN SUBSIDIARIES (cont'd)

Details of the subsidiaries are as follows:-

Name of Company	Country of Incorporation	Effective Equity Interest 2010	Effective Equity Interest 2009	Principal Activities
Sachiew Plantations Sdn. Bhd.	Malaysia	**100%**	100%	Cultivation of oil palm and production of crude palm oil and palm kernel.
Empresa (M) Sendirian Berhad	Malaysia	**100%**	100%	Cultivation of oil palm and production of crude palm oil and palm kernel.
CBIP (PNG) Limited*#	Papua New Guinea	**100%**	100%	Providing engineering support and contracting works for palm oil mills.
AVP Engineering (Malaysia) Sdn. Bhd.	Malaysia	**51%**	51%	Retrofitting special purpose vehicles.
Advance Boilers Sdn. Bhd.	Malaysia	**100%**	100%	Manufacturing and servicing boilers.
C.B. Industrial Product Sdn. Bhd.	Malaysia	**100%**	100%	Manufacturer of palm oil mill equipment and related spare parts, provision of engineering support, commissioning and contracting works for palm oil mills.
Avecpalm Marketing Resources Sdn. Bhd.	Malaysia	**60%**	60%	Trading of palm oil mill processing equipment.
PT. CB Polaindo*#	Indonesia	**95%**	95%	Providing engineering support and contracting works for palm oil mills.
Magview Machinery Sdn. Bhd.	Malaysia	**71%**	51%	Constructing mills, factories, building, composting efflluent plants and contracting works.
Midas Portfolio Sdn. Bhd.*	Malaysia	**100%**	100%	Investment holding.
Steam-Mech Engineering Sdn. Bhd.*	Malaysia	**100%**	100%	Investment holding.
Avecpalm Engineering (Malaysia) Sdn. Bhd.	Malaysia	**100%**	100%	Dormant.
PT. Sawit Lamandau Raya**#	Indonesia	**85%**	85%	Cultivation of oil palm.

* held through C.B. Industrial Product Sdn. Bhd.
** held through Steam-Mech Engineering Sdn. Bhd.
\# not audited by Messrs. Crowe Horwath.

6. INVESTMENT IN ASSOCIATES

	THE GROUP 2010 RM'000	THE GROUP 2009 RM'000	THE COMPANY 2010 RM'000	THE COMPANY 2009 RM'000
Unquoted shares in Malaysia, at cost	**49,430**	49,430	**49,430**	49,430
Share of post acquisition profits	**18,081**	5,364	**–**	–
	67,511	54,794	**49,430**	49,430

	THE GROUP 2010 RM'000	THE GROUP 2009 RM'000
Net interest represented by:-		
Net assets	**14,934**	2,217
Goodwill	**52,577**	52,577
	67,511	54,794

Details of the associates, which are incorporated in Malaysia, are as follows:-

Name of Company	Effective Equity Interest 2010	Effective Equity Interest 2009	Principal Activities
Bahtera Bahagia Sdn. Bhd. #	**30%**	30%	Cultivation of oil palm.
Kumpulan Kris Jati Sdn. Bhd. #	**30%**	30%	Cultivation of oil palm and production of crude palm oil and palm kernel.

not audited by Messrs. Crowe Horwath.

The summarised financial information of the associates is as follows:-

	THE GROUP 2010 RM'000	THE GROUP 2009 RM'000
Results		
Revenue	**174,339**	126,304
Profit for the financial year	**42,391**	190
Assets and liabilities		
Non-current assets	**261,365**	261,243
Current assets	**70,859**	61,287
Current liabilities	**(157,992)**	(42,124)
Non-current liabilities	**(124,449)**	(273,014)
Net assets	**49,783**	7,392

Included in the investment in associates is an amount of approximately RM52.577 million (2009 - RM52.577 million) which represents goodwill arising from the investment in associates. This amount is reviewed for impairment annually.

During the financial year, the Group assessed the recoverable amount of goodwill included in the investment in associates, and determined that goodwill is not impaired.

6. INVESTMENT IN ASSOCIATES (cont'd)

For the purpose of impairment testing, goodwill is allocated to the Group's cash-generating unit identified according to business segment. The recoverable amount of a cash-generating unit is determined based on value-in-use calculations using cash flow projections based on financial budgets approved by management covering a period of five years. The key assumptions used for value-in-use calculations are:-

Key assumptions

(i) Budgeted gross margin
The basis used to determine the value assigned to the budgeted gross margin is the average gross margins achieved in the year immediately before the budgeted year increased for expected efficiency improvements and cost saving measures.

(ii) Growth rate
The growth rate used is based on the expected projection of the fresh fruit bunches and the yield on plantation.

(iii) Discount rate
The discount rate used is pre-tax and reflect specific risks relating to the relevant segments.

7. INVESTMENT IN JOINTLY CONTROLLED ENTITIES

	THE GROUP		THE COMPANY	
	2010 RM'000	**2009 RM'000**	**2010 RM'000**	**2009 RM'000**
Unquoted shares in Malaysia, at cost:-				
At 1 January	**15,187**	10,187	**15,187**	10,187
Purchase of additional shares in a jointly controlled entity	**–**	5,000	**–**	5,000
At 31 December	**15,187**	15,187	**15,187**	15,187
Share of post acquisition losses	**(3,061)**	(4,326)	**–**	–
	12,126	10,861	**15,187**	15,187

	THE GROUP	
	2010 RM'000	**2009 RM'000**
Net interest represented by:-		
Net assets	**13,489**	12,224
Negative goodwill	**(1,363)**	(1,363)
	12,126	10,861

Details of the jointly controlled entities, which are incorporated in Malaysia, are as follows:-

Name of Company	Effective Equity Interest 2010	Effective Equity Interest 2009	Principal Activities
Pride Palm Oil Mill Sdn. Bhd. #	**50%**	50%	Investment holding.
Solar Green Sdn. Bhd.#	**50%**	50%	Cultivation of oil palm and production of crude palm oil and palm kernel.

 # not audited by Messrs. Crowe Horwath.

7. INVESTMENT IN JOINTLY CONTROLLED ENTITIES (cont'd)

The summarised financial information of the jointly controlled entities is as follows:-

	THE GROUP	
	2010 RM'000	2009 RM'000
Results		
Revenue	**58,083**	19,653
Profit/(Loss) for the financial year	**2,531**	(11,757)
Assets and liabilities		
Non-current assets	**91,582**	98,120
Current assets	**19,788**	14,186
Current liabilities	**(34,393)**	(22,860)
Non-current liabilities	**(50,000)**	(65,000)
Net assets	**26,977**	24,446

8. PROPERTY, PLANT AND EQUIPMENT

THE GROUP NET CARRYING AMOUNT	AT 1.1.2010 AT RESTATED RM'000	TRANSFER RM'000	ADDITIONS RM'000	DISPOSAL/ WRITE-OFF RM'000	DEPRECIATION CHARGE RM'000	AT 31.12.2010 RM'000
Freehold land and building	4,718	–	–	(4,675)	(43)	**–**
Long leasehold land	36,376	–	–	–	(458)	**35,918**
Short leasehold land	19,523	–	–		(555)	**18,968**
Buildings	25,622	453	1,931	–	(1,034)	**26,972**
Mills	21,498	14,001	27,498	–	(6,043)	**56,954**
Estate access road	12,469	–	4,146	–	(931)	**15,684**
Factory equipment and machinery	5,510	–	1,696	(16)	(1,702)	**5,488**
Furniture, fittings and office equipment	1,769	–	541	(7)	(417)	**1,886**
Motor vehicles	3,842	–	3,169	(121)	(1,317)	**5,573**
Renovation	447	–	3	–	(109)	**341**
Capital work-in progress	12,664	(14,454)	3,478	–	–	**1,688**
Total	144,438	–	42,462	(4,819)	(12,609)	**169,472**

