# Financial Statements

# INCOME STATEMENTS
## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

**Amounts in RM'OOO unless otherwise stated**

| | Note | Group | | Company | |
|---|---|---|---|---|---|
| | | **2009** | 2008 | **2009** | 2008 |
| Revenue | 5&6 | **755,567** | 1,036,003 | **155,946** | 506,853 |
| Cost of sales | 7 | **(375,093)** | (473,587) | **(26,690)** | (31,920) |
| Gross profit | | **380,474** | 562,416 | **129,256** | 474,933 |
| Other income | | **24,630** | 28,122 | **11,375** | 19,134 |
| Selling and distribution costs | | **(39,635)** | (43,681) | **(5,020)** | (5,761) |
| Administration expenses | | **(48,244)** | (43,310) | **(24,436)** | (24,168) |
| Other expenses | | **(20,733)** | (23,440) | **(3,195)** | (2,299) |
| | | **296,492** | 480,107 | **107,980** | 461,839 |
| Share of results in a jointly controlled entity | | **(11)** | (36) | **-** | - |
| Share of results in associates | | **5,453** | 2,815 | **-** | - |
| **Profit before taxation** | 5&8 | **301,934** | 482,886 | **107,980** | 461,839 |
| Taxation | 12 | **(63,964)** | (105,659) | **(8,639)** | (16,345) |
| **Profit for the financial year** | | **237,970** | 377,227 | **99,341** | 445,494 |
| Attributable to: | | | | | |
| Equity holders of the Company | | **235,661** | 373,252 | **99,341** | 445,494 |
| Minority interests | | **2,309** | 3,975 | **-** | - |
| | | **237,970** | 377,227 | **99,341** | 445,494 |
| Earnings per share for profit attributable to the equity holders of the Company: | | | | | |
| - basic (sen) | 13 | **31.12** | 49.35 | | |
| - diluted (sen) | 13 | **31.09** | 49.24 | | |
| Gross dividends per share (sen) | 14 | **9.00** | 10.00 | | |

*The notes set out on pages 54 to 104 form part of these financial statements.*

# BALANCE SHEETS
## AS AT 31 DECEMBER 2009

**Amounts in RM'000 unless otherwise stated**

| | Note | Group | | Company | |
|---|---|---|---|---|---|
| | | **2009** | 2008 | **2009** | 2008 |
| **ASSETS** | | | | | |
| **Non-current assets** | | | | | |
| Property, plant and equipment | 15 | **493,227** | 437,031 | **39,287** | 34,993 |
| Land held for property development | 16 | **324,433** | 317,334 | **-** | - |
| Investment properties | 17 | **11,444** | 11,807 | **-** | - |
| Plantation development | 18 | **650,375** | 518,312 | **284,222** | 284,237 |
| Leasehold land use rights | 19 | **323,437** | 270,624 | **160,983** | 162,376 |
| Intangible asset | 20 | **117,183** | 81,118 | **-** | - |
| Subsidiaries | 21 | **-** | - | **331,687** | 306,187 |
| Jointly controlled entity | 22 | **1,909** | 1,940 | **-** | - |
| Associates | 23 | **15,375** | 12,547 | **2,123** | 2,123 |
| Long term investment | 24 | **31,794** | 32,118 | **-** | - |
| Amounts due from subsidiaries | 21 | **-** | - | **1,622,693** | 1,556,038 |
| Deferred tax assets | 25 | **9,258** | 7,856 | **-** | - |
| | | **1,978,435** | 1,690,687 | **2,440,995** | 2,345,954 |
| **Current assets** | | | | | |
| Property development costs | 16 | **44,997** | 53,986 | **-** | - |
| Inventories | 27 | **152,007** | 139,927 | **3,791** | 7,044 |
| Tax recoverable | | **26,961** | 45,257 | **16,236** | 33,494 |
| Trade and other receivables | 28 | **166,206** | 99,719 | **4,561** | 7,231 |
| Amounts due from subsidiaries | 21 | **-** | - | **144,517** | 118,311 |
| Amounts due from other related companies | 29 | **7** | 43 | **-** | - |
| Amount due from a jointly controlled entity | 22 | **105** | 83 | **-** | - |
| Amounts due from associates | 23 | **611** | 632 | **611** | 632 |
| Short term investments | 30 | **264,444** | 303,959 | **245,574** | 283,472 |
| Bank balances and deposits | 31 | **233,807** | 228,534 | **190,606** | 195,061 |
| | | **889,145** | 872,140 | **605,896** | 645,245 |
| **Total assets** | | **2,867,580** | 2,562,827 | **3,046,891** | 2,991,199 |
| **EQUITY AND LIABILITIES** | | | | | |
| **Equity attributable to equity holders of the Company** | | | | | |
| Share capital | 32 | **378,973** | 378,377 | **378,973** | 378,377 |
| Reserves | 33 | **2,169,082** | 1,968,205 | **2,572,376** | 2,521,249 |
| | | **2,548,055** | 2,346,582 | **2,951,349** | 2,899,626 |
| **Minority interests** | | **67,110** | 32,551 | **-** | - |
| **Total equity** | | **2,615,165** | 2,379,133 | **2,951,349** | 2,899,626 |
| **Non-current liabilities** | | | | | |
| Long term borrowings | 36 | **66,102** | 1,225 | **-** | - |
| Other payables | 34 | **16,186** | 15,592 | **-** | - |
| Provision for directors' retirement gratuities | 35 | **2,827** | 2,643 | **1,209** | 1,129 |
| Deferred tax liabilities | 25 | **33,959** | 36,972 | **3,014** | 4,540 |
| | | **119,074** | 56,432 | **4,223** | 5,669 |
| **Current liabilities** | | | | | |
| Trade and other payables | 34 | **126,165** | 103,942 | **10,086** | 9,030 |
| Amount due to ultimate holding company | 29 | **1,958** | 2,924 | **1,958** | 2,924 |
| Amounts due to subsidiaries | 21 | **-** | - | **79,097** | 73,299 |
| Amounts due to other related companies | 29 | **178** | 651 | **178** | 651 |
| Short term borrowings | 36 | **2,030** | 19,017 | **-** | - |
| Taxation | | **3,010** | 728 | **-** | - |
| | | **133,341** | 127,262 | **91,319** | 85,904 |
| **Total liabilities** | | **252,415** | 183,694 | **95,542** | 91,573 |
| **Total equity and liabilities** | | **2,867,580** | 2,562,827 | **3,046,891** | 2,991,199 |
| **NET ASSETS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY (RM)** | | **3.36** | 3.10 | | |

*The notes set out on pages 54 to 104 form part of these financial statements.*

# STATEMENTS OF CHANGES IN EQUITY

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

**Amounts in RM'000 unless otherwise stated**

| | Attributable to equity holders of the Company | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Group** | **Share capital** | **Share premium** | **Re-valuation reserve** | **Reserve on exchange differences** | **Option reserve** | **Treasury shares** | **Retained earnings** | **Total** | **Minority interests** | **Total equity** |
| **Balance at 1 January 2009** | **378,377** | **40,027** | **18,063** | **(9,617)** | **674** | **-** | **1,919,058** | **2,346,582** | **32,551** | **2,379,133** |
| Net income not recognised in income statement - exchange differences | **-** | **-** | **-** | **13,430** | **-** | **-** | **-** | **13,430** | **6,114** | **19,544** |
| Net income recognised directly in equity | **-** | **-** | **-** | **13,430** | **-** | **-** | **-** | **13,430** | **6,114** | **19,544** |
| Profit for the financial year | **-** | **-** | **-** | **-** | **-** | **-** | **235,661** | **235,661** | **2,309** | **237,970** |
| Total recognised income for the financial year | **-** | **-** | **-** | **13,430** | **-** | **-** | **235,661** | **249,091** | **8,423** | **257,514** |
| Genting Plantations Berhad Executive Share Option Scheme | | | | | | | | | | |
| *- Shares issued (see Note 32)* | **596** | **1,531** | **-** | **-** | **-** | **-** | **-** | **2,127** | **-** | **2,127** |
| *- Fair value of employees' services (see Note 9)* | **-** | **529** | **-** | **-** | **(464)** | **-** | **-** | **65** | **-** | **65** |
| Buy-back of shares | **-** | **-** | **-** | **-** | **-** | **(104)** | **-** | **(104)** | **-** | **(104)** |
| Dividends paid to minority shareholders | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **(3,056)** | **(3,056)** |
| Minority interests arising on business combination | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **8,694** | **8,694** |
| Subscription of shares by minority shareholders | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **20,498** | **20,498** |
| **Appropriation:** | | | | | | | | | | |
| - Final dividend paid for financial year ended 31 December 2008 *(5 sen less 25% tax) (see Note 14)* | **-** | **-** | **-** | **-** | **-** | | **(28,397)** | **(28,397)** | **-** | **(28,397)** |
| - Interim dividend paid for financial year ended 31 December 2009 *(3.75 sen less 25% tax) (see Note 14)* | **-** | **-** | **-** | **-** | **-** | | **(21,309)** | **(21,309)** | **-** | **(21,309)** |
| | **-** | **-** | **-** | **-** | **-** | | **(49,706)** | **(49,706)** | **-** | **(49,706)** |
| **Balance at 31 December 2009** | **378,973** | **42,087** | **18,063** | **3,813** | **210** | **(104)** | **2,105,013** | **2,548,055** | **67,110** | **2,615,165** |

*The notes set out on pages 54 to 104 form part of these financial statements.*

# STATEMENTS OF CHANGES IN EQUITY

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009 (CONT'D)

**Amounts in RM'000 unless otherwise stated**

| | Attributable to equity holders of the Company | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **Group** | **Share capital** | **Share premium** | **Re-valuation reserve** | **Reserve on exchange differences** | **Option reserve** | **Retained earnings** | **Total** | **Minority interests** | **Total equity** |
| **Balance at 1 January 2008** | 377,569 | 37,933 | 18,063 | (3,868) | 653 | 1,633,959 | 2,064,309 | 11,549 | 2,075,858 |
| Net loss not recognised in income statement - exchange differences | - | - | - | (5,749) | - | - | (5,749) | - | (5,749) |
| Net expense recognised directly in equity | - | - | - | (5,749) | - | - | (5,749) | - | (5,749) |
| Profit for the financial year | - | - | - | - | - | 373,252 | 373,252 | 3,975 | 377,227 |
| Total recognised income/ (expense) for the financial year | - | - | - | (5,749) | - | 373,252 | 367,503 | 3,975 | 371,478 |
| Genting Plantations Berhad Executive Share Option Scheme | | | | | | | | | |
| *- Shares issued (see Note 32)* | 808 | 1,910 | - | - | - | - | 2,718 | - | 2,718 |
| *- Fair value of employees' services (see Note 9)* | - | 184 | - | - | 21 | - | 205 | - | 205 |
| Dividends paid to minority shareholders | - | - | - | - | - | - | - | (4,963) | (4,963) |
| Minority interests arising on business combination | - | - | - | - | - | - | - | 21,990 | 21,990 |
| Appropriation: | | | | | | | | | |
| - Special dividend paid for financial year ended 31 December 2007 *(6 sen less 26% tax)* | - | - | - | - | - | (33,573) | (33,573) | - | (33,573) |
| - Final dividend paid for financial year ended 31 December 2007 *(4.75 sen less 26% tax)* | - | - | - | - | - | (26,583) | (26,583) | - | (26,583) |
| - Interim dividend paid for financial year ended 31 December 2008 *(5 sen less 26% tax) (see Note 14)* | - | - | - | - | - | (27,997) | (27,997) | - | (27,997) |
| | - | - | - | - | - | (88,153) | (88,153) | - | (88,153) |
| **Balance at 31 December 2008** | 378,377 | 40,027 | 18,063 | (9,617) | 674 | 1,919,058 | 2,346,582 | 32,551 | 2,379,133 |

*The notes set out on pages 54 to 104 form part of these financial statements.*

# STATEMENTS OF CHANGES IN EQUITY
## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009 (CONT'D)

**Amounts in RM'000 unless otherwise stated**

| | | | Non-Distributable | | | Distributable | |
|---|---|---|---|---|---|---|---|
| **Company** | **Share capital** | **Treasury shares** | **Share premium** | **Revaluation reserve** | **Option reserve** | **Retained earnings** | **Total** |
| **Balance at 1 January 2009** | **378,377** | **-** | **40,027** | **104** | **674** | **2,480,444** | **2,899,626** |
| Profit for the financial year | **-** | **-** | **-** | **-** | **-** | **99,341** | **99,341** |
| Total recognised income for the financial year | **-** | **-** | **-** | **-** | **-** | **99,341** | **99,341** |
| Genting Plantations Berhad Executive Share Option Scheme | | | | | | | |
| *- Shares issued (see Note 32)* | **596** | **-** | **1,531** | **-** | **-** | **-** | **2,127** |
| *- Fair value of employees' services* | **-** | **-** | **529** | **-** | **(464)** | **-** | **65** |
| Buy-back of shares *(see Note 33(a))* | **-** | **(104)** | **-** | **-** | **-** | **-** | **(104)** |
| **Appropriation:** | | | | | | | |
| - Final dividend paid for financial year ended 31 December 2008 *(5 sen less 25% tax)* *(see Note 14)* | **-** | **-** | **-** | **-** | **-** | **(28,397)** | **(28,397)** |
| - Interim dividend paid for financial year ended 31 December 2009 *(3.75 sen less 25% tax)* *(see Note 14)* | **-** | **-** | **-** | **-** | **-** | **(21,309)** | **(21,309)** |
| | **-** | **-** | **-** | **-** | **-** | **(49,706)** | **(49,706)** |
| **Balance at 31 December 2009** | **378,973** | **(104)** | **42,087** | **104** | **210** | **2,530,079** | **2,951,349** |

*The notes set out on pages 54 to 104 form part of these financial statements.*

# STATEMENTS OF CHANGES IN EQUITY
## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009 (CONT'D)

**Amounts in RM'000 unless otherwise stated**

| Company | Share capital | Non-Distributable Share premium | Non-Distributable Revaluation reserve | Non-Distributable Option reserve | Distributable Retained earnings | Total |
|---|---|---|---|---|---|---|
| **Balance at 1 January 2008** | 377,569 | 37,933 | 104 | 653 | 2,123,103 | 2,539,362 |
| Profit for the financial year | - | - | - | - | 445,494 | 445,494 |
| Total recognised income for the financial year | - | - | - | - | 445,494 | 445,494 |
| Genting Plantations Berhad Executive Share Option Scheme | | | | | | |
| *- Shares issued (see Note 32)* | 808 | 1,910 | - | - | - | 2,718 |
| *- Fair value of employees' services* | - | 184 | - | 21 | - | 205 |
| Appropriation: | | | | | | |
| - Special dividend paid for financial year ended 31 December 2007 *(6 sen less 26% tax)* | - | - | - | - | (33,573) | (33,573) |
| - Final dividend paid for financial year ended 31 December 2007 *(4.75 sen less 26% tax)* | - | - | - | - | (26,583) | (26,583) |
| - Interim dividend paid for financial year ended 31 December 2008 *(5 sen less 26% tax)* *(see Note 14)* | - | - | - | - | (27,997) | (27,997) |
| | - | - | - | - | (88,153) | (88,153) |
| **Balance at 31 December 2008** | 378,377 | 40,027 | 104 | 674 | 2,480,444 | 2,899,626 |