8. PROPERTY, PLANT AND EQUIPMENT (cont'd)

THE GROUP NET CARRYING AMOUNT	AT 1.1.2009 AS PREVIOUSLY STATED RM'000	EFFECTS OF FRS 117 RM'000	AT 1.1.2009 AS RESTATED RM'000	NET CARRYING AMOUNT AT DATE OF ACQUISITION RM'000	ADDITIONS RM'000	DISPOSAL/ WRITE-OFF RM'000	TRANSFER RM'000	DEPRECIATION CHARGE RM'000	AT 31.12.2009 AS RESTATED RM'000
Freehold land and building	4,783	–	4,783	–	–	–	–	(65)	4,718
Long leasehold land		36,834	36,834	–	–	–	–	(458)	36,376
Short leasehold land	–	20,078	20,078	–	–	–	–	(555)	19,523
Buildings	26,452	–	26,452	–	152	–	–	(982)	25,622
Mills	–	–	–	–	–	–	23,590	(2,092)	21,498
Estate access road	9,729	–	9,729	–	3,463	–	–	(723)	12,469
Factory equipment and machinery	9,346	–	9,346	14	1,238	(3,344)	–	(1,744)	5,510
Furniture, fittings and office equipment	1,707	–	1,707	42	402	(16)	–	(366)	1,769
Motor vehicles	3,673	–	3,673	308	1,673	(558)	–	(1,254)	3,842
Renovation	524	–	524	–	33	–	–	(110)	447
Capital work-in-progress	24,046	–	24,046	36	12,315	(143)	(23,590)	–	12,664
Total	80,260	56,912	137,172	400	19,276	(4,061)	–	(8,349)	144,438

8. PROPERTY, PLANT AND EQUIPMENT (cont'd)

THE GROUP AS AT 31.12.2010	COST RM'000	ACCUMULATED DEPRECIATION RM'000	NET CARRYING AMOUNT RM'000
Long leasehold land	38,458	(2,540)	35,918
Short leasehold land	23,292	(4,324)	18,968
Buildings	32,542	(5,570)	26,972
Mills	65,089	(8,135)	56,954
Estate access road	18,613	(2,929)	15,684
Factory equipment and machinery	12,988	(7,500)	5,488
Furniture, fittings and office equipment	4,318	(2,432)	1,886
Motor vehicles	13,821	(8,248)	5,573
Renovation	915	(574)	341
Capital work-in-progress	1,688	–	1,688
Total	**211,724**	**(42,252)**	**169,472**

AS AT 31.12.2009 - AS RESTATED	COST RM'000	DEPRECIATION CHARGE RM'000	NET CARRYING AMOUNT RM'000
Freehold land and buildings	5,666	(948)	4,718
Long leasehold land	38,457	(2,081)	36,376
Short leasehold land	23,293	(3,770)	19,523
Buildings	30,158	(4,536)	25,622
Mills	23,590	(2,092)	21,498
Estate access road	14,467	(1,998)	12,469
Factory equipment and machinery	11,527	(6,017)	5,510
Furniture, fittings and office equipment	3,890	(2,121)	1,769
Motor vehicles	12,128	(8,286)	3,842
Renovation	912	(465)	447
Capital work-in-progress	12,664	–	12,664
Total	176,752	(32,314)	144,438

THE COMPANY	NET CARRYING AMOUNT AT 1.1.2010 RM'000	ADDITIONS RM'000	DEPRECIATION CHARGE RM'000	NET CARRYING AMOUNT AT 31.12.2010 RM'000
Buildings	641	–	(7)	**634**
Furniture, fittings and office equipment	117	1	(38)	**80**
Motor vehicles	–	404	(7)	**397**
Renovation	181	–	(60)	**121**
Total	939	405	(112)	**1,232**

THE COMPANY NET CARRYING AMOUNT	AT 1.1.2009 RM'000	ADDITIONS RM'000	DISPOSAL RM'000	DEPRECIATION CHARGE RM'000	AT 31.12.2009 RM'000
Buildings	648	–	–	(7)	641
Furniture, fittings and office equipment	137	18	–	(38)	117
Motor vehicles	194	–	(194)	–	–
Renovation	232	9	–	(60)	181
Total	1,211	27	(194)	(105)	939

8. PROPERTY, PLANT AND EQUIPMENT (cont'd)

AS AT 31.12.2010	COST RM'000	ACCUMULATED DEPRECIATION RM'000	NET CARRYING AMOUNT RM'000
Buildings	655	(21)	634
Furniture, fittings and office equipment	191	(111)	80
Motor vehicles	404	(7)	397
Renovation	299	(178)	121
Total	**1,549**	**(317)**	**1,232**
AS AT 31.12.2009			
Buildings	655	(14)	641
Furniture, fittings and office equipment	190	(73)	117
Renovation	299	(118)	181
Total	1,144	(205)	939

Assets pledged as security

Property, plant and equipment of the Group pledged as security for banking facilities granted to certain subsidiaries are as follows:-

	THE GROUP	
	2010 RM'000	2009 RM'000
At net carrying amount:-		
Long leasehold land	**28,633**	29,008
Short leasehold land	**18,900**	19,455
Buildings	**7,844**	6,276
Mills	**56,954**	21,498

Assets acquired under hire purchase

Included in the plant and equipment at the end of the reporting period were the following assets acquired under hire purchase terms:-

	THE GROUP		THE COMPANY	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
At net carrying amount:-				
Motor vehicles	**1,964**	1,670	**397**	–
Plant and machinery	**1,791**	1,156	**–**	–

Depreciation of property, plant and equipment charge for the financial year is allocated as follows:-

	THE GROUP		THE COMPANY	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Amount charged to profit or loss	**12,545**	8,290	**112**	105
Amount capitalised in plantation development expenditure (Note 9)	**64**	59	**–**	–
	12,609	8,349	**112**	105

Notes to the Financial Statements (cont'd)

9. PLANTATION DEVELOPMENT EXPENDITURE

	THE GROUP 2010 RM'000	THE GROUP 2009 RM'000
Cost:		
At 1 January	**100,809**	92,389
Arising from acquisition of a subsidiary	**–**	7,536
Incurred during the financial year	**13,200**	825
Capitalisation of:-		
Depreciation of property, plant and equipment (Note 8)	**64**	59
	13,264	884
At 31 December	**114,073**	100,809
Accumulated Amortisation:-		
At 1 January	**(21,586)**	(17,436)
Amortised during the financial year	**(4,162)**	(4,150)
At 31 December	**(25,748)**	(21,586)
Net carrying amount	**88,325**	79,223

The plantation development expenditure has been pledged as collateral to licensed banks for term loan facilities granted to certain subsidiaries.

10. GOODWILL

	THE GROUP 2010 RM'000	THE GROUP 2009 RM'000
At 1 January	**16,278**	14,983
Arising from acquisition of subsidiaries	**–**	1,295
At 31 December	**16,278**	16,278
Carrying amount:-		
At 1 January/31 December	**16,278**	16,278

	MANUFACTURING SEGMENT		PLANTATION SEGMENT		TOTAL	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Goodwill	**1,076**	1,076	**15,202**	15,202	**16,278**	16,278

Impairment testing

Goodwill is allocated to the Group's cash-generating unit ("CGU") identified according to the individual company.

Goodwill is tested for impairment on an annual basis by comparing the carrying amount within the recoverable amount of the CGU. The recoverable amount of a CGU is determined based on value-in-use calculation using cash flow projections from the financial budgets and forecast approved by the management covering a five year period.

10. GOODWILL (cont'd)

Key assumptions used in the value-in-used calculations are:-

(i) the pre-tax discount rate used is 7.03%;

(ii) the growth rate used for CGU which is involved in the cultivation of oil palm plantation 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 order segments are determined based on the industry trends and past performances of the respective companies; and

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

In assessing the value-in-use, the management is of the view that no foreseeable changes in any of the above key assumptions would cause the carrying amounts of the respective CGUs to materially exceed their recoverable amounts.

11. OTHER INVESTMENTS

	THE GROUP	
	2010 RM'000	**2009 RM'000**
Quoted shares in Malaysia, at fair value	**26**	28
Golf club membership, at cost	**564**	564
	590	592
At market value	**26**	23

Upon adoption of FRS 139 during the financial year, the Group designated its investments in quoted shares that were previously measured using the cost model as available-for-sale financial assets and are measured at fair value.

12. INVENTORIES

	THE GROUP	
	2010 RM'000	**2009 RM'000**
At cost:-		
Raw materials	**6,611**	4,886
Work-in-progress	**15,857**	12,945
Finished goods	**6,118**	8,928
Nursery oil palm trees	**86**	113
Crude palm oil and palm kernel	**8,516**	1,619
Estate consumables and fertilisers	**1,049**	1,302
	38,237	29,793
At net realisable value:-		
Raw materials	**1,054**	1,499
	39,291	31,292

13. TRADE RECEIVABLES

	THE GROUP 2010 RM'000	THE GROUP 2009 RM'000
Gross trade receivables	**97,827**	99,134
Allowance for impairment losses	**(8,533)**	(2,625)
Net trade receivables	**89,294**	96,509
Allowance for impairment losses:-		
At 1 January	**(2,625)**	(2,704)
Increase during the financial year	**(8,608)**	(70)
Reversal during the financial year	**2,700**	149
At 31 December	**(8,533)**	(2,625)

The Group's normal trade credit terms range from 30 days to 90 days. Other credit terms are assessed and approved on a case-by-case basis.

14. AMOUNTS DUE FROM/(TO) CONTRACT CUSTOMERS

	THE GROUP 2010 RM'000	THE GROUP 2009 RM'000
Costs incurred	**651,186**	701,334
Attributable profit	**146,032**	133,297
	797,218	834,631
Progress billings	**(793,345)**	(828,033)
Net amount due from contract customers	**3,873**	6,598
Amount due from contract customers	**12,899**	20,337
Amount due to contract customers	**(9,026)**	(13,739)
	3,873	6,598

15. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	THE GROUP 2010 RM'000	THE GROUP 2009 RM'000	THE COMPANY 2010 RM'000	THE COMPANY 2009 RM'000
Other receivables	**7,922**	9,352	**78**	145
Deposits	**3,697**	3,740	**9**	9
Prepayments	**45**	35	**1**	–
	11,664	13,127	**88**	154

16. AMOUNT OWING BY/(TO) SUBSIDIARIES

The amounts owing are non-trade in nature and unsecured, and are in respect of interest-free advances and payments made on behalf. The amounts owing are repayable within the next twelve months and are to be settled in cash.

17. FIXED AND SHORT-TERM DEPOSITS WITH LICENSED BANKS

Fixed and short-term deposits with licensed banks of the Group amounting to RM575,278 (2009 - RM863,890) have been pledged as collateral to a licensed bank to secure banking facilities granted to a subsidiary.

The average effective interest rate of the fixed and short-term deposits at the end of the reporting period was 2.60% (2009 - 2.38%) per annum. The fixed and short-term deposits have a maturity period of 1 month (2009 - 1 month) respectively.

18. SHARE CAPITAL

	THE COMPANY			
	NUMBER OF SHARES			
	2010 '000	2009 '000	2010 RM'000	2009 RM'000
Authorised				
Ordinary shares of RM0.50 each	**200,000**	200,000	**100,000**	100,000
Issued And Fully Paid				
Ordinary shares of RM0.50 each	**137,562**	137,562	**68,781**	68,781

19. TREASURY SHARES

The shareholders of the Company by an ordinary resolution passed in the Thirteenth Annual General Meeting held on 27 May 2010, renewed their approval for the Company's plan to purchase its own ordinary shares from the open market under the share buy-back programme.

The total shares purchased under the share buy-back programme were financed by internally generated funds. The shares purchased were retained as treasury shares and are presented as a deduction from shareholders' equity.

Details of the treasury shares are as follows:-

DATE	AVERAGE SHARE PRICE RM'000	NUMBER OF SHARES	TOTAL CONSIDERATION RM'000
Prior to year 2010	–	2,600,000	8,882
January 2010	3.12	235,900	737
March 2010	2.84	230,300	654
April 2010	2.95	85,000	251
June 2010	2.52	739,600	1,863
July 2010	3.06	1,087,100	3,331
August 2010	3.30	701,900	2,316
October 2010	3.50	408,000	1,428
November 2010	3.57	85,000	303
December 2010	3.58	67,700	242
Balance at 31 December 2010		**6,240,500**	**20,007**

20. SHARE PREMIUM

The share premium account is not distributable for the purpose of declaring cash dividends.

21. RETAINED PROFITS

Subject to the agreement with tax authorities, at the balance sheet date, the Company has sufficient tax credits under Section 108 of the Income Tax Act, 1967 and tax-exempt income account to frank the payment of dividends out of its entire retained profits without incurring additional tax liabilities.

At the end of the reporting period, the Company has not elected for the single tier tax system. When the tax credit balance is fully utilised, or by 31 December 2013 at the latest, the Company will automatically move to the single tier tax system. Under the single tier tax system, tax on the Company's profits is a final tax, and dividends distributed to the shareholders will be exempted from tax.

22. LONG-TERM BORROWINGS

	THE GROUP		THE COMPANY	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Minimum hire purchase payments:				
- not later than one year	**1,348**	825	**79**	–
- later than one year and not later than five years	**2,825**	1,648	**316**	–
	4,173	2,473	**395**	–
Future finance charges	**(531)**	(297)	**(45)**	–
Present value of hire purchase payables	**3,642**	2,176	**350**	–
- repayable not later than one year (Note 27)	**(1,136)**	(719)	**(70)**	–
- repayable later than one year and not later than five years	**2,506**	1,457	**280**	–
Term loans	**39,793**	78,315	**–**	–
Repayable within twelve months (Note 27)	**(20,250)**	(37,689)	**–**	–
Repayable after twelve months	**19,543**	40,626	**–**	–
Revolving credits	**83,083**	61,988	**10,138**	–
Repayable within twelve months (Note 27)	**(19,163)**	(13,500)	**(10,138)**	–
Repayable after twelve months	**63,920**	48,488	**–**	–
	85,969	90,571	**280**	–

The repayment terms of the term loans are as follows:-

Term loan 1 Repayable in 25 quarterly instalments of RM192,000, effective from July 2007.

Term loan 2 Repayable in 20 quarterly instalments of RM3,000,000, effective from February 2008.

Term loan 3 Repayable in 33 monthly instalments of RM1,866,480, effective from August 2008.

The term loans are secured as follows:-

(a) by legal charges over the plantation development expenditure of certain subsidiaries of the Company;

(b) by legal charges over the landed property belonging to certain subsidiaries of the Company; and

(c) by corporate guarantees issued by the Company.

23. DEFERRED TAXATION

	THE GROUP 2010 RM'000	THE GROUP 2009 RM'000
At 1 January	**10,680**	5,394
Recognised in profit or loss (Note 30)	**6,804**	4,583
Underprovision in the prior financial years (Note 30)	**1,634**	703
At 31 December	**19,118**	10,680

Presented after appropriate offsetting as follows:-

	THE GROUP 2010 RM'000	THE GROUP 2009 RM'000
Deferred tax assets	**(4,124)**	(5,587)
Deferred tax liabilities	**23,242**	16,267

24. TRADE PAYABLES

The normal trade credit terms granted to the Group range from 30 days to 120 days.

The foreign currency exposure profile of the trade payables is as follows:-

	THE GROUP 2010 RM'000	THE GROUP 2009 RM'000
Euro	**293**	332
United States Dollar	**883**	–

25. OTHER PAYABLES AND ACCRUALS

	THE GROUP		THE COMPANY	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Other payables	**11,623**	9,621	**123**	103
Accruals	**3,135**	3,206	**–**	–
Refundable deposit received	**7,421**	–	**7,421**	–
	22,179	12,827	**7,544**	103

26. AMOUNT OWING TO A DIRECTOR

The amount owing is unsecured, interest-free and repayable upon demand. The amount owing is to be settled in cash.

Notes to the Financial Statements (cont'd)

27. SHORT-TERM BORROWINGS/BANK OVERDRAFTS

	THE GROUP		THE COMPANY	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Short-term borrowings comprise the following:-				
Current portion of hire purchase payables (Note 22)	**1,136**	719	**70**	–
Current portion of term loans (Note 22)	**20,250**	37,689	**–**	–
Bills payable	**7,240**	2,000	**–**	–
Revolving credits (Note 22)	**19,163**	13,500	**10,138**	–
	47,789	53,908	**10,208**	–

The bills payable, bank overdrafts and revolving credits are secured by corporate guarantees issued by the Company.