*The notes set out on pages 54 to 104 form part of these financial statements.*

# CASH FLOW STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

**Amounts in RM'000 unless otherwise stated**

| | Group | | Company | |
|---|---|---|---|---|
| | **2009** | 2008 | **2009** | 2008 |
| **Cash flows from operating activities** | | | | |
| Profit before taxation | **301,934** | 482,886 | **107,980** | 461,839 |
| Adjustments for: | | | | |
| Depreciation of property, plant and equipment | **22,568** | 18,456 | **3,515** | 2,706 |
| Depreciation of investment properties | **387** | 341 | **-** | - |
| Amortisation of leasehold land use rights | **3,490** | 2,630 | **1,393** | 1,404 |
| Amortisation of plantation development | **7** | 7 | **-** | - |
| Property, plant and equipment written off | **1,196** | 585 | **330** | 20 |
| Bad debts written off | **576** | 224 | **48** | - |
| Provision for Directors' retirement gratuities | **184** | 198 | **80** | 87 |
| Allowance for doubtful debts | **414** | 1,031 | **-** | - |
| (Gain)/loss on disposal of property, plant and equipment | **(181)** | (306) | **100** | (53) |
| Share-based payment expenses | **65** | 205 | **31** | 91 |
| Share of results in a jointly controlled entity | **11** | 36 | **-** | - |
| Share of results in associates | **(5,453)** | (2,815) | **-** | - |
| Interest income | **(10,402)** | (19,137) | **(9,126)** | (16,960) |
| Net unrealised exchange (gains)/ losses | **(5,987)** | 1,765 | **-** | - |
| Net surplus arising from compensation in respect of land acquired by the Government | **(2,589)** | (2,505) | **(93)** | (97) |
| Dividend income | **-** | - | **(45,620)** | (351,882) |
| Other non-cash items | **-** | 363 | **-** | 114 |
| | **4,286** | 1,078 | **(49,342)** | (364,570) |
| **Operating profit before changes in working capital** | **306,220** | 483,964 | **58,638** | 97,269 |
| Property development costs | **11,147** | (23,076) | **-** | - |
| Inventories | **(12,080)** | (18,470) | **3,253** | (7,032) |
| Receivables | **(58,765)** | 17,879 | **2,622** | (18) |
| Amounts due from jointly controlled entity | **(33)** | (83) | **-** | - |
| Amounts due from associates | **21** | (476) | **21** | 24 |
| Payables | **6,969** | (18,654) | **(240)** | (101) |
| Amounts due to ultimate holding company | **(966)** | 2,048 | **(966)** | 2,048 |
| Amounts due to other related companies | **(437)** | 771 | **(473)** | 163 |
| Amounts due from subsidiaries | **-** | - | **(21,287)** | (20,611) |
| | **(54,144)** | (40,061) | **(17,070)** | (25,527) |
| **Cash generated from operations** | **252,076** | 443,903 | **41,568** | 71,742 |
| Net tax (paid)/refunded | **(47,801)** | (157,113) | **7,468** | (21,152) |
| **Net cash generated from operating activities** | **204,275** | 286,790 | **49,036** | 50,590 |

*The notes set out on pages 54 to 104 form part of these financial statements.*

# CASH FLOW STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009 (CONT'D)

**Amounts in RM'000 unless otherwise stated**

| | Note | Group 2009 | Group 2008 | Company 2009 | Company 2008 |
|---|---|---|---|---|---|
| **Cash flows from investing activities** | | | | | |
| Proceeds received from Government in respect of acquisition of land | | **3,155** | 3,044 | **254** | 258 |
| Interest received | | **10,402** | 19,137 | **9,126** | 16,960 |
| Dividends received from: | | | | | |
| - subsidiaries | | **-** | - | **42,620** | 349,760 |
| - associates | | **2,625** | 1,571 | **2,625** | 1,571 |
| Proceeds from disposal of property, plant and equipment | | **2,581** | 359 | **177** | 85 |
| Land held for property development | | **(7,319)** | (2,837) | **-** | - |
| Purchase of property, plant and equipment | | **(86,428)** | (68,170) | **(7,320)** | (27,920) |
| Leasehold land use rights | | **(23,518)** | (6,194) | **-** | (163,780) |
| Plantation development | | **(92,787)** | (42,754) | **-** | (283,635) |
| Investment properties | | **(24)** | (66) | **-** | - |
| Intangible assets | | **(36,066)** | (64,163) | **-** | - |
| Acquisition of a subsidiary | (a) | **(6,772)** | (16,960) | **-** | - |
| Investment in subsidiaries | 40(C)(c)(i) | **-** | - | **(25,500)** | (64,000) |
| Investment in jointly controlled entity | | **-** | (78) | **-** | - |
| Investment in associates | | **-** | (10) | **-** | - |
| (Advances to)/repayment from subsidiaries | | **-** | - | **(65,688)** | 248,015 |
| **Net cash (used in)/generated from investing activities** | | **(234,151)** | (177,121) | **(43,706)** | 77,314 |
| **Cash flows from financing activities** | | | | | |
| Proceeds from issue of shares *(see Note 32)* | | **2,127** | 2,718 | **2,127** | 2,718 |
| Proceeds from bank borrowings | | **47,654** | 18,328 | **-** | - |
| Repayment of borrowings | | **(1,584)** | - | **-** | - |
| Dividends paid | | **(49,706)** | (88,153) | **(49,706)** | (88,153) |
| Dividends paid to minority shareholders | | **(3,056)** | (4,963) | **-** | - |
| Buy-back of shares | | **(104)** | - | **(104)** | - |
| **Net cash used in financing activities** | | **(4,669)** | (72,070) | **(47,683)** | (85,435) |
| **Net (decrease)/increase in cash and cash equivalents** | | **(34,545)** | 37,599 | **(42,353)** | 42,469 |
| **Cash and cash equivalents at beginning of the financial year** | | **532,493** | 495,094 | **478,533** | 436,064 |
| **Effects of currency translation** | | **303** | (200) | **-** | - |
| **Cash and cash equivalents at end of the financial year** | (b) | **498,251** | 532,493 | **436,180** | 478,533 |

*The notes set out on pages 54 to 104 form part of these financial statements.*

# CASH FLOW STATEMENTS
## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009 (CONT'D)

**Amounts in RM'000 unless otherwise stated**

**Notes**

**(a) Analysis of the acquisition of a subsidiary**

**(i) 2009**

Details of the assets, liabilities and net cash outflow arising from the acquisition of a subsidiary as disclosed in Note 40 (C) (a) (i) are as follows :-

| | Group | |
|---|---|---|
| | **Book Value** | **Fair Value** |
| *Fair values of net assets acquired and net cash outflow on acquisition of a subsidiary are analysed as follows:* | | |
| Leasehold land use rights *(see Note 19)* | **(9,626)** | **(17,241)** |
| Property, plant and equipment *(see Note 15)* | **(254)** | **(254)** |
| Other receivables | **(39)** | **(39)** |
| Cash and bank balances | **(310)** | **(310)** |
| Other payables | **1,319** | **1,319** |
| Minority interests | **8,694** | **8,694** |
| Identifiable net assets acquired | **(216)** | **(7,831)** |
| Less : Other direct costs payable related to the acquisition | | **749** |
| Cost of acquisition paid* | | **(7,082)** |
| Less : Cash and bank balances of a subsidiary acquired | | **310** |
| Net cash outflow on acquisition of a subsidiary | | **(6,772)** |
| * Analysed as follows:- | | |
| Purchase consideration settled in cash for subscribing of shares | | **(216)** |
| Other direct costs related to the acquisition settled in cash | | **(6,866)** |
| | | **(7,082)** |

The Group has completed its purchase price allocation exercise on the acquisition of the above subsidiary and has accounted for the fair value adjustments on 19 March 2009 accordingly.

The revenue and net loss of the acquired subsidiary included in the consolidated income statement of the Group for the period from 19 March 2009 to 31 December 2009 amounted to nil and RM96,000 respectively. Had the acquisition taken effect on 1 January 2009, the revenue and net loss of the acquired subsidiary included in the consolidated income statement of the Group would be nil and RM96,000 respectively. These amounts have been calculated using the Group's accounting policies.

# CASH FLOW STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009 (CONT'D)

**Amounts in RM'000 unless otherwise stated**

**(a) Analysis of the acquisition of a subsidiary (Cont'd)**

**(ii) 2008**

On 3 October 2008, Mediglove Sdn Bhd's ("Mediglove") proposed joint venture for the purpose of acquiring and developing approximately 45,000 hectares of oil palm plantation in Kabupaten Kapuas, Provinsi Kalimantan Tengah, the Republic of Indonesia ("the Kapuas JV") has been completed. Mediglove has acquired 60% equity interest in AsianIndo Holdings Pte Ltd ("AIH") and arising therefrom, the wholly-owned subsidiaries of AIH, namely, Asian Palm Oil Pte Ltd *(formerly known as GaiaAgri Pte Ltd)*, AsianIndo Palm Oil Pte Ltd and KARA Palm Oil Pte Ltd *(collectively known as "SPV cos")*, all incorporated in Singapore, have become indirect subsidiaries of the Company.

Each of the SPV cos holds 95% equity interest in each of the following Indonesian subsidiaries:-

| **SPV cos** | **Indonesian subsidiaries** |
|---|---|
| 1. Asian Palm Oil Pte Ltd<br>*(formerly known as GaiaAgri Pte Ltd)* | PT Dwie Warna Karya |
| 2. AsianIndo Palm Oil Pte Ltd | PT Susantri Permai |
| 3. KARA Palm Oil Pte Ltd | PT Kapuas Maju Jaya |

The inclusion of AIH Group as indirect subsidiaries of the Company does not have any material effect on the Group's profit for the financial year ended 31 December 2008.

Details of the assets, liabilities and net cash outflow arising from the acquisition of the above subsidiaries were as follows:

| | **Group** | |
|---|---|---|
| | **Book Value** | **Fair Value** |
| *Net assets acquired at the date of acquisition:* | | |
| Property, plant and equipment *(see Note 15)* | **(4,993)** | **(4,993)** |
| Plantation development *(see Note 18)* | **(8,359)** | **(8,359)** |
| Leasehold land use rights *(see Note 19)* | **(782)** | **(23,574)** |
| Trade and other receivables | **(4,154)** | **(4,154)** |
| Inventories | **(1,957)** | **(1,957)** |
| Deferred taxation | **(2)** | **(2)** |
| Bank balances and deposits | **(14,176)** | **(14,176)** |
| Trade and other payables | **2,489** | **2,489** |
| Borrowings | **1,600** | **1,600** |
| Minority interests | **12,189** | **21,990** |
| Net assets/Total purchase consideration discharged by cash | **(18,145)** | **(31,136)** |
| Less : Bank balances and deposits of subsidiaries acquired | | **14,176** |
| Net cash outflow on acquisition of subsidiaries | | **(16,960)** |

The Group has completed its purchase price allocation exercise on the acquisition of the above subsidiaries and has accounted for the fair value adjustments on 3 October 2008 accordingly.

The revenue and net loss of the acquired subsidiaries included in the consolidated income statement of the Group for the period from 3 October 2008 to 31 December 2008 amounted to nil and RM1.8 million respectively. Had the acquisition taken effect on 1 January 2008, the revenue and net loss of the acquired subsidiaries included in the consolidated income statement of the Group would have been nil and RM3.6 million respectively. These amounts have been calculated using the Group's accounting policies.

# CASH FLOW STATEMENTS
## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009 (CONT'D)

**(b) Analysis of cash and cash equivalents**

| | Group | | Company | |
|---|---|---|---|---|
| | **2009** | 2008 | **2009** | 2008 |
| Short term investments *(see Note 30)* | **264,444** | 303,959 | **245,574** | 283,472 |
| Bank balances and deposits *(see Note 31)* | **233,807** | 228,534 | **190,606** | 195,061 |
| | **498,251** | 532,493 | **436,180** | 478,533 |

Included in the above bank balances and deposits for the Group is an amount of RM10.0 million *(2008 : RM8.2 million)* deposited by a subsidiary involved in property development activities into various Housing Development Accounts in accordance with Section 7(A) of the Housing Developers (Control and Licensing) Act, 1966. This amount is available for use by the said subsidiary for the payment of property development expenditure.

# NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2009

**Amounts in RM'000 unless otherwise stated**

## 1. PRINCIPAL ACTIVITIES

The principal activities of the Company are plantation, investment holding and provision of management services to its subsidiaries.

The principal activities of the subsidiaries include plantation, property development and genomics research and development.

Details of the principal activities of the subsidiaries and associates are set out in Note 42 to the financial statements.

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

## 2. BASIS OF PREPARATION

The financial statements of the Group and the Company have been prepared in accordance with and comply with Financial Reporting Standards ("FRS"), the Malaysian Accounting Standards Board ("MASB") Approved Accounting Standards in Malaysia for Entities Other Than Private Entities and the provisions of the Companies Act, 1965. The bases of measurement applied to assets and liabilities include cost, amortised cost, lower of cost and net realisable value, revalued amount and fair value.

The preparation of financial statements in conformity with FRS and the provisions of the Companies Act, 1965 requires the Directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported financial year. It also requires Directors to exercise their judgment in the process of applying the Company's accounting policies. Although these judgments and estimates are based on Directors' best knowledge of current events and actions, actual results could differ from those estimates.

**Judgments and estimations**

In the process of applying the Group's accounting policies, management makes judgments that can significantly affect the amount recognised in the financial statements. These judgments include:

**a) Intangible assets**

The Group recognises costs incurred on development projects as intangible assets to the extent that the capitalisation criteria in FRS138 - Intangible Assets are met. The Group uses its judgment in determining whether the milestones payments for research and development expertise and capacity in genomics meet the capitalisation criteria so as to enable the amount to be capitalised. The future commercial viability of these intangible assets is assessed by using discounted cash flow valuation technique, which requires the Group to use estimates and assumptions concerning the future.

**b) Provision for taxation**

The Group is subject to income taxes in numerous jurisdictions in which the Group operates. Significant judgment is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for tax based on estimates of assessment of the tax liability due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions, where applicable, in the period in which such determination is made.

**c) Deferred tax assets**

Deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. This involves judgment regarding the future financial performance of the particular entity in which the deferred tax asset has been recognised.

**Adoption of new Financial Reporting Standards**

**Standards, amendments to published standards and interpretations to existing standards that are applicable and effective**

There are no new accounting standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and the Company for the financial year ended 31 December 2009.

Accounting policies adopted by the Group and the Company have been applied consistently in dealing with items that are considered material in relation to the financial statements, unless otherwise stated.

## 2. BASIS OF PREPARATION (Cont'd)

**Adoption of new Financial Reporting Standards (Cont'd)**

**Standards, amendments to published standards and interpretations to existing standards that are not yet effective and have not been early adopted**

The new standards, amendments and IC Interpretations that are applicable to the Group and the Company, but which the Group and the Company have not early adopted, are as follows:

- Revised FRS 3 "Business Combinations" (effective prospectively for annual period beginning on or after 1 July 2010). The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed. The Group will apply this revised standard prospectively for its financial year beginning 1 January 2011.

- FRS 8 "Operating Segments" (effective for annual period beginning on or after 1 July 2009). FRS 8 replaces FRS $114_{2004}$ Segment Reporting. The new standard requires a 'management approach', under which segment information is reported in a manner that is consistent with the internal reporting provided to the chief operating decision-maker. Prior year comparatives must be restated. The Group will apply this standard from its financial year beginning 1 January 2010. It is envisaged that more details will be available and reported in a manner that is more consistent with the internal management reporting.

- Revised FRS 101 "Presentation of Financial Statements" (effective from 1 January 2010). The revised standard prohibits the presentation of items of income and expenses (that is, "non-owner changes in equity") in the statement of changes in equity, requiring "non-owner changes in equity" to be presented separately from owner changes in equity. All non-owner changes in equity is required to be shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). Where entities restate or reclassify comparative information, they will be required to present a restated balance sheet as at the beginning of the comparative period in addition to the current requirement to present balance sheets at the end of the current period and comparative period. The Group will apply the revised FRS 101 from 1 January 2010.

- FRS 123 "Borrowing Costs" (effective from 1 January 2010). The revised standard replaces FRS $123_{2004}$ and requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing cost is removed. The Group will apply the revised FRS 123 prospectively. There is no impact to the Group as the Group is currently capitalising its borrowing costs on qualifying assets.

- Amendments to FRS 1 "First Time Adoption of Financial Reporting Standards" and FRS 127 "Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate" (effective from 1 January 2010). The amendments allow first-time adopters to use a deemed cost of either fair value or the carrying amount under previous accounting practice to measure the initial cost of investments in subsidiaries, jointly controlled entities and associates in the separate financial statements. The amendments also remove the definition of the cost method from FRS 127 and require investors to present dividends as income in the separate financial statements.

- Amendments to FRS 2 "Share-based Payment – Vesting Conditions and Cancellations " (effective from 1 January 2010). The amendments deal with vesting conditions and cancellations. It clarifies that vesting conditions are service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions. These features would need to be included in the grant date fair value for transactions with employees and others providing similar services; they would not impact the number of awards expected to vest or valuation thereof subsequent to grant date. All cancellations, whether by the entity or by other parties, should receive the same accounting treatment.

## 2. BASIS OF PREPARATION (Cont'd)

**Adoption of new Financial Reporting Standards (Cont'd)**

**Standards, amendments to published standards and interpretations to existing standards that are not yet effective and have not been early adopted (Cont'd)**

- Revised FRS 127 "Consolidated and Separate Financial Statements" (effective prospectively from 1 July 2010). The revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss. The Group will apply this revised standard prospectively from 1 January 2011.

- Amendments to FRS 132 "Financial Instruments: Presentation" and FRS 101 (as revised in 2009) "Presentation of Financial Statements - Puttable Financial Instruments and Obligations Arising on Liquidation" (effective from 1 January 2010). The amendments require entities to classify puttable financial instruments and instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation as equity, if they have particular features and meet specific conditions.

- IC Interpretation 10 "Interim Financial Reporting and Impairment" (effective from 1 January 2010). IC Interpretation 10 prohibits the impairment losses recognised in an interim period on goodwill and investments in equity instruments and in financial assets carried at cost to be reversed at a subsequent balance sheet date.

- IC Interpretation 11 "FRS 2 - Group and Treasury Share Transactions" (effective from 1 January 2010). IC Interpretation 11 provides guidance on whether share-based transactions involving treasury shares or involving group entities should be accounted for as equity-settled or cash-settled share-based payment transactions in the stand-alone accounts of the parent and group companies.

- IC Interpretation 13 "Customer Loyalty Programmes" (effective from 1 January 2010). IC Interpretation 13 clarifies that where goods or services are sold together with a customer loyalty incentive, the arrangement is a multiple-element arrangement and the consideration receivable from the customer is allocated between the components of the arrangement using fair values.

- IC Interpretation 14 "FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction" (effective from 1 January 2010). IC Interpretation 14 provides guidance on assessing the limit in FRS 119 on the amount of the surplus that can be recognised as an asset.

- IC Interpretation 15 "Agreements for construction of real estates" (effective from 1 July 2010). IC Interpretation 15 clarifies whether FRS 118 "Revenue" or FRS 111 "Construction Contracts" should be applied to particular transactions. It is likely to result in FRS 118 being applied to a wider range of transactions.

- IC Interpretation 17 "Distribution of Non-cash Assets to Owners" (effective from 1 July 2010). IC Interpretation 17 provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. FRS 5 has also been amended to require that assets are classified as held for distribution only when they are available for distribution in their present condition and the distribution is highly probable.

The above new standards, amendments and IC Interpretations other than IC Interpretation 15 are not expected to have any material impact on the Group's and Company's financial statements. IC Interpretation 15 will result in a change in accounting policy for revenue recognition for property development activities of the Group from percentage of completion method to completion method where revenue can only be recognised when the Group has transferred control and the significant risks and rewards of ownership of the completed properties to the buyer. The Group will re-examine and, where applicable, retrospectively restate the revenue recognition for agreements that are in progress as at 1 January 2011 upon adoption of IC Interpretation 15.

## 2. BASIS OF PREPARATION (Cont'd)

**Adoption of new Financial Reporting Standards (Cont'd)**

**Standards, amendments to published standards and interpretations to existing standards that are not yet effective and have not been early adopted (Cont'd)**

The following standards will be effective for annual period beginning on or after 1 January 2010. The Group has applied the transitional provision in the respective standards which exempts entities from disclosing the possible impact arising from the initial application of the standard on the financial statements of the Group and Company.

- FRS 139 "Financial Instruments: Recognition and Measurement". The standard establishes the principles for recognition and measurement of financial assets, financial liabilities and some contracts to buy and sell non-financial items. Hedge accounting is permitted under strict circumstances. The amendments to FRS 139 provide further guidance on eligible hedged items. The amendment provides guidance for two situations. On the designation of a one-sided risk in a hedged item, the amendment concludes that a purchased option designated in its entirety as the hedging instrument of a one-sided risk will not be perfectly effective. The designation of inflation as a hedged risk or portion is not permitted unless in particular situations. The improvement to FRS 139 clarifies that the scope exemption in FRS 139 only applies to forward contracts but not options for business combinations that are firmly committed to being completed within a reasonable timeframe.

- FRS 7 "Financial Instruments: Disclosures". The standard provides information to users of financial statements about an entity's exposure to risks and how the entity manages those risks. The improvement FRS 7 clarifies that entities must not present total interest income and expense as a net amount within finance costs on the face of the income statement.

- IC Interpretation 9 "Reassessment of Embedded Derivatives". IC Interpretation 9 requires an entity to assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative when the entity first becomes a party to the contract. Subsequent reassessment is prohibited unless there is a change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract, in which case reassessment is required.

**The following amendments are part of the MASB's improvements project that are relevant and effective for annual periods beginning on or after 1 January 2010**

- FRS 5 "Non-Current Assets Held for Sale and Discontinued Operations" clarifies the disclosures required when accounting for non-current assets (or disposal groups) that are classified as held for sale and discontinued operations.

- FRS 8 "Operating Segments" clarifies that entities will only need to disclose information about segment assets if that information is regularly reviewed by the chief operating decision maker.

- FRS 101 "Presentation of Financial Statements" (as revised in 2009) widens the scope of the standard to allow current/non-current classification of a derivative and clarifies how to classify the liability component of a convertible instrument.

- FRS 107 "Statement of Cash Flows" clarifies that only expenditure resulting in a recognised asset can be categorised as a cash flow from investing activities.

- FRS 108 "Accounting Policies, Changes in Accounting Estimates and Errors" clarifies the use of implementation guidance in the standard.

- FRS 110 "Events after the Reporting Period" confirms that dividends are liabilities when the company is obliged to pay.

- FRS 116 "Property, Plant and Equipment" clarifies how certain entities present the sale of assets held for rental.

- FRS 117 "Leases" requires entities with existing leases of land and buildings (combined) to reassess the classification of land as a finance or operating lease.

- FRS 118 "Revenue" replaces the term 'direct costs' with 'transaction costs' and clarifies the distinction between when an entity is acting as a 'principal' and an 'agent'.

- FRS 119 "Employee Benefits" clarifies the terms 'curtailments' and 'negative past service cost', changes the definition of 'return on plan assets' and replacement of term 'fall due'.

## 2. BASIS OF PREPARATION (Cont'd)

**Adoption of new Financial Reporting Standards (Cont'd)**

**The following amendments are part of the MASB's improvements project that are relevant and effective for annual periods beginning on or after 1 January 2010 (Cont'd)**

- FRS 120 "Accounting for Government Grants and Disclosures of Government Assistance" clarifies the accounting for government loans with a below-market rate of interest.

- FRS 123 "Borrowing Costs" changes the definition of borrowing costs.

- FRS 127 "Consolidated and Separate Financial Statements" clarifies the accounting for an investment in a subsidiary held for sale.

- FRS 128 "Investments in Associates", FRS 7 "Financial Instruments: Disclosure", FRS 132 "Financial Instruments: Disclosure and Presentation", FRS 131 "Interests in Joint Ventures" clarify the accounting for an impairment on an investment in associate and only certain disclosures are required when investments in associates or interests in jointly controlled entities are accounted for at fair value through profit or loss.

- FRS 134 "Interim Financial Reporting" clarifies the presentation of earnings per share information.

- FRS 136 "Impairment of Assets" clarifies the disclosures of estimates used to determine recoverable amount and that entities must assess their goodwill impairment within cash-generating units at or below the operating segment level.

- FRS 138 "Intangible Assets" clarifies:
  - the term 'as incurred' in relation to capitalised advertising and promotional costs;
  - that the unit of production method of amortisation is allowed;
  - that if two intangible assets which cannot be separated are acquired in a business combination, the entity should recognise them as one asset and measure them using a combined fair value; and
  - on how to determine the fair value of intangible assets acquired in a business combination.

- FRS 140 "Investment Property" clarifies the accounting for investment property held under lease and changes the accounting for property not yet used as investment property.

The above amendments are not expected to have any material impact on the Group's and Company's financial statements.

**The following amendments are part of the MASB's improvements project that are relevant and effective for annual periods beginning on or after 1 July 2010**

- FRS 2 "Share-based Payment" clarifies that the following transactions are outside the scope of FRS 2 and revised FRS 3:
  - contributions by a business on the formation of joint venture; and
  - common control transactions.

- FRS 5 "Non-current Asset Held for Sale and Discontinued Operations" clarifies how the assets and liabilities of a subsidiary are classified in the event of a plan to sell the controlling interest in a subsidiary.

- FRS 138 "Intangible Assets" clarifies that a group of complementary intangible assets acquired in a business combination is recognised as a single asset if the individual asset has similar useful lives.

- IC Interpretation 9 "Reassessment of Embedded Derivatives" clarifies which standard (revised FRS 3 or FRS 139) applies to contracts with embedded derivatives.

- IC Interpretation 16 "Hedges of a Net Investment in a Foreign Operation" clarifies that hedging instruments may be held anywhere within a group of entities.

The above amendments are not expected to have any material impact on the Group's and Company's financial statements.

## 3. SIGNIFICANT ACCOUNTING POLICIES

**Basis of Consolidation**

Investments in subsidiaries are eliminated on consolidation while investments in jointly controlled entities and associates are accounted for by the equity method of accounting.

## 3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

**Basis of Consolidation (Cont'd)**

***a) Subsidiaries***

The consolidated financial statements include the audited financial statements of the Company and all its subsidiaries made up to the end of the financial year. Subsidiaries are those companies in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from their activities.

Subsidiaries are consolidated from the date on which effective control is transferred to the Group and are no longer consolidated from the date that control ceases. Subsidiaries are consolidated using the purchase method of accounting whereby the results of subsidiaries acquired or disposed of during the financial year are included from the date of acquisition up to the date when control ceases. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the Group's share of the fair value of the identifiable net assets of the subsidiary acquired at the date of acquisition is reflected as goodwill. See accounting policy note on treatment of goodwill.

Negative goodwill represents the excess of the fair value of the Group's share of the net assets acquired over the cost of acquisition and prior to 1 January 2006, the negative goodwill is credited to retained earnings in the year of acquisition. Negative goodwill arising from new acquisition, on or after 1 January 2006, is recognised directly in the income statement.

All material intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, accounting policies for subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

The gain or loss on disposal of a subsidiary is the difference between net disposal proceeds and the Group's share of its net assets together with any balance of goodwill on acquisition and exchange differences which were not previously recognised in the consolidated income statement.

Minority interests are measured at the minorities' share of the 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 net assets since that date.

***b) Jointly Controlled Entities***

Jointly controlled entities are corporations, partnerships or other entities over which there is contractually agreed sharing of control by the Group with one or more parties.

The Group's interests in jointly controlled entities are accounted for in the consolidated financial statements by the equity method of accounting. Equity accounting involves recognising the Group's share of the post acquisition results of jointly controlled entities in the income statement and its share of post acquisition movements within reserves in reserves. The cumulative post acquisition movements are adjusted against the cost of the investment and includes goodwill on acquisition less impairment losses, where applicable. See accounting policy note on impairment of assets.

The Group recognises the portion of gains or losses on the sale of assets by the Group to the joint venture that is attributable to the other parties in the ventures. The Group does not recognise its share of profits or losses from the joint venture until it resells the assets to an independent party. However, if a loss on the transaction provides evidence of a reduction in the net realisable value of current assets or an impairment loss, the loss is recognised immediately.

Where necessary, in applying the equity method, adjustments have been made to the financial statements of jointly controlled entities to ensure consistency of accounting policies with those of the Group.

***c) Associates***

Associates are companies in which the Group exercises significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the associates but not control over those policies.

## 3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

**Basis of Consolidation (Cont'd)**

***c) Associates (Cont'd)***

Investments in associates are accounted for by the equity method of accounting and are initially recognised at cost. Equity accounting involves recognising in the income statement the Group's share of the associates' results for the financial year. The Group's interest in associates is stated at cost net of goodwill written off, for acquisitions prior to 1 January 2004, plus adjustments to reflect changes in the Group's share of the net assets of the associates. Equity accounting is discontinued when the carrying amount of the investment in an associate reaches zero, unless the Group has incurred obligations or made payments on behalf of the associate.

The Group's investments in associates include goodwill (net of any accumulated impairment loss) identified on acquisition.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the assets transferred.

Where necessary, in applying the equity method, adjustments have been made to the financial statements of associates to ensure consistency of accounting policies with those of the Group.

**Property, Plant and Equipment**

Property, plant and equipment are tangible items that:

i) are held for use in the production or supply of goods or services, or for administrative purposes; and

ii) are expected to be used during more than one period.

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses except for certain properties which were revalued before 1998. In accordance with the transitional provision allowed by MASB upon first adoption of IAS 16, Property, Plant and Equipment, the valuation of these assets have not been updated, and they continue to be stated at their existing carrying amounts less accumulated depreciation, amortisation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the period that they are incurred.

Freehold land and property, plant and equipment which are under construction are not depreciated. Depreciation on assets under construction commences when the assets are ready for their intended use. The Group depreciates other assets based on their consumption pattern and is applied separately to each significant component.

The depreciable amount of an item of property, plant and equipment is determined as the difference between the cost less its residual value. The residual value is the estimated amount that the Group expects to obtain from disposal of the asset, after deducting the estimated cost to disposal, if the asset was already of the age and in the condition expected at the end of its useful life.

Depreciation on other assets is calculated using the straight-line method to allocate their costs or revalued amounts to their residual values over their estimated useful lives, as follows:

| | **Years** |
|---|---|
| Land improvements | 25 |
| Buildings and improvements | 10 - 50 |
| Plant and machinery | 4 - 10 |
| Motor vehicles | 5 - 8 |
| Furniture, fittings and equipment | 3 - 10 |

The assets' residual values and useful lives are reviewed annually and revised, if appropriate.

Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount. See accounting policy note on impairment of assets.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts and are included in the income statement. On disposal of revalued assets, amounts in the revaluation reserve relating to those assets are transferred to retained earnings.

## 3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

**Investment Properties**

Investment properties consist of investments in land and buildings that are held for long-term rental yield and/or capital appreciation and are not occupied by the Group.

Investment in freehold land is stated at cost less accumulated impairment losses. Other investment properties are stated at cost, less accumulated depreciation and impairment losses. Depreciation for other investment properties is calculated using the straight-line method to allocate their cost over their estimated useful lives, as follows:

| | Years |
|---|---|
| Buildings and improvements | 5 - 50 |

Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount. See accounting policy note on impairment of assets.

Gains and losses on disposal are determined by comparing net disposal proceeds with carrying amount and are included in the income statement.

**Plantation Development**

Plantation development comprises cost of planting and development on oil palm and other plantation crops.

Costs of new planting and development of plantation crops are capitalised from the stage of land clearing up to the stage of maturity. The cost of new planting capitalised is not amortised. However, where the cost of new planting is incurred on leasehold land which has unexpired period shorter than the crop's economic life, the cost is amortised over the remaining period of the lease on a straight line basis.

Replanting expenditure is charged to the income statement in the financial year in which the expenditure is incurred.