28. REVENUE

	THE GROUP		THE COMPANY	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Revenue represents:-				
Contract revenue	**215,705**	197,506	**–**	–
Sale of goods	**135,705**	133,962	**–**	–
Dividend income	**–**	–	**96,691**	7,800
Management fee income	**–**	–	**57**	21
	351,410	331,468	**96,748**	7,821

29. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):-

	THE GROUP		THE COMPANY	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Allowance for impairment loss on trade receivables	**8,608**	70	**–**	–
Allowance for impairment loss on investment	**–**	4	**–**	–
Amortisation of plantation development expenditure	**4,162**	4,150	**–**	–
Auditors' remuneration:				
- current financial year	**180**	153	**28**	15
- underprovision in the previous financial year	**4**	5	**–**	3
Bad debts written off	**1,538**	1	**–**	–
Depreciation of property, plant and equipment	**12,545**	8,290	**112**	105
Directors' remuneration:				
- fee	**306**	265	**162**	155
- other emoluments	**2,394**	2,806	**32**	37
- benefit-in-kind	**34**	55	**24**	24

29. PROFIT BEFORE TAXATION (cont'd)

Profit before taxation is arrived at after charging/(crediting):-

	THE GROUP		THE COMPANY	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Interest expense:				
- bank overdrafts	**10**	104	**–**	–
- bills payable	**9**	54	**–**	–
- hire purchase	**136**	76	**–**	–
- loan from third party	**–**	11	**–**	–
- revolving credit	**2,715**	511	**139**	–
- term loans	**2,094**	4,799	**–**	–
Inventories written down	**199**	393	**–**	–
Lease rental	**1**	1	**–**	–
Plant and equipment written off	**6**	143	**–**	–
Rental of premises	**357**	18	**–**	–
Realised loss on derivative contracts	**172**	2,099	**–**	–
Staff costs:				
- salaries, wages, bonuses and allowances	**9,721**	10,639	**472**	414
- defined contribution plan	**1,391**	1,100	**–**	–
Reversal of allowance for impairment loss on trade receivables	**(2,700)**	(149)	**–**	–
Bad debts recovered	**(2)**	–	**–**	–
Dividend income	**–**	–	**(96,691)**	(7,800)
(Gain)/Loss on disposal of property, plant and equipment	**(3,439)**	(50)	**–**	81
(Gain)/Loss on foreign exchange:				
- realised	**(171)**	175	**–**	–
- unrealised	**449**	(300)	**–**	–
Interest income:				
- bank account	**(15)**	(34)	**–**	–
- fixed and short term deposits	**(18)**	(86)	**–**	–
- loans and receivable financial assets	**(376)**	–	**–**	–
Management fee income from subsidiaries	**–**	–	**(57)**	(21)
Rental income	**(810)**	(658)	**(27)**	(19)

30. INCOME TAX EXPENSE

	THE GROUP		THE COMPANY	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Current tax for the financial year				
- Malaysia	**2,288**	1,897	**1,549**	225
- foreign jurisdictions	**155**	139	**–**	–
Under/(Over)provision in prior financial years	**138**	(913)	**(160)**	(104)
Balance carried forward	**2,581**	1,123	**1,389**	121

30. INCOME TAX EXPENSE (cont'd)

	THE GROUP 2010 RM'000	THE GROUP 2009 RM'000	THE COMPANY 2010 RM'000	THE COMPANY 2009 RM'000
Balance brought forward	**2,581**	1,123	**1,389**	121
Deferred taxation expense (Note 23)				
Current financial year	**6,804**	4,583	**–**	–
Underprovision in prior financial years	**1,634**	703	**–**	–
	8,438	5,286	**–**	–
Share of taxation of:				
- associates	**2,122**	312	**–**	–
- jointly controlled entities	**–**	58	**–**	–
	2,122	370	**–**	–
Tax expense for the financial year	**13,141**	6,779	**1,389**	121

A reconciliation of income tax expense applicable to the profit before taxation at the statutory tax rate to income tax expense at the effective tax rate of the Group and of the Company is as follows:-

	THE GROUP 2010 RM'000	THE GROUP 2009 RM'000	THE COMPANY 2010 RM'000	THE COMPANY 2009 RM'000
Profit before taxation	**80,931**	49,083	**96,327**	6,674
Tax at statutory tax rate of 25%	**20,233**	12,271	**24,082**	1,669
Tax effects of:-				
Expenses disallowed for tax purposes	**2,002**	3,721	**140**	281
Tax-exempt dividend income		–	**(22,673)**	(1,725)
Non-taxable income	**(793)**	(167)	**–**	–
Utilisation of reinvestment allowances	**(154)**	(207)	**–**	–
Utilisation of deferred tax assets brought forward	**(3)**	(48)	**–**	–
Under/(Over)provision in prior financial years:				
- income tax	**138**	(913)	**(160)**	(104)
- deferred taxation	**1,634**	703	**–**	–
Share of taxation of:				
- associates	**2,122**	312	**–**	–
- jointly controlled entities	**–**	58	**–**	–
Tax saving arising from tax incentive	**(12,038)**	(8,951)	**–**	–
Income tax expense for the financial year	**13,141**	6,779	**1,389**	121

Taxes in foreign jurisdictions are calculated at the rates prevailing in the respective jurisdictions.

31. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the consolidated net profit attributable to owners of the Company for the financial year divided by the weighted average number of ordinary shares of RM0.50 each in issue during the financial year excluding the treasury shares held by the Company.

	THE GROUP	
	2010 RM'000	2009 RM'000
Net profit attributable to owners of the Company	**66,328**	40,381
Number of ordinary shares at beginning of the financial year ('000)	**134,962**	135,968
Effects of purchase of own shares and held as treasury shares ('000)	**(1,633)**	(418)
Weighted average number of ordinary shares in issue ('000)	**133,329**	135,550
Basic earnings per share (sen)	**49.7**	29.8

There is no diluted earnings per share for the current financial year as there are no dilutive potential ordinary shares.

32. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	THE GROUP		THE COMPANY	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Cost of property, plant and equipment acquired	**42,462**	19,276	**405**	27
Amount financed through hire purchase	**(2,461)**	(1,680)	**(350)**	–
Cash disbursed for purchase of property, plant and equipment	**40,001**	17,596	**55**	27

33. CASH AND CASH EQUIVALENTS

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following:-

	THE GROUP		THE COMPANY	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Fixed and short-term deposits with licensed banks	**575**	864	**–**	–
Cash and bank balances	**33,709**	28,862	**70**	54
Bank overdrafts	**(2,268)**	(2,224)	**–**	–
	32,016	27,502	**70**	54

34. DIRECTORS' REMUNERATION

The aggregate amount of emoluments received and receivable by directors of the Group and of the Company during the financial year were as follows:-

	THE GROUP		THE COMPANY	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Executive directors' remuneration				
- Fee	**144**	110	**–**	–
- Salaries, other emoluments and defined contribution plan	**2,103**	2,324	**–**	–
- Bonus and allowances	**266**	455	**7**	10
	2,513	2,889	**7**	10
Non-executive directors' remuneration				
- Fee	**162**	155	**162**	155
- Bonus and allowances	**25**	27	**25**	27
	187	182	**187**	182
Benefit-in-kind	**34**	55	**24**	24
Total directors' remuneration including benefit-in-kind	**2,734**	3,126	**218**	216
Represented by:-				
Directors' fee	**306**	265	**162**	155
Directors' non-fee emoluments	**2,428**	2,861	**56**	61
	2,734	3,126	**218**	216

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:		
- Between RM200,001 and RM250,000	**1**	1
- Between RM450,001 and RM500,000	**1**	1
- Above RM500,000	**1**	1
	3	3
Non-executive directors:		
- Less than or equal to RM100,000	**3**	3
- Between RM100,001 and RM150,000	**1**	1
	7	7

35. CONTINGENT LIABILITIES

	THE COMPANY	
	2010 RM'000	2009 RM'000
Unsecured:-		
Corporate guarantees given to financial institutions for facilities granted to certain subsidiaries	**326,765**	292,774

Pending Litigations

Two subsidiaries are involved in legal suits brought by natives for alleged trespass of native customary rights in areas included within the provisional lease area granted to the subsidiaries by the relevant authorities. The cases are now pending hearing before the courts. The directors, after consultation with legal counsel, are unable to ascertain the extent of the liability if any, at this point in time.

36. CAPITAL COMMITMENTS

	THE GROUP	
	2010 RM'000	2009 RM'000
Approved and contracted for	**1,336**	2,186

37. SIGNIFICANT RELATED PARTY DISCLOSURES

(a) Identities of related parties

The Company has related party relationships with:-

(i) its subsidiaries as disclosed in Note 5 to the financial statements; and

(ii) the directors who are the key management personnel.