**Leasehold Land Use Rights**

Leasehold land that normally has a finite economic life and title is not expected to pass to the lessee by the end of the lease term is treated as an operating lease. The payment made on entering into or acquiring a leasehold land is accounted as leasehold land use rights (referred to as prepaid lease payments in FRS 117, Leases) that are amortised over the remaining lease period ranging from 13 to 881 years in accordance with the pattern of benefits provided.

**Property Development Activities**

***a) Land Held for Property Development***

Land held for property development consists of land on which no significant development work has been undertaken or where development activities are not expected to be completed within the normal operating cycle. Such land is classified as non-current asset and is stated at cost less accumulated impairment losses, if any.

Cost comprises cost of land and all related costs incurred on activities necessary to prepare the land for its intended use. Where the Group had previously recorded the land at revalued amounts, it continues to retain these amounts as its surrogate cost as allowed by FRS $201_{2004}$, Property Development Activities. Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount. See accounting policy note on impairment of assets.

Land held for property development is transferred to property development costs and included under current assets when development activities have commenced and where the development activities can be completed within normal operating cycle of 2 to 3 years.

***b) Property Development Costs and Revenue Recognition***

Property development costs comprise costs associated with the acquisition of land and all costs directly attributable to development activities or costs that can be allocated on a reasonable basis to these activities.

When the outcome of the development activity can be estimated reliably, property development revenue and expenses are recognised by using the percentage of completion method in respect of sales where agreements have been finalised. Under this method, profits are recognised as the property development activity progresses. The stage of completion is determined based on proportion of property development costs incurred for work performed up to the balance sheet date over the estimated total property development cost to completion.

## 3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

**Property Development Activities (Cont'd)**

***b) Property Development Costs and Revenue Recognition (Cont'd)***

When the outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that is probable of recovery and property development costs on the development units sold are recognised as an expense when incurred. Foreseeable losses, if any, arising when it is probable that total property development costs (including expected defect liability expenditure) will exceed total property development revenue are recognised immediately in the income statement.

Property development costs not recognised as an expense is recognised as an asset and is stated at the lower of cost and net realisable value. Upon completion of development, the unsold completed development properties are transferred to inventories.

Where revenue recognised in the income statement exceed billings to purchasers, the balance is shown as accrued billings under trade and other receivables (within current assets). Where billings to purchasers exceed revenue recognised in the income statement, the balance is shown as progress billings under trade and other payables (within current liabilities).

**Investments**

Investments in non-current investments other than investments in subsidiaries, jointly controlled entities and associates are stated at cost and an allowance for diminution in value is made where, in the opinion of the Directors, there is a decline other than temporary in the value of such investments. Such a decline is recognised as an expense in the financial year in which it is identified.

Investments in subsidiaries, jointly controlled entities and associates are shown at cost. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy note on impairment of assets.

On disposal of an investment, the difference between the net disposal proceeds and its carrying amount is charged/credited to the income statement.

Money market instruments are stated at the lower of cost and net realisable value.

**Intangible Assets**

**a) Goodwill**

Goodwill represents the excess of the cost of acquisition over the Group's share of the fair values of the identifiable net assets of the subsidiaries at the date of acquisition. Goodwill is stated at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. See accounting policy note on impairment of assets.

Goodwill on acquisition of jointly controlled entity and associates occurring on or after 1 January 1995 is included in investments in jointly controlled entity and associates respectively. Such goodwill is tested for impairment as part of the overall balance.

**b) Research and Development Expenditure**

Research expenditure is recognised as an expense when incurred.

Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when the following criteria are fulfilled:

(a) it is technically feasible to complete the intangible asset so that it will be available for use or sale;
(b) management intends to complete the intangible asset and use or sell it;
(c) there is an ability to use or sell the intangible asset;
(d) it can be demonstrated that the intangible asset will generate probable future economic benefits;
(e) adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and
(f) the expenditure attributable to the intangible asset during its development can be reliably measured.

## 3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

**Intangible Assets (Cont'd)**

**b) Research and Development Expenditure (Cont'd)**

Collaborations and alliances are maintained with third parties for provision of research and development expertise and capacity in genomics for the achievement of performance milestones. Milestones payments are capitalised to the extent that the capitalisation criteria in FRS 138 – Intangible Assets are met. Judgment is involved in determining whether the amount paid meets the performance milestones so as to enable the amount to be capitalised as intangible assets.

Other development expenditure that do not meet these criteria are recognised as an expense when incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use or sale, on a straight-line basis over useful life, not exceeding twenty years.

Intangible assets are tested for impairment annually, in accordance with FRS 136. See accounting policy note on impairment of assets.

**Inventories**

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

Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and an appropriate proportion of production overheads *(based on normal operating capacity)*. The cost of unsold properties comprises cost associated with the acquisition of land, direct costs and an appropriate proportion of allocated costs attributable to property development activities.

Net realisable value is the estimated selling price in the ordinary course of business, less the costs to completion and selling expenses.

**Non-Current Assets Classified as Assets Held for Sale**

Non-current assets are classified as assets held for sale and stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than a continuing use.

**Receivables**

Receivables are carried at estimated realisable values. In estimating the realisable value, an allowance is made for doubtful receivables based on a review of all outstanding amounts at the financial year end. Bad debts are written off to the income statement during the financial year in which they are identified.

Advances for plasma plantation projects represent the accumulated plantation development cost, including borrowing costs and indirect overheads, which are either recoverable from plasma farmers or recoverable through the assignment to plasma farmers of the loans proceeds obtained for the projects. These advances are recoverable when the plasma plantation is completed and ready to be transferred to the plasma farmer. Allowance for losses on recovery is made when the estimated amount to recover is less than the outstanding advances.

**Cash and Cash Equivalents**

Cash and cash equivalents include cash and bank balances, deposits and other short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Money market instruments are included within short term investments in current assets in the balance sheet.

**Share Capital**

Ordinary shares are classified as equity when there is no contractual obligation to deliver cash or other financial assets to another entity or to exchange financial assets or liabilities with another entity that are potentially unfavourable to the issuer.

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

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

**Borrowings**

Borrowings are recognised initially based on the proceeds received, net of transaction costs incurred.

Costs incurred on borrowings to finance qualifying assets are capitalised until the assets are ready for their intended use after which such expenses are charged to the income statement. All other borrowing costs are charged to the income statement.

## 3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

**Borrowings (Cont'd)**

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

**Finance Leases – Accounting by Lessee**

Leases of property, plant and equipment where the Group assumes substantially all the benefits and risks of ownership are classified as finance leases.

Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant periodic rate of interest on the balance outstanding. The corresponding rental obligations, net of finance charges, are included in borrowings. The interest element of the finance charge incurred on qualifying assets are capitalised until the assets are ready for their intended use after which such expense is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Property, plant and equipment acquired under finance leases is depreciated over the shorter of the estimated useful life of the asset and the lease period.

**Impairment of Non-Financial Assets**

The carrying values of assets, with the exception of inventories, assets arising from construction contracts, deferred tax assets and financial assets (excluding investments in subsidiaries, jointly controlled entities and associates) are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If such indication exists, an impairment review is performed to assess whether the carrying amount of the asset is fully recoverable.

Irrespective of whether there is any indication of impairment, the Group also:

a) tests intangible assets with indefinite useful life for impairment annually by comparing its carrying amount with its recoverable amount.
b) tests goodwill acquired in a business combination for impairment annually.

Impairment loss is recognised when the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use, which is measured by reference to discounted future cash flows. Recoverable amounts are estimated for individual assets, or if it is not possible, for the cash generating unit.

An impairment loss is charged to the income statement, unless the asset is carried at revalued amount, in which case the impairment loss is used to reduce the revaluation surplus.

Assets, other than goodwill, that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

An impairment loss is reversed only to the extent of previously recognised impairment losses for the same asset unless the asset is carried at revalued amount, in which case the reversal is treated as an increase to revaluation reserve. An impairment loss recognised for goodwill shall not be reversed in a subsequent period.

**Contingent Liabilities and Contingent Assets**

The Group does not recognise a contingent liability but discloses its existence in the financial statements, except in a business combination. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. When a change in the probability of an outflow of economic resources occurs and that an outflow is probable, it will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by uncertain future events beyond the control of the Group. The Group does not recognise contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain. When inflow of economic resources is virtually certain, the asset is recognised.

In the acquisition of subsidiaries by the Group under a business combination, the contingent liabilities assumed are recognised and measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest.

## 3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

**Contingent Liabilities and Contingent Assets (Cont'd)**

The Group recognises separately the contingent liabilities of the acquirees as part of allocating the cost of a business combination where the fair values can be measured reliably. Where the fair values cannot be measured reliably, the resulting effect will be reflected in the goodwill arising from the acquisitions.

Subsequent to the initial recognition, the Group measures the contingent liabilities that are recognised separately at the date of acquisition at the higher of the amount that would be recognised in accordance with the provision of FRS 137 and the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with FRS 118.

**Provisions**

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

**Income Taxes**

***a) Current taxation***

Current taxation is determined according to the tax laws of each jurisdiction in which the Group operates and includes all taxes based upon the taxable income and is measured using the tax rates which are applicable at the balance sheet date.

***b) Deferred taxation***

Deferred tax liabilities and/or assets are recognised, using liability method, on temporary differences between the carrying amounts of assets and liabilities in the financial statements and their related tax bases. However, deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deferred tax assets can be utilised. Deferred tax liability in respect of asset revaluations is also recognised. Deferred tax liabilities and assets are measured at the tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax is recognised on temporary differences arising on investments in subsidiaries, jointly controlled entities and associates except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

**Employee Benefits**

***a) Short term employee benefits***

Short term employee benefits include wages, salaries, bonuses, social security contributions and paid annual leave. These benefits are accrued when incurred and are measured on an undiscounted basis.

***b) Post-employment benefits***

Post-employment benefits include defined contribution plans under which the Group pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. These benefits are accrued when incurred and are measured on an undiscounted basis.

***c) Long term employee benefits***

Long term employee benefits include retirement gratuities payable to Executive Directors of the Company and certain subsidiaries. The level of retirement gratuities payable is determined by the Board of Directors in relation to the past services rendered and it does not take into account the employee's service to be rendered in later years up to retirement. The gratuity, which is calculated based on the emoluments earned in the immediate past three years, is a vested benefit when the Directors reach retirement age.

The present value of the retirement gratuities is determined by discounting the amount payable by reference to market yields at the balance sheet date on high quality corporate bonds which have terms to maturity approximating the terms of the related liability. The differences arising from the application of such discounting as well as any past service costs and the effects of any curtailments or settlements, if any, are recognised immediately in the income statement.

## 3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

**Employee Benefits (Cont'd)**

***c) Long term employee benefits (Cont'd)***

Such retirement gratuities payable are classified as current liabilities when it is probable that a payment will be made within the next twelve months and also provided that the amount has been approved for payment by the Board of Directors.

***d) Share-based compensation benefits***

The Company operates an equity settled, share based compensation plan i.e. the Genting Plantations Executive Share Option Scheme *(formerly known as Asiatic Executive Share Option Scheme)* since 1 September 2000, where share options are issued to eligible executives and Directors of the Group.

The fair value of employees' services rendered in exchange for the grant of the share options is recognised as an expense over the vesting period. The total amount to be expensed in the income statement over the vesting period is determined by reference to the fair value of each share option granted at the grant date and the number of share options vested by vesting date, with a corresponding increase in equity (option reserve). At each balance sheet date, the Group will revise its estimates of the number of share options that are expected to become exercisable. The option reserves in respect of options which have been lapsed are transferred to retained earnings.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

**Income Recognition**

***a) Revenue***

Sales are recognised upon delivery of products or performance of services, net of sales tax and discounts, and after eliminating sales within the Group.

Sales relating to property development projects are recognised progressively as the project activity progresses and are in respect of sales where agreements have been finalised. The recognition of sales is based on the percentage of completion method and is consistent with the method adopted for profit recognition.

Management fees and golf club membership fees are recognised on an accrual basis. Dividend income is recognised when the right to receive payment is established.

***b) Other income***

Other income comprising interest income and rental income are recognised on an accrual basis.

**Dividends**

Dividends on ordinary shares are accounted for in shareholders' equity as an appropriation of retained earnings and accrued as a liability in the financial year in which the obligation to pay is established.

**Foreign Currency Translation**

**(a) Functional and presentation currency**

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

**(b) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. At the balance sheet date, non-monetary items are translated at balance sheet date using historical rates or rates prevailing when the fair values of the assets are determined. Monetary items are translated at the closing rate. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities at the closing rate are recognised in the income statement. However, the exchange differences arising on monetary items that form part of the net investment in the foreign operations are recognised directly in equity in the consolidated financial statements until the disposal of the foreign operations in which case they are recognised as gain or loss in the consolidated income statement.

## 3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

**Foreign Currency Translation (Cont'd)**

**(c) Group companies**

On consolidation, the results and financial position of all the Group's entities which have a functional currency different from the Group's presentation currency are translated into the Group's presentation currency as follows :

(i) assets and liabilities, including goodwill and fair value adjustments arising from business combinations completed on/after 1 January 2006, for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
(ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
(iii) all resulting exchange differences are recognised as a separate component of equity.

**Financial Instruments**

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

A financial asset is any asset that is cash, a contractual right to receive cash or another financial asset from another enterprise, a contractual right to exchange financial instruments with another enterprise under conditions that are potentially favourable, or an equity instrument of another enterprise.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or to exchange financial instruments with another enterprise under conditions that are potentially unfavourable.

***a) Financial instruments recognised on the balance sheet***

The recognition method adopted for financial instruments that are recognised on the balance sheet is disclosed separately in the individual policy statements associated with the relevant financial instrument. The financial assets and liabilities of the Group are primarily denominated in Ringgit Malaysia. Financial assets and liabilities that are denominated in other currencies, where material, have been disclosed in the notes to the financial statements.

***b) Financial instruments not recognised on balance sheet***

The Group is a party to a put and call option agreement as disclosed in Note 37 to the financial statements. The instrument is not recognised in the financial statements on inception.

***c) Fair value estimation for disclosure purposes***

The Group uses various methods and makes assumptions that are based on market conditions to derive the fair value of non-traded financial instruments. Comparisons are made to similar instruments that are publicly traded and estimates based on discounted cash flow techniques are also used. For other long term financial assets and liabilities, fair value is estimated by discounting future contractual cash flows at appropriate interest rates.

The book values of financial assets and liabilities with maturities of less than one year are assumed to approximate their fair values.

**Segmental Reporting**

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. The Group adopts business segment analysis as its primary reporting format and geographical segment analysis as its secondary reporting format.

Segment revenue and expenses are those directly attributable to the segments and include any joint revenue and expenses where a reasonable basis of allocation exist. Segment assets include all assets used by the segment and consist principally of property, plant and equipment, plantation development, investment properties, leasehold land use rights, land held for property development, property development costs, inventories and receivables. Segment liabilities comprise operating liabilities and interest bearing instruments. Both segment assets and liabilities do not include income tax assets and liabilities.

## 4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's overall financial risk management objective is to optimise the value creation for shareholders. In addition, the Group seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its risks.

The Group operates within clearly defined guidelines that are approved by the Board of Directors and does not trade in financial instruments. Financial risk management is carried out through risk reviews conducted at all significant operational units. This process is further enhanced by effective internal controls, a group-wide insurance programme and adherence to the financial risk management policies.

The main areas of financial risks faced by the Group and the relevant policies for controlling and management of these risks are set out below:

**Interest Rate Risk**

The Group's income and operating cash flows are substantially independent of changes in market interest rates. Interest rate exposure arising from the Group's borrowings is managed through the use of fixed and floating rate debts.

**Market Risk**

The Group, in the normal course of business, is exposed to market risks in respect of volatility in market prices of palm products and prices of the key raw materials used in the property development operations. The Group manages its risk through established guidelines and policies.