(b) In addition to the information disclosed elsewhere in the financial statements, the Company carried out the following transactions with the related parties during the financial year:-

	THE COMPANY	
	2010 RM'000	2009 RM'000
Dividend received and receivable from subsidiaries	**96,691**	7,800
Management fee received from subsidiaries	**57**	21
Administrative and accounting fee received from subsidiaries	**96**	80

	THE GROUP		THE COMPANY	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Key management personnel compensation				
- short-term employees benefits	**2,734**	3,126	**218**	216

38. OPERATING SEGMENTS

Operating segments are prepared in a manner consistent with the internal reporting provided to the Group Executive Committee as its chief operating decision maker in order to allocate resources to segments and to assess their performance. For management purposes, the Group is organised into business units based on their products and services provided.

The Group comprises the following main business segments:-

Manufacturing	Manufacture of palm oil equipment and related products, commissioning and contracting works for palm oil mills and retrofitting special purpose vehicles.
Trading	Trading of palm oil mill processing equipment.
Plantation	Cultivation of oil palm and production of crude palm oil and palm kernel.
Investing	Investment holding.

The Group Executive Committee assesses the performance of the operating segments based on operating profit or loss which is measured differently from those disclosed 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.

Assets, liabilities and expenses which are common and cannot be meaningfully allocated to the operating segments are presented under unallocated items. Unallocated items comprise mainly investments and related income, loans and borrowings and related expenses, corporate assets (primarily the Company's headquarters) and head office expenses.

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

BUSINESS SEGMENTS

	MANUFACTURING RM'000	TRADING RM'000	PLANTATION RM'000	INVESTING RM'000	GROUP RM'000
2010					
REVENUE AND EXPENSES					
Revenue					
External sales	263,186	7,707	80,517	–	351,410
Inter-segment sales	27,569	–	6,026	96,691	130,286
	290,755	7,707	86,543	96,691	481,696
Adjustments and eliminations					(130,286)
Consolidated revenue					**351,410**
Results					
Segment results	51,463	347	40,991	(1,582)	91,219
Interest income	401	8	–	–	409
Other material items of income	6,020	60	59	–	6,139
Amortisation of plantation development expenditure	–	–	(4,162)	–	(4,162)
Depreciation of property, plant and equipment	(2,910)	(88)	(9,314)	(233)	(12,545)
Other material items of expenses	(10,345)	–	(172)	–	(10,517)
	44,629	327	27,402	(1,815)	70,543
Finance expenses					(5,716)
Share of profit of associates					14,839
Share of profit of jointly controlled entities					1,265
Income tax expenses					(13,141)
Consolidated profit after taxation					**67,790**

38. OPERATING SEGMENTS (cont'd)

BUSINESS SEGMENTS

	MANUFACTURING RM'000	TRADING RM'000	PLANTATION RM'000	INVESTING RM'000	GROUP RM'000
2009					
REVENUE AND EXPENSES					
Revenue					
External sales	258,121	13,034	60,313	–	331,468
Inter-segment sales	36,745	258	328	7,800	45,131
	294,866	13,292	60,641	7,800	376,599
Adjustments and eliminations					(45,131)
Consolidated revenue					331,468
Results					
Segment results	47,512	699	29,385	(1,232)	76,364
Interest income	66	18	36	–	120
Other material items of income	185	14	–	–	199
Amortisation of plantation development expenditure	–	–	(4,150)	–	(4,150)
Depreciation of property, plant and equipment	(2,971)	(88)	(5,102)	(129)	(8,290)
Other material items of expenses	(464)	–	(2,099)	–	(2,563)
	44,328	643	18,070	(1,361)	61,680
Finance expenses					(5,888)
Share of profit of associates					369
Share of loss of jointly controlled entities					(5,820)
Unallocated expenses					(1,258)
Income tax expenses					(6,779)
Consolidated profit after taxation					42,304
2010					
ASSETS					
Segment assets	175,252	8,608	253,667	25,950	463,477
Investment in associates					67,511
Investment in jointly controlled entities					12,126
Consolidated assets					**543,114**
LIABILITIES					
Segment liabilities	98,654	1,396	108,542	19,163	227,755
Deferred taxation					19,118
Provision for taxation					436
Consolidated liabilities					**247,309**
OTHER SEGMENT ITEMS					
Additions to non-current assets other than financial instruments:					
- property, plant and equipment	2,580	1,345	38,132	405	42,462
- plantation development expenditure	–	–	13,200	–	13,200
	2,580	**1,345**	**51,332**	**405**	**55,662**

38. OPERATING SEGMENTS (cont'd)

BUSINESS SEGMENTS

	MANUFACTURING RM'000	TRADING RM'000	PLANTATION RM'000	INVESTING RM'000	GROUP RM'000
2009					
ASSETS					
Segment assets	197,882	7,777	201,277	90,241	497,177
Unallocated assets					1,270
Consolidated assets					498,447
LIABILITIES					
Segment liabilities	126,664	1,761	89,824	108	218,357
Deferred taxation					10,680
Provision for taxation					1,726
Unallocated liabilities					12,389
Consolidated liabilities					243,152
OTHER SEGMENT ITEMS					
Additions to non-current assets other than financial instruments:					
- property, plant and equipment	2,114	159	16,976	27	19,276
- plantation development expenditure			825	–	825
	2,114	159	17,801	27	20,101

(a) Other material items of income consist of the following:-

	THE GROUP 2010 RM	2009 RM
Gain on disposal of property, plant and equipment	**3,439**	50
Reversal of allowance for impairment loss on trade receivables	**2,700**	149
	6,139	199

(b) Other material items of expenses consist of the following:-

	2010 RM	2009 RM
Allowance for impairment loss on trade receivables	**8,608**	70
Bad debts written off	**1,538**	1
Inventories written down	**199**	393
Realised loss on derivative contracts	**172**	2,099
	10,517	2,563

MAJOR CUSTOMERS

Revenue from three major customers amounted to approximately RM34,449,000 (2009 - RM54,450,000) arising from the manufacturing segment.

GEOGRAPHICAL SEGMENTS

THE GROUP 2010	REVENUE RM'000	PROFIT BEFORE TAXATION RM'000	TOTAL ASSETS EMPLOYED RM'000	CAPITAL EXPENDITURE RM'000
Within Malaysia	197,160	78,805	504,044	42,462
Outside Malaysia	154,250	2,126	39,070	13,200
Total	**351,410**	**80,931**	**543,114**	**55,662**

38. OPERATING SEGMENTS (cont'd)

THE GROUP 2009	REVENUE RM'000	PROFIT BEFORE TAXATION RM'000	TOTAL ASSETS EMPLOYED RM'000	CAPITAL EXPENDITURE RM'000
Within Malaysia	233,580	48,819	472,909	18,881
Outside Malaysia	97,888	264	25,538	1,220
Total	331,468	49,083	498,447	20,101

39. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

During the financial year, the Company acquired an additional 20% equity interest in its subsidiary, Magview Machinery Sdn. Bhd., comprising 50,000 ordinary shares of RM1.00 each for a cash consideration of RM83,500. As a result of this acquisition, the Company now holds 71% (2009 - 51%) equity interest in the said subsidiary.

40. FOREIGN CURRENCY RATES

The principal closing foreign exchange rates used (expressed on the basis of one unit of foreign currency to RM equivalent) for the translation of the foreign currency balances at the end of the reporting period are as follows:-

	THE GROUP	
	2010 RM	2009 RM
Indonesian Rupiah	**0.0003**	0.0003
Kina	**1.20**	1.20
United States Dollar	**3.08**	3.43
Euro	**4.13**	4.91

41. FINANCIAL INSTRUMENTS

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's business whilst managing its market risks (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk.

(a) Financial Risk Management Policies

The Group's policies in respect of the major areas of treasury activity are as follows:-

(i) Market Risks

(i) Foreign Currency Risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than Ringgit Malaysia. The currencies giving rise to this risk are primarily United States Dollar, Indonesia Rupiah and Kina. Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

41. FINANCIAL INSTRUMENTS (cont'd)

(a) Financial Risk Management Policies (cont'd)

(i) Market Risks (cont'd)

(i) Foreign Currency Risk (cont'd)

The Group's exposure to foreign currency is as follows:-

THE GROUP 2010	UNITED STATES DOLLAR RM'000	INDONESIA RUPIAH RM'000	KINA RM'000	TOTAL RM'000
Financial assets				
Trade receivables	23,282	3,465	3,319	30,066
Other receivables, deposits and prepayments	–	639	18	657
Cash and bank balances	11,164	1,602	3,482	16,248
	34,446	**5,706**	**6,819**	**46,971**
Financial liabilities				
Trade payables	3,449	662	–	4,111
Other payables and accruals	–	2,968	1,113	4,081
Term loans	7,481	–	–	7,481
	10,930	**3,630**	**1,113**	**15,673**
2009				
Financial assets				
Trade receivables	53,423	–	10,609	64,032
Other receivables, deposits and prepayments	–	1,689	13	1,702
Cash and bank balances	4,759	1,167	1,606	7,532
	58,182	2,856	12,228	73,266
Financial liabilities				
Trade payables	–	1,255	–	1,255
Other payables and accruals	–	3,493	1,256	4,749
Term loans	33,235	–	–	33,235
	33,235	4,748	1,256	39,239

Foreign currency risk sensitivity analysis

A 5% strengthening/weakening of the Ringgit Malaysia against the United States Dollar, Indonesia Rupiah and Kina respectively, as at the end of the reporting period would have an immaterial impact on profit after taxation. This assumes that all other variables remain constant.

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from its interest-bearing borrowings. The Group's policy is to obtain the most favourable interest rate available. Any surplus funds of the Group will be placed with licensed financial institutions to generate interest income.

41. FINANCIAL INSTRUMENTS (cont'd)

(a) Financial Risk Management Policies (cont'd)

(i) Market Risks (cont'd)

(ii) Interest Rate Risk (cont'd)

Information relating to the Group's exposure to the interest rate risk of the financial liabilities is disclosed in Note 41(a)(iii) to the financial statements.

Interest rate risk sensitivity analysis

The following table details the sensitivity analysis to a reasonably possible change in the interest rates as at the end of the reporting period, with all other variables held constant:-

	THE GROUP 2010 (Decrease)/ Increase RM'000	THE COMPANY 2010 (Decrease)/ Increase RM'000
Effects on profit after taxation		
Increase of 100 basis points (bp)	**(1,360)**	(102)
Decrease of 100 bp	**1,360**	102
Effects on equity		
Increase of 100 bp	**(1,360)**	(102)
Decrease of 100 bp	**1,360**	102

(iii) Equity Price Risk

The Group's principal exposure to equity price risk arises mainly from changes in quoted investment prices. The exposure to equity price risk of the Group is not material and hence, sensitivity analysis is not presented.

(ii) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of the trade and other receivables as appropriate. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. Impairment is estimated by management based on prior experience and the current economic environment.

Credit risk concentration profile

The Group does not have any major concentration of credit risk related to any individual customer or counterparty.

Exposure to credit risk

As the Group does not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of the financial assets as at the end of the reporting period.

The exposure of credit risk for trade receivables by geographical region is as follows:-

	THE GROUP	
	2010 RM	2009 RM
Papua New Guinea	**3,319**	10,609
Malaysia	**43,295**	47,885
Indonesia	**42,616**	38,015
United Kingdom	**1**	–
South America	**63**	–
	89,294	96,509

41. FINANCIAL INSTRUMENTS (cont'd)

(a) Financial Risk Management Policies (cont'd)

(ii) Credit Risk (cont'd)

Ageing analysis

The ageing analysis of the Group's trade receivables as at 31 December 2010 is as follows:-

	Gross amount RM'000	Individual impairment RM'000	Netcarrying amount RM'000
Not past due	56,857	–	56,857
Past due:			
- less than 3 months	2,896	–	2,896
- 3 to 6 months	6,593	–	6,593
- over 6 months	31,481	(8,533)	22,948
	97,827	**(8,533)**	**89,294**

At the end of the reporting period, trade receivables that are individually impaired were those in significant financial difficulties and have defaulted on payments. Trade receivables are not secured by any collateral or credit enhancement.

Trade receivables that are past due but not impaired

The Group believes that no impairment allowance is necessary in respect of these trade receivables. They are substantially companies with good collection track record and no recent history of default.

Trade receivables that are neither past due nor impaired

A significant portion of trade receivables that are neither past due nor impaired are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the trade receivables.

(iii) Liquidity Risk

The Group manages its liquidity risk by maintaining sufficient cash and the availability of funding through adequate committed credit facilities to meet estimated commitments arising from operational expenditure and financial liabilities. The Group also has effective cash management to ensure that the Group can pay dividends to its shareholders at an appropriate time.

The following table sets out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payment computed based on the rate at the end of the reporting period):-

THE GROUP 2010	WEIGHTED AVERAGE EFFECTIVE RATE %	CARRYING AMOUNT RM'000	CONTRACTUAL UNDISCOUNTED CASH FLOWS RM'000	WITHIN 1 YEAR RM'000	1 - 5 YEARS RM'000
Trade payables	–	60,377	60,377	60,377	–
Other payables and accruals	–	22,179	22,179	22,179	–
Amount owing to a director	–	147	147	147	–
Bills payable	5.70	7,240	7,240	7,240	–
Hire purchase payables	4.94	3,642	4,173	1,348	2,825
Revolving credit	4.65	83,083	83,083	19,163	63,920
Term loans	6.35	39,793	42,320	22,776	19,544
Bank overdrafts	7.03	2,268	2,268	2,268	–
		218,729	**221,787**	**135,498**	**86,289**

41. FINANCIAL INSTRUMENTS (cont'd)

(a) Financial Risk Management Policies (cont'd)

(iii) Liquidity Risk (cont'd)

THE GROUP 2009	WEIGHTED AVERAGE EFFECTIVE RATE %	CARRYING AMOUNT RM'000	CONTRACTUAL UNDISCOUNTED CASH FLOWS RM'000	WITHIN 1 YEAR RM'000	1 - 5 YEARS RM'000
Trade payables	–	57,407	57,407	57,407	–
Other payables and accruals	–	12,827	12,827	12,827	–
Amount owing to a director	–	70	70	70	–
Bills payable	3.64	2,000	2,000	2,000	–
Hire purchase payables	4.94	2,176	2,473	825	1,648
Revolving credit	4.25	61,988	61,988	13,500	48,488
Term loans	6.35	78,315	83,288	42,662	40,626
Bank overdrafts	6.05	2,224	2,224	2,224	–
		217,007	222,277	131,515	90,762
THE COMPANY 2010					
Other payables and accruals	–	7,544	7,544	7,544	–
Hire purchase payable	2.74	350	395	79	316
Revolving credit	4.65	10,138	10,138	10,138	–
		18,032	**18,077**	**17,761**	**316**
2009					
Other payables and accruals	–	103	103	103	–

(b) Capital Risk Management

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support their businesses and maximise shareholder value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to its shareholders or issuing new shares.

Under the requirement of Bursa Malaysia Practice Note No. 17/2005, the Company is required to maintain a consolidated shareholders' equity (total equity attributable to owners of the Company) equal to or not less than 25% of the issued and paid-up share capital (excluding treasury shares) and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement.

41. FINANCIAL INSTRUMENTS (cont'd)

(b) Capital Risk Management (cont'd)

The debt-to-equity ratio of the Group as at the end of the reporting period was as follows:-

	THE GROUP	
	2010	**2009**
	RM	**RM**
Trade payables	**60,377**	57,407
Other payables and accruals	**22,179**	12,827
Hire purchase payables	**3,642**	2,176
Term loans	**39,793**	78,315
Revolving credit	**83,083**	61,988
Bank overdrafts	**2,268**	2,224
Bills payable	**7,240**	2,000
	218,582	216,937
Less : Fixed deposits with licensed banks	**(575)**	(864)
Less : Cash and bank balances	**(33,709)**	(28,862)
Net debt	**184,298**	187,211
Total equity	**288,135**	248,417
Debt to equity ratio	**0.64**	0.75

(c) Classification of Financial Instruments

	THE GROUP	THE COMPANY
	2010	**2010**
	RM'000	**RM'000**
Financial Assets		
Available-for-sale financial assets		
Quoted investment, at fair value	**26**	**–**
Financial Assets		
Loans and receivables financial assets		
Trade receivables	**89,294**	**–**
Other receivables, deposits and prepayments	**11,664**	**88**
Amount owing by subsidiaries	**–**	**32,481**
Fixed deposits with licensed banks	**575**	**–**
Cash and bank balances	**33,709**	**70**
	135,242	**32,639**
Financial Liabilities		
Other financial liabilities		
Trade payables	**60,377**	**–**
Other payables and accruals	**22,179**	**7,544**
Bills payable	**7,240**	**–**
Hire purchase payables	**3,642**	**350**
Revolving credit	**83,083**	**10,138**
Amount owing to a director	**147**	**–**
Amount owing to subsidiaries	**–**	**28,442**
Bank overdrafts	**2,268**	**–**
Term loans	**39,793**	**–**
	218,729	**46,474**

41. FINANCIAL INSTRUMENTS (cont'd)

(d) Fair Values Of Financial Instruments

The carrying amounts of the financial assets and financial liabilities reported in the financial statements approximated their fair values.