**Credit Risk**

Exposure to credit risk arises mainly from sales made on deferred credit terms. Credit terms offered by the Group range from 7 days to 14 days from date of transaction. Risks arising therefrom are minimised through effective monitoring of receivables and suspension of sales to customers whose accounts have exceeded the stipulated credit terms. Credit limits are set and credit history is reviewed to minimise potential losses. The Group has no significant concentration of credit risk with any single customer.

In respect of trade receivables arising from the sale of development properties, the Group mitigates its credit risk by maintaining its name as the registered owner of the development properties until full settlement by the purchaser of the self-financed portion of the purchase consideration and upon the undertaking of end-financing by the purchaser's end-financier.

The Group also seeks to invest cash assets safely and profitably and buys insurance to protect itself against insurable risks. In this regard, counterparties are assessed for credit risk and limits are set to minimise any potential losses. The Group's cash and cash equivalents and short-term deposits are placed with creditworthy financial institutions and the risks arising therefrom are minimised in view of the financial strength of these financial institutions.

**Liquidity and Cash Flow Risks**

The Group practises prudent liquidity risk management to minimise the mismatch of financial assets and liabilities. The Group's cash flows are reviewed regularly to ensure that the Group is able to settle its commitments when they fall due.

**Foreign Currency Exchange Risk**

The Group is exposed to foreign currency exchange risk when subsidiaries enter into transactions that are not denominated in their functional currencies. The Group attempts to significantly limit its exposure for committed transactions by entering into forward foreign currency exchange contracts within the constraints of market and government regulations.

The Group is also exposed to foreign currency translation risk arising from its net investments in foreign subsidiaries, which is not hedged due to the long term nature of those investments.

## 5. SEGMENT ANALYSIS

### a) Primary reporting format – business segments

| | Plantation | | | Property | Biotechnology | Others | Total |
|---|---|---|---|---|---|---|---|
| | Malaysia | Indonesia | Total | | | | |
| **2009** | | | | | | | |
| **Revenue – external** | **675,378** | **-** | **675,378** | **80,189** | **-** | **-** | **755,567** |
| **Results** | | | | | | | |
| Segment profit/(loss) | **291,005** | **(5,973)** | **285,032** | **6,791** | **(10,105)** | **1,783** | **283,501** |
| Interest income | | | | | | | **10,402** |
| Net surplus arising from compensation in respect of land acquired by the Government | **2,589** | **-** | **2,589** | **-** | **-** | **-** | **2,589** |
| Share of results in a jointly controlled entity | **-** | **-** | **-** | **-** | **(11)** | **-** | **(11)** |
| Share of results in associates | **5,435** | **49** | **5,484** | **(19)** | **-** | **(12)** | **5,453** |
| **Profit before taxation** | | | | | | | **301,934** |
| Taxation | | | | | | | **(63,964)** |
| **Profit for the financial year** | | | | | | | **237,970** |
| **2008** | | | | | | | |
| **Revenue – external** | 936,524 | - | 936,524 | 99,479 | - | - | 1,036,003 |
| **Results** | | | | | | | |
| Segment profit/(loss) | 462,351 | (7,728) | 454,623 | 12,421 | (9,636) | 1,057 | 458,465 |
| Interest income | | | | | | | 19,137 |
| Net surplus arising from compensation in respect of land acquired by the Government | 2,505 | - | 2,505 | - | - | - | 2,505 |
| Share of results in a jointly controlled entity | - | - | - | - | (36) | - | (36) |
| Share of results in associates | 2,790 | - | 2,790 | 21 | - | 4 | 2,815 |
| **Profit before taxation** | | | | | | | 482,886 |
| Taxation | | | | | | | (105,659) |
| **Profit for the financial year** | | | | | | | 377,227 |

## 5. SEGMENT ANALYSIS (Cont'd)

### a) Primary reporting format – business segments (Cont'd)

| | Plantation | | | Property | Biotechnology | Others | Total |
|---|---|---|---|---|---|---|---|
| | Malaysia | Indonesia | Total | | | | |
| **2009** | | | | | | | |
| **Other information:** | | | | | | | |
| **Assets** | | | | | | | |
| Segment assets | **1,176,040** | **406,369** | **1,582,409** | **553,734** | **201,627** | **936** | **2,338,706** |
| Jointly controlled entity | **-** | **-** | **-** | **-** | **1,909** | **-** | **1,909** |
| Associates | **12,795** | **71** | **12,866** | **2,572** | **-** | **(63)** | **15,375** |
| Interest bearing instruments | | | | | | | **475,364** |
| Unallocated corporate assets | | | | | | | **36,226** |
| Total assets | | | | | | | **2,867,580** |
| **Liabilities** | | | | | | | |
| Segment liabilities | **52,534** | **112,938** | **165,472** | **46,787** | **1,037** | **14** | **213,310** |
| Unallocated corporate liabilities | | | | | | | **39,105** |
| Total liabilities | | | | | | | **252,415** |
| **Other Disclosures** | | | | | | | |
| Capital expenditure* | **59,189** | **178,537** | **237,726** | **1,353** | **5,507** | **-** | **244,586** |
| Depreciation & amortisation | **23,594** | **238** | **23,832** | **1,382** | **1,238** | **-** | **26,452** |
| **2008** | | | | | | | |
| **Other information:** | | | | | | | |
| **Assets** | | | | | | | |
| Segment assets | 1,160,682 | 125,745 | 1,286,427 | 539,962 | 149,289 | 1,315 | 1,976,993 |
| Jointly controlled entity | - | - | - | - | 1,940 | - | 1,940 |
| Associates | 9,985 | 22 | 10,007 | 2,590 | - | (50) | 12,547 |
| Interest bearing instruments | | | | | | | 518,191 |
| Unallocated corporate assets | | | | | | | 53,156 |
| Total assets | | | | | | | 2,562,827 |
| **Liabilities** | | | | | | | |
| Segment liabilities | 44,232 | 50,424 | 94,656 | 47,431 | 316 | 16 | 142,419 |
| Unallocated corporate liabilities | | | | | | | 41,275 |
| Total liabilities | | | | | | | 183,694 |
| **Other Disclosures** | | | | | | | |
| Capital expenditure* | 84,376 | 31,387 | 115,763 | 1,858 | 3,774 | - | 121,395 |
| Depreciation & amortisation | 19,531 | 35 | 19,566 | 1,315 | 553 | - | 21,434 |

* *Includes capital expenditure in respect of property, plant and equipment, investment properties, plantation development and leasehold land use rights.*

## 5. SEGMENT ANALYSIS (Cont'd)

### a) Primary reporting format – business segments (Cont'd)

The segment analysis is organised as follows:

*i) Plantation - comprises mainly activities relating to oil palm plantations.*
*ii) Property - comprises mainly activities relating to property development and the operation of a golf course.*
*iii) Biotechnology - comprises mainly activities relating to genomics research and development.*
*iv) Others - comprises other insignificant businesses and are not reported separately.*

### b) Secondary reporting format – geographical segments

The Group's business segments operate in two main geographical areas:

- Malaysia# - mainly plantation, property development and genomics research and development
- Indonesia - plantation

# *Company's home country*

| | Revenue | | Assets | | Capital Expenditure | |
|---|---|---|---|---|---|---|
| | **2009** | 2008 | **2009** | 2008 | **2009** | 2008 |
| Malaysia | **755,567** | 1,036,003 | **2,443,927** | 2,422,595 | **66,049** | 90,008 |
| Indonesia | **-** | - | **406,369** | 125,745 | **178,537** | 31,387 |
| | **755,567** | 1,036,003 | **2,850,296** | 2,548,340 | **244,586** | 121,395 |
| Jointly controlled entity | **-** | - | **1,909** | 1,940 | **-** | - |
| Associates | **-** | - | **15,375** | 12,547 | **-** | - |
| | **755,567** | 1,036,003 | **2,867,580** | 2,562,827 | **244,586** | 121,395 |

In determining the geographical segments of the Group, sales are based on the country in which the customer is located. There are no sales between the segments. Total assets and capital expenditure are determined based on where the assets are located.

## 6. REVENUE

Revenue of the Group and of the Company comprises the following:

| | Group | | Company | |
|---|---|---|---|---|
| | **2009** | 2008 | **2009** | 2008 |
| **Sale of goods:** | | | | |
| Sale of plantation produce | **675,378** | 936,524 | **89,038** | 134,246 |
| Sale of development properties | **78,957** | 98,185 | **-** | - |
| **Rendering of services:** | | | | |
| Revenue from golf course operations | **1,232** | 1,294 | **-** | - |
| Fee from management services | **-** | - | **21,288** | 20,725 |
| **Dividend income** *(see Note 8)* | **-** | - | **45,620** | 351,882 |
| | **755,567** | 1,036,003 | **155,946** | 506,853 |

## 7. COST OF SALES

| | Group | | Company | |
|---|---|---|---|---|
| | **2009** | 2008 | **2009** | 2008 |
| Cost of inventories sold for plantation produce | **312,793** | 399,293 | **26,690** | 31,920 |
| Cost of properties sold | **60,770** | 72,682 | **-** | - |
| Cost of services recognised as an expense | **1,530** | 1,612 | **-** | - |
| | **375,093** | 473,587 | **26,690** | 31,920 |

## 8. PROFIT BEFORE TAXATION

Profit before taxation has been determined after inclusion of the following charges and credits:

| | Group | | Company | |
|---|---|---|---|---|
| | **2009** | 2008 | **2009** | 2008 |
| **Charges:** | | | | |
| Depreciation of property, plant and equipment | **22,568** | 18,456 | **3,515** | 2,706 |
| Depreciation of investment properties | **387** | 341 | **-** | - |
| Amortisation of leasehold land use rights | **3,490** | 2,630 | **1,393** | 1,404 |
| Amortisation of plantation development | **7** | 7 | **-** | - |
| Replanting expenditure | **7,246** | 6,718 | **2,033** | 1,170 |
| Directors' remuneration excluding estimated money value of benefits-in-kind *(see Note 10)* | **1,503** | 1,453 | **952** | 914 |
| Charges payable to related companies: | | | | |
| - Rental of premises and related services | **1,402** | 1,157 | **1,040** | 876 |
| - Shared services fee | **1,227** | 981 | **819** | 882 |
| - Hire of equipment | **832** | 712 | **507** | 455 |
| Property, plant and equipment written off | **1,196** | 585 | **330** | 20 |
| Shared services fee payable to ultimate holding company | **1,774** | 2,417 | **686** | 2,417 |
| Bad debts written off | **576** | 224 | **48** | - |
| Allowance for doubtful debts | **414** | 1,031 | **-** | - |
| Auditors' remuneration *(see Note 11)* | | | | |
| - current year | **633** | 613 | **55** | 55 |
| Non-statutory audit fee payable to auditors *(see Note 11)* | | | | |
| - current year | **190** | 238 | **125** | 160 |
| - under accrual of prior year | **15** | - | **15** | - |
| Employee benefits expense *(see Note 9)* | **111,705** | 97,922 | **28,835** | 26,574 |
| Research and development expenditure | **6,176** | 7,365 | **-** | - |
| Repairs and maintenance | | | | |
| - property, plant and equipment | **18,078** | 17,673 | **2,839** | 1,544 |
| - investment properties | **8** | 36 | **-** | - |
| Transportation costs | **40,306** | 38,825 | **5,587** | 6,197 |
| Utilities | **4,358** | 4,641 | **60** | 49 |
| Raw materials and consumables | **119,739** | 186,042 | **-** | - |
| Oil palm cess and levy | **215** | 27,031 | **1** | 4,803 |
| Net unrealised exchange losses | **-** | 1,765 | **-** | - |
| **Credits:** | | | | |
| Net surplus arising from compensation in respect of land acquired by the Government | **2,589** | 2,505 | **93** | 97 |
| Interest income | **10,402** | 19,137 | **9,126** | 16,960 |
| Income from associates | | | | |
| - Gross dividend income | **-** | - | **1,502** | 2,122 |
| - Tax exempt dividend income | **-** | - | **1,498** | - |
| Rental income | **2,336** | 2,204 | **344** | 351 |
| Rental income from related companies | **63** | 63 | **14** | 14 |
| Gain/(loss) on disposal of property, plant and equipment | **181** | 306 | **(100)** | 53 |
| Net unrealised exchange gains | **5,987** | - | **-** | - |
| Income from subsidiaries | | | | |
| - Single-tier dividend income | **-** | - | **42,620** | 348,890 |
| - Tax exempt dividend income | **-** | - | **-** | 870 |
| - Management fee | **-** | - | **21,288** | 20,725 |

## 9. EMPLOYEE BENEFITS EXPENSE

| | Group | | Company | |
|---|---|---|---|---|
| | **2009** | 2008 | **2009** | 2008 |
| Wages, salaries and bonuses | **95,306** | 82,975 | **24,118** | 21,005 |
| Defined contribution plans | **5,777** | 4,657 | **1,968** | 1,633 |
| Provision for Directors' retirement gratuities | **184** | 198 | **80** | 87 |
| Share-based payments | **65** | 205 | **31** | 91 |
| Other short term employee benefits | **10,373** | 9,887 | **2,638** | 3,758 |
| | **111,705** | 97,922 | **28,835** | 26,574 |

Employee benefits expense, as shown above, include the remuneration of an Executive Director.

## 10. DIRECTORS' REMUNERATION

| | Group | | Company | |
|---|---|---|---|---|
| | **2009** | 2008 | **2009** | 2008 |
| **Non-Executive Directors *** | | | | |
| Fees | **465** | 441 | **465** | 441 |
| Salaries and bonuses | **399** | 382 | **-** | - |
| Defined contribution plan | **48** | 46 | **-** | - |
| Provision for retirement gratuities | **104** | 111 | **-** | - |
| | **1,016** | 980 | **465** | 441 |
| **Executive Director** | | | | |
| Fees | **56** | 51 | **56** | 51 |
| Salaries and bonuses | **305** | 291 | **305** | 291 |
| Defined contribution plan | **46** | 44 | **46** | 44 |
| Provision for retirement gratuities | **80** | 87 | **80** | 87 |
| | **487** | 473 | **487** | 473 |
| Directors' remuneration excluding estimated money value of benefits-in-kind *(see Note 8)* | **1,503** | 1,453 | **952** | 914 |
| **Estimated money value of benefits-in-kind (not charged to the income statements):** | | | | |
| Non-Executive Directors | **14** | 16 | **-** | - |
| | **1,517** | 1,469 | **952** | 914 |

* *A Non-Executive Director of the Company receives salary and related benefits from a subsidiary by virtue of him being an Executive Director of the said subsidiary.*

## 10. DIRECTORS' REMUNERATION (Cont'd)

Remuneration of Directors of the Company, in respect of services rendered to the Company and its subsidiaries, is in the following bands:

| Amounts in RM'000 | 2009 Number | 2008 Number |
|---|---|---|
| **Non-Executive Directors** | | |
| 50 – 100 | 5 | 5 |
| 600 – 650 | 1 | 1 |
| | 6 | 6 |
| **Executive Director** | | |
| 450 – 500 | 1 | 1 |

Executive Directors of the Company and its subsidiaries have been granted options under the Genting Plantations Berhad Share Option Scheme *(formerly known as Asiatic Executive Share Option Scheme)* ("the Scheme") on the same terms and conditions as those offered to other executive employees. Details of the Scheme are set out in Note 32.