The following summarises the methods used to determine the fair values of the financial instruments:-

(i) The financial assets and financial liabilities maturing within the next 12 months approximated their fair values due to the relatively short-term maturity of the financial instruments.

(ii) The fair value of quoted investments is estimated based on their quoted market prices as at the end of the reporting period

(iii) The fair value of hire purchase payables is determined by discounting the relevant cash flows using current interest rates for similar instruments as at the end of the reporting period.

(iv) The carrying amounts of the term loans approximated their fair values as these instruments bear interest at variable rates.

42. COMPARATIVE FIGURES

The following figures have been reclassified to conform with the adoption of the amendments to FRS 117 - Leases:-

	THE GROUP	
	As restated RM'000	As previously reported RM'000
Consolidated Statement Of Financial Position (Extract):-		
Non-current Assets		
Property, plant and equipment	144,438	88,539
Prepaid land lease payments	–	55,899
Consolidated Statement Of Cash Flows (Extract):-		
Cash flows from/(for) operating activities		
Depreciation of property, plant and equipment	8,290	7,294
Amortisation of prepaid land lease payments	–	996

The following comparative figures have been restated to conform with the current financial year's presentation:-

	THE COMPANY	
	As restated RM'000	As previously reported RM'000
Statements Of Financial Position (Extract):-		
Current Assets		
Amount owing by subsidiaries	10,941	–
Current Liabilities		
Amount owing to subsidiaries	95,135	84,194

Supplementary Information

43. DISCLOSURE OF REALISED AND UNREALISED PROFITS/LOSSES

The breakdown of the retained profits of the Group and of the Company as at the end of the reporting period into realised and unrealised profits/(loss) are presented in accordance with the directive issued by Bursa Malaysia Securities Berhad and prepared 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, as follows:-

	THE GROUP 2010 RM'000	THE COMPANY 2010 RM'000
Total share of retained profits of the Company and its subsidiaries:		
- realised	280,525	101,283
- unrealised	(19,567)	–
	260,958	101,283
Total share of retained profits of associates:		
- realised	19,716	–
- unrealised	(1,635)	–
Total share of accumulated losses of jointly controlled entities:		
- realised	(2,959)	–
- unrealised	(102)	–
	275,979	–
Less: Consolidation adjustments	(41,446)	–
Total Group retained profits at 31 December	234,532	101,283

List of **Properties**
at 31 December 2010

Location	Description Of Property/ Usage	Tenure	Year Of Acquisition/ Revaluation	Land Area Sq. M	Net Carrying Amount (RM'000)	Approximate Age Of Building (Years)
Lot No. 4 Jalan Waja 15, Telok Panglima Garang Industrial Estate, Mukim of Telok Panglima Garang, District of Kuala Langat, Selangor	Industrial land with a 3 storey office block cum factory building	Leasehold for 99 years/ Expiring on 9 September 2103	1998	22,286	8,086	12
Lot No. 3, Jalan Waja 16, Telok Panglima Garang Industrial Estate, Mukim of Telok Panglima Garang, District of Kuala Langat, Selangor	Industrial land with factory building	Leasehold for 99 years/ Expiring on 9 September 2103	2003	24,654	7,039	4
Lot No. 4 Jalan Waja 16, Telok Panglima Garang Industrial Estate, Mukim of Telok Panglima Garang, District of Kuala Langat, Selangor	Industrial land with a 3 storey office block cum factory building	Leasehold for 99 years/ Expiring on 9 September 2103	2006	20,369	8,820	4
H.S. (M) 24440 P.T. No.15690 Mukim and District of Petaling, Selangor	$1\frac{1}{2}$ storey light industrial building	Leasehold for 99 years/ Expiring on 16 August 2094	1998	186	203	14
H.S.(D) 9207 P.T. No.3845 (Lot 8026) and H.S.(D) 9208 P.T. No.3846 (Lot 8027) Mukim of Damansara, District of Petaling, Selangor	1 unit office lot/ Rented out	Freehold	1996	117	350	12

List of Properties (cont'd)

Location	Description Of Property/ Usage	Tenure	Year Of Acquisition/ Revaluation	Land Area Sq. M	Net Carrying Amount (RM'000)	Approximate Age Of Building (Years)
Lot TPA/1, D'25 at Meranti Puchong, Taman Meranti Jaya, Mukim Dengkil Daerah Sepang, Selangor	1 ½ storey semi-detached industrial building (Construction in progress)	Freehold	2010	1,078	1,342	–
No.11D & 13D, 4th Floor, Block 2, Pusat Perniagaan Worldwide, Shah Alam, Selangor	2 units office lot	Leasehold for 99 years/ Expiring on 25 March 2102	2006 & 2007	206	328	14
Lot 1, Block No.9 Suai Land District Miri, Sarawak	Plantation land with estate buildings and oil mill/ Oil palm plantation	Leasehold for 60 years/ Expiring on 1 March 2045	2005	3,720 hectares	50,489	1 to 13
Lot 52, District of Bok Land, Miri, Sarawak	Plantation land with estate buildings and oil mill/Oil palm plantation	Leasehold for 99 years/ Expiring on 27 September 2087	2008	5,936 hectares	62,668	1 to 10
No.1C, 3C & 5C, 3rd Floor, Block 2, Pusat Perniagaan Worldwide, Shah Alam, Selangor	3 units office lot	Leasehold for 99 years/ Expiring on 25 March 2102	2008	360	634	14

Analysis of Shareholdings
as at 22 April 2011

Authorised Share Capital	:	RM100,000,000 of 200,000,000 ordinary shares of RM0-50 each
Issued and Paid-Up Share Capital	:	RM68,781,250-00 comprising of 137,562,500 ordinary shares of RM0-50 each (inclusive 6,578,800 treasury shares)
Class of Shares	:	Ordinary shares of RM0-50 each
Voting Rights	:	Every member of the Company, present in person or by proxy, shall have on a show of hands, one (1) vote or on a poll, one (1) vote for each share held
Number of shareholders	:	1,897

Analysis of Shareholdings

Size of Shareholdings	No. of holders	Percentage (%)	No. of Shares	Percentage (%)
Less than 100	44	2.32	1,161	0.00
100 – 1,000	388	20.45	301,934	0.23
1,001 – 10,000	1,019	53.72	4,662,999	3.56
10,001 – 100,000	331	17.45	10,158,266	7.76
100,001 to less than 5% of issued shares	113	5.96	92,062,240	70.29
5% and above of issued shares	2	0.11	23,797,100	18.17

Substantial Shareholders' Shareholdings

	Direct	
Shareholders	No. of shares	%
Lim Chai Beng	41,575,982[1]	31.74
Lembaga Tabung Haji	12,288,700	9.38

List of Directors' Interest In Ordinary Shares

	Direct		Deemed	
CBIPH	No. of shares	%	No. of shares	%
Lim Chai Beng	41,575,982[1]	31.74	42,000[4]	0.03
Lim Chai Huat	4,729,600[2]	3.61	–	–
Mak Chee Meng	3,542,062	2.70	–	–
Tengku Ardy Esfandiari Bin Tengku A. Hamid Shah	800,000[3]	0.61	–	–
Tan Sri Datuk Dr. Yusof Bin Basiran	–	–	120,000[5]	0.09
Michael Ting Sii Ching	–	–	–	–
Wong Chee Beng	–	–	–	–

Analysis of Shareholdings (cont'd)