There are no unissued shares under the Scheme in respect of the Directors during the financial year. The unissued shares under the Scheme in respect of Directors in the prior financial year were as follows:

| | | | Number of shares | | | |
|---|---|---|---|---|---|---|
| **Date granted** | **Exercisable period** | **Subscription price (sen/share)** | **At 1 January '000** | **Offered and accepted '000** | **Exercised/ relinquished/ lapsed '000** | **At 31 December '000** |
| **Financial year ended 31.12.2008:** | | | | | | |
| 1.12.2003 | 1.12.2006 - 31.8.2010 | 165 | **124** | **-** | **(124)** | **-** |
| | | | **124** | **-** | **(124)** | **-** |

Details relating to options exercised by the Directors during the financial year are as follows:

| | | | Number of shares issued | |
|---|---|---|---|---|
| **Exercise Date** | **Fair values of shares at share issue date (sen/share)** | **Subscription price (sen/share)** | **2009 '000** | 2008 '000 |
| January | 905 | 165 | - | 124 |

| | **2009** | 2008 |
|---|---|---|
| Ordinary share capital – at par | - | 62 |
| Share premium | - | 143 |
| Proceeds received on exercise of share options | - | 205 |
| Fair value at exercise date of shares issued | - | 1,122 |

## 11. AUDITORS' REMUNERATION

| | Group | | Company | |
|---|---|---|---|---|
| | **2009** | 2008 | **2009** | 2008 |
| **Statutory audit fees payable to:** | | | | |
| PricewaterhouseCoopers Malaysia* | **261** | 258 | **55** | 55 |
| Other member firms of | | | | |
| PricewaterhouseCoopers International Limited* | **372** | 355 | **-** | - |
| Total statutory audit fees *(See Note 8)* | **633** | 613 | **55** | 55 |
| **Fees for other audit related services payable to:** | | | | |
| PricewaterhouseCoopers Malaysia* | **205** | 238 | **140** | 160 |
| Total remuneration | **838** | 851 | **195** | 215 |

* *PricewaterhouseCoopers Malaysia and other member firms of PricewaterhouseCoopers International Limited are separate and independent legal entities.*

## 12. TAXATION

| | Group | | Company | |
|---|---|---|---|---|
| | **2009** | 2008 | **2009** | 2008 |
| Current taxation charge: | | | | |
| Malaysian income tax charge | **67,912** | 109,991 | **9,601** | 11,612 |
| Foreign income tax charge | **784** | - | **-** | - |
| | **68,696** | 109,991 | **9,601** | 11,612 |
| Deferred tax (reversal)/charge *(see Note 25)* | **(917)** | (7,750) | **1,458** | 4,707 |
| | **67,779** | 102,241 | **11,059** | 16,319 |
| Prior years' taxation: | | | | |
| Income tax (over)/under provided | **(317)** | 294 | **564** | 26 |
| Deferred tax (over)/under provided *(see Note 25)* | **(3,498)** | 3,124 | **(2,984)** | - |
| | **63,964** | 105,659 | **8,639** | 16,345 |

The reconciliation between the average effective tax rate and the Malaysian tax rate is as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | **2009** | 2008 | **2009** | 2008 |
| | **%** | % | **%** | % |
| Malaysian tax rate | **25.0** | 26.0 | **25.0** | 26.0 |
| Tax effects of: | | | | |
| - expenses not deductible for tax purposes | **0.7** | 0.1 | **1.1** | 0.9 |
| - income not subject to tax | **(0.2)** | (0.2) | **(10.3)** | (19.7) |
| - tax incentives | **(2.6)** | (4.0) | **(5.6)** | (3.7) |
| - (over)/under provision in prior years | **(1.3)** | 0.7 | **(2.2)** | - |
| - share of results in associates | **(0.5)** | (0.1) | **-** | - |
| - others | **0.1** | (0.6) | **-** | - |
| Average effective tax rate | **21.2** | 21.9 | **8.0** | 3.5 |

## 13. EARNINGS PER SHARE

Earnings per share of the Group is calculated by dividing the profit for the financial year by the weighted or adjusted weighted average number of ordinary shares in issue.

| | Group | |
|---|---|---|
| | **2009** | 2008 |
| **a) Basic earnings per share** | | |
| Profit for the financial year *(RM'000)* | **235,661** | 373,252 |
| Weighted number of ordinary shares in issue *('000)* | **757,275** | 756,296 |
| Basic earnings per share (sen) | **31.12** | 49.35 |
| **b) Diluted earnings per share** | | |
| Profit for the financial year *(RM'000)* | **235,661** | 373,252 |
| **Adjusted weighted average number of ordinary shares in issue:** | | |
| Weighted number of ordinary shares in issue *('000)* | **757,275** | 756,296 |
| Adjustment for share options granted under the Genting Plantations Berhad Executive Share Option Scheme *(formerly known as Asiatic Executive Share Option Scheme) ('000)* | **629** | 1,789 |
| | **757,904** | 758,085 |
| Diluted earnings per share *(sen)* | **31.09** | 49.24 |

## 14. DIVIDENDS

| | Group and Company | |
|---|---|---|
| | **2009** | 2008 |
| Interim paid – 3.75 sen less 25% tax *(2008 : 5 sen less 26% tax)* per ordinary share of 50 sen each. | **21,309** | 27,997 |
| Proposed final – 5.25 sen less 25% tax *(2008 : 5 sen less 25% tax)* per ordinary share of 50 sen each. | **29,846** | 28,383 |
| Additional final dividend paid in respect of previous financial year due to shares issued pursuant to the exercise of the Genting Plantations Berhad Executive Share Option Scheme *(formerly known as Asiatic Executive Share Option Scheme)* | **-** | 14 |
| | **29,846** | 28,397 |
| | **51,155** | 56,394 |

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 December 2009 of 5.25 sen less 25% tax *(2008 : 5 sen less 25% tax)* per ordinary share of 50 sen each amounting to RM29.8 million *(2008 : RM28.4 million)* will be proposed for shareholders' approval. The financial statements did not reflect this final dividend which will be accrued as a liability upon the approval by shareholders.

## 15. PROPERTY, PLANT AND EQUIPMENT

| | Freehold land and improvements | Buildings and improvements | Plant and machinery | Motor vehicles | Furniture, fittings and equipment | Construction in progress | Total |
|---|---|---|---|---|---|---|---|
| **2009** | | | | | | | |
| **Group** | | | | | | | |
| **Net book value:** | | | | | | | |
| At 1 January | 262,284 | 65,194 | 51,374 | 11,048 | 11,639 | 35,492 | 437,031 |
| Additions | 16,433 | 3,279 | 17,196 | 4,788 | 4,552 | 43,768 | 90,016 |
| Disposals | (174) | - | (2,060) | (522) | (64) | - | (2,820) |
| Written off | - | (221) | (374) | (578) | (23) | - | (1,196) |
| Assets of a subsidiary acquired | - | - | 13 | 182 | 59 | - | 254 |
| Depreciation: | | | | | | | |
| - charged to income statement | (2,987) | (3,145) | (12,604) | (1,144) | (2,688) | - | (22,568) |
| - capitalised under plantation development *(see Note 18)* | (1,924) | (360) | (1,475) | (380) | (314) | - | (4,453) |
| Reclassifications | 20,922 | 18,591 | 23,838 | (2,427) | 350 | (61,274) | - |
| Reclassification to leasehold land use rights *(see Note 19)* | (7,152) | - | - | - | - | - | (7,152) |
| Currency fluctuations | 1,044 | 382 | 1,082 | 536 | 202 | 869 | 4,115 |
| At 31 December | 288,446 | 83,720 | 76,990 | 11,503 | 13,713 | 18,855 | 493,227 |
| **At 31 December** | | | | | | | |
| Cost | 266,738 | 126,437 | 192,430 | 17,950 | 26,054 | 18,855 | 648,464 |
| At 1981 valuation | 46,613 | - | - | - | - | - | 46,613 |
| Accumulated depreciation | (24,905) | (42,717) | (115,440) | (6,447) | (12,341) | - | (201,850) |
| Net book value | 288,446 | 83,720 | 76,990 | 11,503 | 13,713 | 18,855 | 493,227 |

## 15. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

| | Freehold land and improvements | Buildings and improvements | Plant and machinery | Motor vehicles | Furniture, fittings and equipment | Construction in progress | Total |
|---|---|---|---|---|---|---|---|
| **2008** | | | | | | | |
| **Group** | | | | | | | |
| **Net book value:** | | | | | | | |
| At 1 January | 249,584 | 61,659 | 45,320 | 4,864 | 4,365 | 18,447 | 384,239 |
| Additions | 10,947 | 3,229 | 12,442 | 6,929 | 2,971 | 33,226 | 69,744 |
| Disposals | (538) | (29) | - | (24) | - | - | (591) |
| Written off | (142) | (163) | (253) | (9) | (18) | - | (585) |
| Assets of subsidiaries acquired | 1,126 | 268 | 2,471 | 650 | 275 | 203 | 4,993 |
| Depreciation: | | | | | | | |
| - charged to income statement | (3,067) | (2,633) | (10,537) | (753) | (1,466) | - | (18,456) |
| - capitalised under plantation development *(see Note 18)* | (1,265) | (153) | (638) | (272) | (266) | - | (2,594) |
| Reclassifications | 2,925 | 3,115 | 2,755 | - | 5,883 | (14,678) | - |
| Reclassification to investment properties *(see Note 17)* | - | - | - | - | - | (1,502) | (1,502) |
| Reclassification from leasehold land use rights *(see Note 19)* | 3,352 | - | - | - | - | - | 3,352 |
| Currency fluctuations | (638) | (99) | (186) | (337) | (105) | (204) | (1,569) |
| At 31 December | 262,284 | 65,194 | 51,374 | 11,048 | 11,639 | 35,492 | 437,031 |
| **At 31 December** | | | | | | | |
| Cost | 228,738 | 104,670 | 155,616 | 16,426 | 21,326 | 35,492 | 562,268 |
| At 1981 valuation | 46,613 | - | - | - | - | - | 46,613 |
| Accumulated depreciation | (13,067) | (39,476) | (104,242) | (5,378) | (9,687) | - | (171,850) |
| Net book value | 262,284 | 65,194 | 51,374 | 11,048 | 11,639 | 35,492 | 437,031 |

## 15. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

| | Freehold land and improvements | Buildings and improvements | Plant and machinery | Motor vehicles | Furniture, fittings and equipment | Construction in progress | Total |
|---|---|---|---|---|---|---|---|
| **2009** | | | | | | | |
| **Company** | | | | | | | |
| **Net book value:** | | | | | | | |
| At 1 January | 15,357 | 7,453 | 2,484 | 2,378 | 6,728 | 593 | 34,993 |
| Additions | 829 | 318 | 2,043 | 1,154 | 678 | 3,529 | 8,551 |
| Disposals | - | - | - | (277) | (135) | - | (412) |
| Written off | - | (140) | (50) | (139) | (1) | - | (330) |
| Depreciation | (617) | (328) | (706) | (352) | (1,512) | - | (3,515) |
| Reclassification | 2,027 | 1,172 | - | - | - | (3,199) | - |
| At 31 December | 17,596 | 8,475 | 3,771 | 2,764 | 5,758 | 923 | 39,287 |
| **At 31 December** | | | | | | | |
| Cost | 18,772 | 9,407 | 5,265 | 4,086 | 11,110 | 923 | 49,563 |
| Accumulated depreciation | (1,176) | (932) | (1,494) | (1,322) | (5,352) | - | (10,276) |
| Net book value | 17,596 | 8,475 | 3,771 | 2,764 | 5,758 | 923 | 39,287 |
| **2008** | | | | | | | |
| **Company** | | | | | | | |
| **Net book value:** | | | | | | | |
| At 1 January | 949 | 226 | 205 | 1,245 | 764 | 5,162 | 8,551 |
| Additions | 13,104 | 7,235 | 2,709 | 1,426 | 1,057 | 2,981 | 28,512 |
| Disposals | - | - | (3) | (22) | (7) | - | (32) |
| Written off | - | - | (8) | (9) | (3) | - | (20) |
| Depreciation | (559) | (365) | (644) | (262) | (876) | - | (2,706) |
| Reclassification | 1,175 | 357 | 225 | - | 5,793 | (7,550) | - |
| Reclassification from land held for sale *(see Note 26)* | 688 | - | - | - | - | - | 688 |
| At 31 December | 15,357 | 7,453 | 2,484 | 2,378 | 6,728 | 593 | 34,993 |
| **At 31 December** | | | | | | | |
| Cost | 15,916 | 8,058 | 3,255 | 3,567 | 10,692 | 593 | 42,081 |
| Accumulated depreciation | (559) | (605) | (771) | (1,189) | (3,964) | - | (7,088) |
| Net book value | 15,357 | 7,453 | 2,484 | 2,378 | 6,728 | 593 | 34,993 |

The valuation of the freehold land made by the Directors in 1981 was based upon valuations carried out by an independent firm of professional valuers using fair market value basis. The net book value of the revalued freehold land for the Group would have amounted to RM45.6 million *(2008 : RM45.6 million)* had it been stated in the financial statements at cost.

In the prior financial year, the Group acquired plant and machinery and motor vehicles of RM2.4 million and RM0.1 million respectively by means of finance leases. The net book values of plant and machinery and motor vehicles under finance leases at 31 December 2009 were Nil *(2008 : RM2.3 million)* and Nil *(2008 : RM0.1 million)* respectively.

## 16. PROPERTY DEVELOPMENT ACTIVITIES

| | Group | | | |
|---|---|---|---|---|
| | **2009** | | 2008 | |
| (a) Land held for property development: | | | | |
| Freehold land | | **110,322** | | 111,122 |
| Development costs | | **214,111** | | 206,212 |
| | | **324,433** | | 317,334 |
| At the beginning of the financial year | | | | |
| - freehold land | **111,122** | | 89,718 | |
| - development costs | **206,212** | **317,334** | 143,047 | 232,765 |
| Costs incurred during the financial year | | | | |
| - freehold land | **-** | | 888 | |
| - development costs | **9,257** | **9,257** | 3,441 | 4,329 |
| Costs transferred (to) /from property development costs *(see Note 16(b))* | | | | |
| - freehold land | **(800)** | | 20,516 | |
| - development costs | **(1,358)** | **(2,158)** | 59,724 | 80,240 |
| At the end of the financial year | | **324,433** | | 317,334 |
| (b) Property development costs: | | | | |
| Freehold land | | **2,310** | | 4,468 |
| Development costs | | **101,300** | | 103,537 |
| Accumulated costs charged to income statement | | **(58,613)** | | (54,019) |
| | | **44,997** | | 53,986 |
| At the beginning of the financial year | | | | |
| - freehold land | **4,468** | | 30,999 | |
| - development costs | **103,537** | | 116,877 | |
| - accumulated costs charged to income statement | **(54,019)** | **53,986** | (36,726) | 111,150 |
| Costs incurred during the financial year | | | | |
| - development costs | | **60,792** | | 90,860 |
| Costs charged to income statement | | **(52,801)** | | (67,303) |
| Costs transferred from/(to) land held for property development *(see Note 16(a))* | | **2,158** | | (80,240) |
| Costs transferred to inventories | | | | |
| - freehold land | **(2,958)** | | (6,015) | |
| - development costs | **(64,387)** | | (42,799) | |
| - accumulated costs charged to income statement | **48,207** | **(19,138)** | 48,333 | (481) |
| At the end of the financial year | | **44,997** | | 53,986 |

## 17. INVESTMENT PROPERTIES

| | Group | |
|---|---|---|
| | **2009** | 2008 |
| **Net book value:** | | |
| At 1 January | **11,807** | 10,594 |
| Additions | **24** | 66 |
| Reclassification from property, plant and equipment *(see Note 15)* | **-** | 1,502 |
| Depreciation | **(387)** | (341) |
| Written off | **-** | (14) |
| At 31 December | **11,444** | 11,807 |
| **At 31 December** | | |
| Cost | **15,486** | 15,462 |
| Accumulated depreciation | **(4,042)** | (3,655) |
| Net book value at end of the financial year | **11,444** | 11,807 |
| Fair value at end of the financial year | **20,475** | 22,020 |

The aggregate rental income and direct operating expenses arising from investment properties that generated rental income which were recognised during the financial year amounted to RM2,017,000 and RM865,000 *(2008 : RM1,925,000 and RM827,000)* respectively.

The fair values of the investment properties were based on valuation by independent professional qualified valuers. Valuations were based on sales of comparable properties in the vicinity.

## 18. PLANTATION DEVELOPMENT

| | Group | | Company | |
|---|---|---|---|---|
| | **2009** | 2008 | **2009** | 2008 |
| **Net book value** | | | | |
| At 1 January | **518,312** | 469,510 | **284,237** | - |
| Additions | **120,925** | 42,006 | **-** | 283,635 |
| Depreciation of plant and equipment capitalised *(see Note 15)* | **4,453** | 2,594 | **-** | - |
| Amortisation of leasehold land use rights capitalised *(see Note 19)* | **746** | 791 | **-** | - |
| Assets of subsidiaries acquired | **-** | 8,359 | **-** | - |
| Disposals | **(125)** | (739) | **-** | - |
| Written (off)/back | **(15)** | 376 | **(15)** | - |
| Amortisation charged to income statement | **(7)** | (7) | **-** | - |
| Reclassification from land held for sale *(see Note 26)* | **-** | - | **-** | 602 |
| Reclassification to leasehold land use rights *(see Note 19)* | **(580)** | - | **-** | - |
| Currency fluctuations | **11,827** | (4,578) | **-** | - |
| Reclassification to other receivables – project plasma plantation debtors | **(5,161)** | - | **-** | - |
| At 31 December | **650,375** | 518,312 | **284,222** | 284,237 |

## 19. LEASEHOLD LAND USE RIGHTS

| | Group | | Company | |
|---|---|---|---|---|
| | **2009** | 2008 | **2009** | 2008 |
| **Net book value** | | | | |
| At 1 January | **270,624** | 249,180 | **162,376** | - |
| Additions | **28,422** | 6,194 | **-** | 163,780 |
| Assets of subsidiaries acquired | **17,241** | 23,574 | **-** | - |
| Reclassification from/(to) property, plant and equipment *(see Note 15)* | **7,152** | (3,352) | **-** | - |
| Reclassification from plantation development *(see Note 18)* | **580** | - | **-** | - |
| Amortisation charged to income statement | **(3,490)** | (2,630) | **(1,393)** | (1,404) |
| Amortisation capitalised under plantation development *(see Note 18)* | **(746)** | (791) | **-** | - |
| Currency fluctuations | **3,654** | (1,551) | **-** | - |
| At 31 December | **323,437** | 270,624 | **160,983** | 162,376 |
| **At 31 December** | | | | |
| Cost | **346,475** | 296,120 | **163,780** | 163,780 |
| Accumulated amortisation | **(23,038)** | (25,496) | **(2,797)** | (1,404) |
| Net book value | **323,437** | 270,624 | **160,983** | 162,376 |
| **Analysed by:** | | | | |
| - unexpired period more than 50 years | **227,199** | 229,785 | **160,983** | 162,376 |
| - unexpired period less than 50 years | **96,238** | 40,839 | **-** | - |
| | **323,437** | 270,624 | **160,983** | 162,376 |

Leasehold land use rights with an aggregate carrying value of RM32.5 million *(2008 : Nil)* are pledged as securities for borrowings *(see Note 36).*

## 20. INTANGIBLE ASSET

| | Group | |
|---|---|---|
| **Internally generated development cost** | **2009** | 2008 |
| **Cost** | | |
| At 1 January | **81,118** | 16,955 |
| Additions | **36,065** | 64,163 |
| At 31 December | **117,183** | 81,118 |

The intangible asset comprises expenditure incurred on intellectual property development relating to the use of genomics-based techniques and other methods or tools thereof to increase the yields and profit streams principally from oil palm and other crops where it is reasonably anticipated that the costs will be recovered through commercialisation, sale and marketing of all the resulting products from the aforesaid development.

As at 31 December 2009, the expenditure incurred represents mainly payments made in respect of the oil palm and jatropha genome sequencing data received to date.

Amortisation of the intangible asset will commence when the asset is available for use or sale.

## 21. SUBSIDIARIES

| | Company 2009 | Company 2008 |
|---|---|---|
| Unquoted shares - at cost | **335,322** | 309,822 |
| Accumulated impairment losses | **(3,635)** | (3,635) |
| | **331,687** | 306,187 |
| Amounts due from subsidiaries | | |
| - Non-current | **1,622,693** | 1,556,038 |
| - Current | **144,517** | 118,311 |
| | **1,767,210** | 1,674,349 |
| Amounts due to subsidiaries | | |
| - Current | **79,097** | 73,299 |

The amounts due from and to subsidiaries represent outstanding amounts arising from inter-company sales and purchases, advances, payments and receipts on behalf of or by subsidiaries. The outstanding amounts which are less than one year and classified as current assets and current liabilities respectively, are interest free, unsecured and are repayable on demand.

The subsidiaries are listed in Note 42.

## 22. JOINTLY CONTROLLED ENTITY

| | Group 2009 | Group 2008 |
|---|---|---|
| Unquoted – at cost: | | |
| Shares in a foreign corporation | **1,956** | 1,976 |
| Group's share of post acquisition reserves | **(47)** | (36) |
| | **1,909** | 1,940 |
| Amount due from a jointly controlled entity | **105** | 83 |
| Less : Balance included in current assets | **(105)** | (83) |
| | **-** | - |
| | **1,909** | 1,940 |

The amount due from the jointly controlled entity is unsecured, interest free and is repayable on demand.

The Group's aggregate share of the income, expenses, assets and liabilities of the jointly controlled entity is as follows:

| | 2009 | 2008 |
|---|---|---|
| Income | **1** | 6 |
| Expenses | **(12)** | (42) |
| | **(11)** | (36) |
| Current assets | **179** | 180 |
| Current liabilities | **(54)** | (44) |
| Net assets | **125** | 136 |

There are no capital commitments or contingent liabilities relating to the Group's interest in the jointly controlled entity at the financial year end *(2008 : Nil)*.

## 22. JOINTLY CONTROLLED ENTITY (Cont'd)

Details of the jointly controlled entity are as follows:

| Name of jointly controlled entity | Effective percentage of ownership | | Country of incorporation | Principal activities |
|---|---|---|---|---|
| | **2009** | 2008 | | |
| SGSI-Asiatic Limited | **50** | 50 | British Virgin Islands | Genomics research and development |

## 23. ASSOCIATES

| | Group | | Company | |
|---|---|---|---|---|
| | **2009** | 2008 | **2009** | 2008 |
| Unquoted shares - at cost | **2,133** | 2,133 | **2,123** | 2,123 |
| Group's share of post-acquisition reserves | **13,242** | 10,414 | **-** | - |
| Share of net assets, other than goodwill | **15,375** | 12,547 | **2,123** | 2,123 |
| Amounts due from associates | **611** | 632 | **611** | 632 |
| Less : Balance included in current assets | **(611)** | (632) | **(611)** | (632) |
| | **-** | - | **-** | - |
| | **15,375** | 12,547 | **2,123** | 2,123 |

The amounts due from associates represent outstanding amounts arising from trade transactions and advances and payments made on behalf of associates, are unsecured, interest free and are repayable on demand.

The Group's share of the results of its associates, all of which are unlisted, and its share of the assets and liabilities are as follows:

| | Group | |
|---|---|---|
| | **2009** | 2008 |
| Revenue | **56,503** | 62,606 |
| Net profit | **5,453** | 2,815 |
| Total assets | **27,996** | 21,358 |
| Total liabilities | **(12,621)** | (8,811) |
| Share of net assets | **15,375** | 12,547 |

The associates are listed in Note 42.

There are no contingent liabilities relating to the Group's interest in associates at the financial year end *(2008 : Nil)*.

## 24. LONG TERM INVESTMENT

| | Group 2009 | Group 2008 |
|---|---|---|
| Unquoted shares in a foreign corporation, at cost | **31,794** | 32,118 |

Investment in an unquoted foreign corporation represents the 4.1% equity interest in Synthetic Genomics, Inc, a privately held company incorporated in the United States of America specialising in developing and commercialising genomic-driven solution to address global energy and environment challenges.

No disclosure of fair value is made for this investment as there is no quoted market price in an active market and the probabilities of the various fair value estimates cannot be reasonably assessed.

## 25. DEFERRED TAXATION

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 taxes relate to the same tax authority. The following amounts, determined after appropriate offsetting, are shown in the balance sheets:

| | Group | | Company | |
|---|---|---|---|---|
| | **2009** | 2008 | **2009** | 2008 |
| Deferred tax assets | **9,258** | 7,856 | **-** | - |
| Deferred tax liabilities | **(33,959)** | (36,972) | **(3,014)** | (4,540) |
| | **(24,701)** | (29,116) | **(3,014)** | (4,540) |
| At 1 January | **(29,116)** | (33,742) | **(4,540)** | 167 |
| **(Charged)/credited to income statement** *(see Note 12):* | | | | |
| - Property, plant and equipment | **(1,931)** | 636 | **1,586** | (4,566) |
| - Provision for Directors' retirement gratuities | **(78)** | 168 | **20** | 20 |
| - Land held for property development | **640** | 600 | **-** | - |
| - Property development costs | **155** | 3,290 | **-** | - |
| - Inventories | **1,310** | (644) | **-** | - |
| - Accruals | **329** | 1,106 | **(80)** | (77) |
| - Tax incentives | **3,973** | - | **-** | - |
| - Other temporary differences | **17** | (530) | **-** | (84) |
| | **4,415** | 4,626 | **1,526** | (4,707) |
| At 31 December | **(24,701)** | (29,116) | **(3,014)** | (4,540) |
| i) Deferred tax assets (before offsetting) | | | | |
| - Property, plant and equipment | **1,958** | 1,495 | **-** | - |
| - Provision for Directors' retirement gratuities | **707** | 785 | **302** | 282 |
| - Land held for property development | **4,355** | 3,715 | **-** | - |
| - Inventories | **1,966** | 697 | **-** | |
| - Accruals | **4,186** | 3,857 | **112** | 192 |
| - Tax incentives | **3,973** | - | **-** | - |
| - Other temporary differences | **575** | 558 | **-** | - |
| | **17,720** | 11,107 | **414** | 474 |
| Offsetting | **(8,462)** | (3,251) | **(414)** | (474) |
| Deferred tax assets (after offsetting) | **9,258** | 7,856 | **-** | - |

## 25. DEFERRED TAXATION (Cont'd)

| | Group | | Company | |
|---|---|---|---|---|
| | **2009** | 2008 | **2009** | 2008 |
| ii) Deferred tax liabilities (before offsetting) | | | | |
| - Property, plant and equipment | **(41,147)** | (38,753) | **(3,428)** | (5,014) |
| - Land held for property development | **(694)** | (694) | **-** | - |
| - Property development costs | **(68)** | (223) | **-** | - |
| - Inventories | **(511)** | (552) | **-** | - |
| - Other temporary differences | **(1)** | (1) | **-** | - |
| | **(42,421)** | (40,223) | **(3,428)** | (5,014) |
| Offsetting | **8,462** | 3,251 | **414** | 474 |
| Deferred tax liabilities (after offsetting) | **(33,959)** | (36,972) | **(3,014)** | (4,540) |

The amount of tax savings in respect of brought forward tax losses for which credit has been recognised by subsidiaries and tax incentives on an investment made by the Company during the financial year amounted to RM518,000 *(2008 : RM144,000)* and RM6.0 million *(2008 : RM16.6 million)* respectively.

The amounts of unutilised tax losses and deductible temporary differences on property, plant and equipment for which no deferred tax asset has been recognised in the balance sheet are as follows:

| | Group | |
|---|---|---|
| | **2009** | 2008 |
| Unutilised tax losses | | |
| - Expiring more than one year and not more than five years *(see Note 25(a))* | **10,954** | 9,163 |
| - No expiry period *(see Note 25(b))* | **18,735** | 11,169 |
| | **29,689** | 20,332 |
| Property, plant and equipment | **1,522** | 894 |
| | **31,211** | 21,226 |

(a) Deferred tax assets have not been recognised for the unutilised tax losses with expiry period as it is uncertain as to the timing in which these carry forward tax losses can be realised. However, management will perform this assessment annually.

(b) The remaining unutilised tax losses of RM18.7 million *(2008 : RM11.2 million)* have no expiry period. Included in this amount are unutilised tax losses of certain subsidiaries of the Group amounting to RM18.4 million *(2008 : RM10.8 million)* for which deferred tax assets have not been recognised as these subsidiaries are accredited with tax exempt pioneer status for 10 years.

## 26. LAND HELD FOR SALE

| | Company | |
|---|---|---|
| | **2009** | 2008 |
| At 1 January | **-** | 1,290 |
| Less: Reclassification to property, plant and equipment *(see Note 15)* | **-** | (688) |
| Reclassification to plantation development *(see Note 18)* | **-** | (602) |
| At 31 December | **-** | - |

The land held for sale comprised freehold land measuring approximately 242 acres and the plantation development situated therein located in the Mukim of Tangkak, Johor. The land was planned to be sold to a fellow subsidiary for property development. However, the property development project had been postponed to a later date and hence, the land held for sale had been reclassified to freehold land and plantation development accordingly in the previous financial year.

## 27. INVENTORIES

| | Group | | Company | |
|---|---|---|---|---|
| | **2009** | 2008 | **2009** | 2008 |
| **At cost:** | | | | |
| Produce stocks | **6,746** | 4,468 | **-** | - |
| Stores and spares | **30,811** | 33,489 | **3,791** | 7,044 |
| Completed development properties | **114,450** | 101,970 | **-** | - |
| | **152,007** | 139,927 | **3,791** | 7,044 |

## 28. TRADE AND OTHER RECEIVABLES

| | Group | | Company | |
|---|---|---|---|---|
| | **2009** | 2008 | **2009** | 2008 |
| Current: | | | | |
| Trade receivables | **61,796** | 41,478 | **-** | - |
| Less : Allowance for bad and doubtful debts | **(1,968)** | (2,126) | **-** | - |
| | **59,828** | 39,352 | **-** | - |
| Accrued billings in respect of property development | **15,198** | 8,980 | **-** | - |
| Deposits | **2,286** | 2,192 | **637** | 736 |
| Prepayments* | **44,903** | 30,977 | **432** | 433 |
| Other receivables** | **43,991** | 18,218 | **3,492** | 6,062 |
| | **166,206** | 99,719 | **4,561** | 7,231 |

* *Included in prepayments of the Group was an advance payment on provision of genomics research services of RM40.2 million (2008 : RM27.6 million) made by ACGT Sdn Bhd (formerly known as Asiatic Centre for Genome Technology Sdn Bhd) to SGSI-Asiatic Limited.*

** *Included in other receivables are value-added taxes amounting to RM13.1 million (2008 : RM3.8 million) and project plasma plantations debtors (see Note 28(a)) of RM7.3 million (2008 : Nil) which are recoverable by its foreign subsidiaries.*

The currency profile of trade and other receivables excluding prepayments as at the end of the financial year is as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | **2009** | 2008 | **2009** | 2008 |
| Ringgit Malaysia | **85,047** | 58,216 | **4,129** | 6,798 |
| Indonesia Rupiah | **36,190** | 8,936 | **-** | - |
| US Dollar | **20** | 1,542 | **-** | - |
| Singapore Dollar | **46** | 48 | **-** | - |
| | **121,303** | 68,742 | **4,129** | 6,798 |

Credit terms offered by the Group range between 7 to 14 days (2008 : 7 to 14 days) from date of invoice.

Bad debts written off during the financial year against allowance created in previous financial years for the Group amounted to RM4,500 *(2008 : RM4,900)*.

The carrying amounts of the Group's and the Company's trade and other receivables approximate their fair values.

## 28. TRADE AND OTHER RECEIVABLES (Cont'd)

(a) In accordance with the policy of the Government of the Republic of Indonesia, certain land rights used to develop plantations are usually granted if a nucleus company agrees to develop areas for local landholders (plasma plantations) in addition to developing its own plantations. The nucleus company will supervise and manage the plasma plantations and purchase the production from the plasma plantations at prices determined by the Government.