Notes

1 ***Held through:***

Held through	No. of shares
HLB Nominees (Tempatan) Sdn Bhd (SIN 9853-2)	*3,288,182*
HLB Nominees (Tempatan) Sdn Bhd (47697-U) (2 accounts)	*9,253,954*
HDM Nominees (Tempatan) Sdn Bhd	*2,643,500*
CIMB Group Nominees (Tempatan) Sdn Bhd (50016 TPSA)	*6,500,000*
RHB Capital Nominees (Tempatan) Sdn Bhd (CED)	*5,233,500*
Citigroup (Tempatan) Sdn Bhd	*2,000,000*
Lim Chai Beng	*12,656,846*
Total	*41,575,982*

2 ***Held through:***

Held through	No. of shares
HLB Nominees (Tempatan) Sdn Bhd	*497,000*
Public Nominees (Tempatan) Sdn Bhd	*230,000*
Lim Chai Huat	*4,002,600*
Total	*4,729,600*

3 ***Held through:***

Held through	No. of shares
Public Nominees (Tempatan) Sdn Bhd	*800,000*

4 ***Indirect interest held pursuant to Section 134(12)(c) of the Companies Act, 1965***

Indirect interest held pursuant to Section 134(12)(c) of the Companies Act, 1965	No. of shares
Daughter - Lim Sim Tong	*2,000*
Son – Lim Zee Yang	*40,000*

5 ***Indirect interest held pursuant to Section 134(12)(c) held by his spouse***

Indirect interest held pursuant to Section 134(12)(c) held by his spouse	No. of shares
Puan Sri Saaudah Binti Zainual Abidin	*120,000*

List of Thirty (30) Largest Registered Shareholders

	Name	No. of shares held	Percentage (%)
1.	Lembaga Tabung Haji	12,288,700	9.38
2.	Lim Chai Beng	11,508,400	8.79
3.	CIMB Group Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Lim Chai Beng (50016 TPSA)*	6,500,000	4.96
4.	HLB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Lim Chai Beng*	5,253,954	4.01
5.	RHB Capital Nominees (Tempatan) Sdn Bhd *Pledge Securities Account For Lim Chai Beng (CEB)*	5,233,500	4.00
6.	HSBC Nominees (Asing) Sdn Bhd *Exempt An For Credit Suisse (SG BR-TST-Asing)*	4,147,600	3.17
7.	HLB Nominees (Tempatan) Sdn Bhd *Pledge Securities Account For Lim Chai Beng*	4,000,000	3.05
8.	Lim Chai Guan	3,932,600	3.00
9.	Lim Chai Huat	3,702,600	2.83
10.	Mak Chee Meng	3,542,062	2.70
11.	HLB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Lim Chai Beng (SIN 9853-2)*	3,288,182	2.51
12.	Citigroup Nominees (Tempatan) Sdn Bhd *Employees Provident Fund Board (PHEIM)*	3,277,900	2.50
13.	HDM Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Lim Chai Beng (M02)*	2,643,500	2.02
14.	Goh Gee Kim	2,537,900	1.94
15.	Tan Yu Hwa	2,048,000	1.56
16.	Citigroup Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Lim Chai Beng (007158456)*	2,000,000	1.53
17.	Lim Ann Lie	1,887,300	1.44
18.	HSBC Nominees (Asing) Sdn Bhd *Pictet And Cie For Pictet Funds (Lux) - Agriculture*	1,785,000	1.36

Analysis of Shareholdings (cont'd)

List of Thirty (30) Largest Registered Shareholders (cont'd)

	Name	No. of shares held	Percentage (%)
19.	Affin Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Ong Lea Ping (ONG1339M)*	1,663,700	1.27
20.	HSBC Nominees (Asing) Sdn Bhd *Exempt An For JPMorgan Chase Bank, National Association (Norges Bk Lend)*	1,454,300	1.11
21.	Lim Chye Ooi	1,448,162	1.11
22.	Public Invest Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Mohamed Nizam Bin Abdul Razak*	1,300,534	0.99
23.	Lim Chai Tiong	1,157,700	0.88
24.	Lim Chai Beng	1,148,446	0.88
25.	HSBC Nominees (Asing) Sdn Bhd *TNTC For Government of Singapore Investment Corporation Pte Ltd*	1,079,900	0.82
26.	HSBC Nominees (Asing) Sdn Bhd *HSBC-FS For Asean Emerging Companies Growth Fund Ltd*	973,900	0.74
27.	Public Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Lim Chye Hong (E-TWU)*	879,500	0.67
28.	Ng Kong Ghee	845,000	0.65
29.	Public Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Tengku Ardy Esfandiari Bin Tengku A. Hamid Shah (E – SJ 2)*	800,000	0.61
30.	HSBC Nominees (Asing) Sdn Bhd *Exempt An For The HongKong And Shanghai Banking Corporation Limited (HBFS-I CLT ACCT)*	781,000	0.60

CB INDUSTRIAL PRODUCT HOLDING BERHAD
(Company No. 428930 -H) • Incorporated in Malaysia

Proxy **Form**

No. of Ordinary Shares Held

*I/We ____

of ____

being a *member/members of **CB INDUSTRIAL PRODUCT HOLDING BERHAD** hereby appoint #THE CHAIRMAN OF THE MEETING or *Mr/Ms ____

of ____

or failing *him/her ____

of ____

as *my/our proxy to vote for *me/us and on *my/our behalf, at the **FOURTEENTH ANNUAL GENERAL MEETING** of the Company to be held at Mutiara Room, The Saujana Hotel, 2KM, Off Jalan Sultan Abdul Aziz Shah Airport Highway, Saujana, 47200 Subang, Selangor Darul Ehsan on Monday, 30 May 2011 at 11.00 a.m. and, at any adjournment thereof.

#If you wish to appoint other person(s) to be your proxy/proxies, kindly delete the words "THE CHAIRMAN OF THE MEETING" and insert the name(s) of the person(s) desired.

Please indicate with an "X" in the space provided, how you wish your vote to be cast in respect of the following resolutions. In the absence of specific directions, your proxy may vote or abstain at his/her discretion. If you appoint two (2) proxies, please specify the proportions of holdings to be represented by each proxy.

My/our proxy/proxies is/are to vote as indicated below:

	ORDINARY RESOLUTIONS	FOR	AGAINST
1	To re-elect Lim Chai Beng as Director		
2	To re-elect Wong Chee Beng as Director		
3	To approve the payment of Non-Executive Directors' fees		
4	To re-appoint Messrs Crowe Horwath as Auditors of the Company and authorise the Directors to fix their remuneration.		
5	To approve the Proposed Renewal of Authority for Purchase of Own Shares by the Company		
6	To approve the Authority to Directors to Allot Shares pursuant to Section 132D of the Companies Act, 1965		

* Delete if not applicable

Dated this ________day of _________________2011

____
Signature/Common Seal of Shareholder

Notes:

A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy may but need not be a member of the Company. A member may appoint any person to be his proxy without limitation. If the proxy is not a member, he need not be an advocate, an approved company auditor or a person approved by the Registrar of Companies.

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. Where a member appoints two (2) proxies, the appointment shall be invalid unless the member specifies the proportions of his shareholdings to be represented by each proxy.

Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said securities account.

If no name is inserted in the space provided for the name of your proxy, the Chairman of the meeting will act as your proxy.

The instrument appointing a proxy must be deposited at the registered office of the Company at Lot 4, Jalan Waja 15, Kawasan Perusahaan Telok Panglima Garang, 42500 Telok Panglima Garang, Selangor Darul Ehsan not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.

If the appointer is a corporation, the instrument appointing a proxy must be executed under its Common Seal or under the hand of its attorney.

Please Fold Along This Line

AFFIX
STAMP
HERE

The Company Secretary
CB Industrial Product Holding Berhad (428930-H)
Lot 4, Jalan Waja 15
Kawasan Perusahaan Telok Panglima Garang
42500 Telok Panglima Garang
Selangor Darul Ehsan

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Annual Report 2010

CB INDUSTRIAL PRODUCT HOLDING BERHAD
(Company No. 428930-H) • Incorporated in Malaysia

CB INDUSTRIAL PRODUCT HOLDING BERHAD
(Company No. 428930-H) • Incorporated in Malaysia

Lot 4, Jalan Waja 15
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42500 Telok Panglima Garang
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West Malaysia.

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