The advances made by the Group in the form of plasma plantation development costs are recoverable upon the completion of the plasma plantation projects. It will be recoverable from the plasma farmers or recoverable through the assignment to plasma farmers of the loan proceeds obtained for the projects. Allowance for losses on recovery is made when the estimated amount to recover is less than outstanding advances.

## 29. HOLDING COMPANY AND OTHER RELATED COMPANIES

The Company's immediate and ultimate holding company is Genting Berhad, a company incorporated in Malaysia.

| | Group | | Company | |
|---|---|---|---|---|
| | **2009** | 2008 | **2009** | 2008 |
| Current: | | | | |
| Amount due to ultimate holding company | **(1,958)** | (2,924) | **(1,958)** | (2,924) |
| Amounts due to other related companies | **(178)** | (651) | **(178)** | (651) |
| | **(2,136)** | (3,575) | **(2,136)** | (3,575) |
| Amounts due from other related companies | **7** | 43 | **-** | - |
| | **(2,129)** | (3,532) | **(2,136)** | (3,575) |

The amounts due to and from holding company and other related companies are unsecured, interest free and are repayable on demand.

## 30. SHORT TERM INVESTMENTS

Short term investments represent investments in unquoted money market instruments and are stated at cost. Money market instruments comprise negotiable certificates of deposit and bankers' acceptances. The short term investments of the Company as at 31 December 2009 have maturity periods ranging between overnight and one month *(2008 : between overnight and one month)*.

Short term investments of the Group and of the Company as at 31 December 2009 derive interest at weighted average interest rate of 1.99% per annum *(2008 : 3.23% per annum)* at the end of the financial year.

## 31. CASH AND CASH EQUIVALENTS

| | Group | | Company | |
|---|---|---|---|---|
| | **2009** | 2008 | **2009** | 2008 |
| Deposits with licensed banks | **210,920** | 214,232 | **186,551** | 192,136 |
| Cash and bank balances | **22,887** | 14,302 | **4,055** | 2,925 |
| | **233,807** | 228,534 | **190,606** | 195,061 |
| Add: | | | | |
| Money market instruments (see Note 30) | **264,444** | 303,959 | **245,574** | 283,472 |
| Cash and cash equivalents | **498,251** | 532,493 | **436,180** | 478,533 |

The currency profile and weighted average interest rates of the cash and cash equivalents as at the financial year end are as follows:

| | Group | | | | Company | | | |
|---|---|---|---|---|---|---|---|---|
| | Currency profile | | Interest rate per annum (%) | | Currency profile | | Interest rate per annum (%) | |
| | **2009** | 2008 | **2009** | 2008 | **2009** | 2008 | **2009** | 2008 |
| Ringgit Malaysia | **480,592** | 521,677 | **1.93** | 3.10 | **436,180** | 478,533 | **1.98** | 3.10 |
| Indonesia Rupiah | **7,859** | 4,175 | **0.56** | 0.50 | **-** | - | **-** | - |
| US Dollar | **9,524** | 6,516 | **-** | 0.04 | **-** | - | **-** | - |
| Singapore Dollar | **276** | 125 | **-** | - | **-** | - | **-** | - |
| | **498,251** | 532,493 | | | **436,180** | 478,533 | | |

The deposits of the Group and of the Company as at 31 December 2009 have maturity period of one month *(2008 : one month)*. Bank balances of the Group and of the Company are held at call.

## 32. SHARE CAPITAL

| | Group and Company | |
|---|---|---|
| | **2009** | 2008 |
| Authorised: | | |
| 1,000,000,000 ordinary shares of 50 sen each | **500,000** | 500,000 |
| Issued and fully paid: | | |
| Ordinary shares of 50 sen each | | |
| At beginning of the financial year | | |
| - 756,755,000 *(2008 : 755,138,000)* | **378,377** | 377,569 |
| Issue of shares | | |
| - 1,192,000 *(2008 : 1,617,000)* | **596** | 808 |
| At end of the financial year | | |
| - 757,947,000 *(2008 : 756,755,000)* | **378,973** | 378,377 |

During the financial year, 2,000 ordinary shares of 50 sen each fully-paid at the subscription price of 92 sen per share, 59,000 ordinary shares of 50 sen each fully-paid at the subscription price of 145 sen per share, 167,000 ordinary shares of 50 sen each fully-paid at the subscription price of 165 sen per share and 964,000 ordinary shares of 50 sen each fully-paid at the subscription price of 183 sen per share were issued by virtue of the exercise of the Options to take up unissued ordinary shares of the Company by executive employees of the Group pursuant to the Genting Plantations Berhad Executive Share Option Scheme (formerly known as Asiatic Executive Share Option Scheme) ("the Scheme") all of which the ordinary shares rank pari passu with the then existing ordinary shares of the Company. These Options were granted prior to the current financial year.

## 32. SHARE CAPITAL (Cont'd)

The Scheme is governed by the Bye-Laws and was approved by the shareholders at an Extraordinary General Meeting held on 28 June 2000. The Scheme came into effect on 1 September 2000.

The main features of the Scheme are as follows:

i) The Scheme shall be in force for a period of ten (10) years commencing from 1 September 2000 ("the Option Period").

ii) Eligible Executives are employees of the Group (including Executive Directors) or persons under an employment contract of the Group for a period of at least twelve (12) full months of continuous service before the date of offer. The eligibility for participation in the Scheme shall be at the discretion of the Remuneration, Compensation and Benefits Committee ("RCB Committee") which was established by the Board of Directors. Following the dissolution of the RCB Committee with effect from 29 June 2009, the administration of the Scheme has been delegated by the Board of Directors to the Remuneration Committee ("RC") of the Company.

iii) In the event of cessation of employment of a Grantee with the Group prior to the full exercise of the options, such options shall cease without any claim against the Company provided always that subject to the written approval of RC in its discretion where the Grantee ceases his employment with the Group by reason of:

- his retirement at or after attaining retirement age;
- ill-health or accident, injury or disability;
- redundancy; and/or
- other reasons or circumstances which are acceptable to the RC

the Grantee may exercise his unexercised options within the Option Period subject to any conditions that may be imposed by the RC.

iv) The total number of shares to be offered under the Scheme shall not exceed in aggregate 10% of the issued and paid-up share capital of the Company at the time of the offer.

v) Not more than 50% of the shares available under the Scheme would be allocated, in aggregate, to the Executive Directors and Senior Management. In addition, not more than 10% of the shares available under the Scheme would be allocated to any individual Eligible Executive who, either singly or collectively through persons connected, holds 20% or more in the issued and paid up share capital of the Company.

vi) The price at which the Grantee is entitled to subscribe upon exercise of his rights under the Options shall be based on the weighted average market price of the Shares as shown in the Daily Official List of the Bursa Malaysia Securities Berhad for the five (5) Market Days immediately preceding the Date of Offer. Notwithstanding this, the Option Price per Share shall in no event be less than the nominal value of the Share.

vii) No option shall be granted for less than 1,000 shares nor more than 1,500,000 shares to any Eligible Employee.

viii) The Option granted under the Scheme can only be exercised by the Grantee in the fourth year from the Date of Offer until the expiry of the Option Period in the following manner:

| Number of new Shares comprised in the Options granted | Percentage of new Shares comprised in the Option exercisable each year from the Date of Offer | | | | |
|---|---|---|---|---|---|
| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
| Below 10,000 | - | - | - | 100% | - |
| 10,000 and above | - | - | - | 50% * | 50% |

* *50% or 10,000, whichever is the higher.*

The employee's entitlements to the Options are vested as soon as they become exercisable.

## 32. SHARE CAPITAL (Cont'd)

ix) All new ordinary shares issued upon exercise of the Options granted under the Scheme will rank pari passu in all respects with the existing ordinary shares of the Company other than their entitlements to dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of allotment of the new shares and will be subject to all provisions of the Articles of Association of the Company relating to transfer, transmission and otherwise.

x) The Options shall not have any right to vote at general meeting of the Company and the Grantees shall not be entitled to any dividends, rights or other entitlements in respect of their unexercised options.

xi) The persons to whom the Options have been issued have no right to participate by virtue of the Options in any share issue of any other company.

Set out below are details of options over the ordinary shares of the Company granted under the Scheme:

| Date granted | Exercisable period | Subscription price (sen/share) | At 1 January | Offered and accepted | Exercised | Lapsed | At 31 December |
|---|---|---|---|---|---|---|---|
| | | | (Number of options) | | | | |
| ***Financial year ended 31.12.2009:*** | | | | | | | |
| **11.11.2000** | **11.11.2003 - 31.8.2010** | **92** | **2,000** | **-** | **(2,000)** | **-** | **-** |
| **2.9.2002** | **2.9.2005 - 31.8.2010** | **145** | **148,000** | **-** | **(59,000)** | **-** | **89,000** |
| **1.12.2003** | **1.12.2006 - 31.8.2010** | **165** | **609,000** | **-** | **(167,000)** | **-** | **442,000** |
| **29.8.2005** | **29.8.2008 - 31.8.2010** | **183** | **1,385,000** | **-** | **(964,000)** | **(25,000)** | **396,000** |
| | | | **2,144,000** | **-** | **(1,192,000)** | **(25,000)** | **927,000** |
| ***Financial year ended 31.12.2008:*** | | | | | | | |
| 11.11.2000 | 11.11.2003 - 31.8.2010 | 92 | 7,000 | - | (5,000) | - | 2,000 |
| 2.9.2002 | 2.9.2005 - 31.8.2010 | 145 | 217,000 | - | (69,000) | - | 148,000 |
| 1.12.2003 | 1.12.2006 - 31.8.2010 | 165 | 1,776,000 | - | (1,167,000) | - | 609,000 |
| 29.8.2005 | 29.8.2008 - 31.8.2010 | 183 | 1,836,000 | - | (376,000) | (75,000) | 1,385,000 |
| | | | 3,836,000 | - | (1,617,000) | (75,000) | 2,144,000 |

| | 2009 | 2008 |
|---|---|---|
| Number of share options vested at balance sheet date | **927,000** | 1,401,000 |

## 32. SHARE CAPITAL (Cont'd)

Details relating to options exercised during the financial year are as follows:

| Exercise date | Fair value of shares at share issue date (sen/share) | Subscription price (sen/share) | Number of shares issued 2009 | 2008 |
|---|---|---|---|---|
| January – March | **384 - 422** / 734 - 905 | **183** / 92 - 165 | **124,000** | 1,021,000 |
| April – June | **430 - 575** / 780 - 843 | **92 - 183** / 92 - 165 | **383,000** | 126,000 |
| July – September | **550 - 620** / 447 - 813 | **145 - 183** / 165 - 183 | **418,000** | 380,000 |
| October – December | **595 - 635** / 270 - 451 | **165 - 183** / 145 - 183 | **267,000** | 90,000 |
| | | | **1,192,000** | 1,617,000 |

| | Group and Company 2009 | 2008 |
|---|---|---|
| Ordinary share capital – at par | **596** | 808 |
| Share premium | **1,531** | 1,910 |
| Proceeds received on exercise of share options | **2,127** | 2,718 |
| Fair value of shares issued at exercise date | **6,508** | 11,887 |

The fair value of options granted on 29 August 2005, determined using the Trinomial valuation model, was at RM0.42 per share. The significant inputs into the model were share price of RM1.82 at the grant date, exercise price shown above, first exercise date and expiration date, price volatility of 33.35%, dividend yield of 1.56%, annual risk-free interest rate of 3.285% and option life of 5 years. The volatility measured at the standard deviation of expected share price returns is based on statistical analysis of monthly share prices over the last five years.

## 33. RESERVES

| | Group 2009 | Group 2008 | Company 2009 | Company 2008 |
|---|---|---|---|---|
| Share premium | **42,087** | 40,027 | **42,087** | 40,027 |
| Option reserve | **210** | 674 | **210** | 674 |
| Revaluation reserve | **18,063** | 18,063 | **104** | 104 |
| Treasury shares (see Note 33(a)) | **(104)** | - | **(104)** | - |
| Exchange differences | **3,813** | (9,617) | **-** | - |
| | **64,069** | 49,147 | **42,297** | 40,805 |
| Retained earnings | **2,105,013** | 1,919,058 | **2,530,079** | 2,480,444 |
| | **2,169,082** | 1,968,205 | **2,572,376** | 2,521,249 |

The movements in reserves have been disclosed in the Statements of Changes in Equity.

Under the single-tier tax system which came into effect from the year of assessment 2008, companies are not required to have tax credits under Section 108 of the Income Tax Act 1967 for dividend payment purposes. The single-tier dividend is not taxable in the hands of shareholders.

Companies with Section 108 credits as at 31 December 2007 may continue to pay franked dividends until the Section 108 credits are exhausted or 31 December 2013 whichever is earlier, unless they opt to disregard the Section 108 credits to pay single-tier dividends under the special transitional provisions of the Finance Act 2007. As at 31 December 2009, the Company has sufficient Section 108 tax credits and tax exempt income to pay up to RM662.5 million *(2008 : RM713.7 million)* of the retained earnings of the Company as franked and exempt dividends.

## 33. RESERVES (Cont'd)

### (a) Treasury shares

The shareholders of the Company had granted a mandate to the Company to purchase its own shares at the Annual General Meeting of the Company held on 15 June 2009.

During the financial year, the Company repurchased 21,000 ordinary shares of 50 sen each of its issued share capital from the open market at an average price of RM4.94 per share. The share buy back transactions were financed by internally generated funds. As at 31 December 2009, the total number of shares repurchased was 21,000 and held as treasury shares in accordance with the requirements of Section 67A of the Companies Act, 1965.

The Company has the right to reissue these shares at a later date. As treasury shares, the rights attached as to voting, dividends and participation in other distribution are suspended. None of the treasury shares repurchased has been sold as at 31 December 2009.

At the balance sheet date, the number of outstanding shares in issue after setting treasury shares off against equity is 757,926,000.

## 34. TRADE AND OTHER PAYABLES

| | Group | | Company | |
|---|---|---|---|---|
| | **2009** | 2008 | **2009** | 2008 |
| Current: | | | | |
| Trade payables | **47,964** | 37,618 | **3,701** | 2,574 |
| Accruals for property development expenditure | **22,226** | 19,819 | **-** | - |
| Deposits | **2,122** | 2,273 | **300** | 420 |
| Accrued expenses | **42,310** | 32,733 | **5,912** | 5,916 |
| Retention monies | **11,543** | 11,169 | **173** | 120 |
| Other payables | **-** | 330 | **-** | - |
| | **126,165** | 103,942 | **10,086** | 9,030 |
| Non-current: | | | | |
| Amount due to shareholders of a subsidiary | **-** | 15,592 | **-** | - |
| Accruals for plantation development expenditure | **16,186** | - | **-** | - |
| | **142,351** | 119,534 | **10,086** | 9,030 |
| The maturity profile for non-current payables is as follows: | | | | |
| More than one year and less than two years | **16,186** | 15,592 | **-** | - |
| Fair value of non-current other payables | **15,345** | 14,278 | **-** | - |

The carrying amounts of the Group's and Company's current trade and other payables approximate their fair values.

The currency profile of trade and other payables as at the end of the financial year is as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | **2009** | 2008 | **2009** | 2008 |
| Ringgit Malaysia | **92,306** | 89,138 | **10,086** | 9,030 |
| Indonesia Rupiah | **26,888** | 25,936 | **-** | - |
| US Dollar | **22,698** | 4,217 | **-** | - |
| Singapore Dollar | **459** | 243 | **-** | - |
| | **142,351** | 119,534 | **10,086** | 9,030 |

Credit terms available to the Group range from 30 to 90 days *(2008 : 30 to 90 days)* from date of invoice.

The amount due to shareholders of a subsidiary in the prior financial year was unsecured and interest free.

## 35. PROVISION FOR DIRECTORS' RETIREMENT GRATUITIES

| | Group 2009 | Group 2008 | Company 2009 | Company 2008 |
|---|---|---|---|---|
| **Non-current** | | | | |
| At 1 January | **2,643** | 2,331 | **1,129** | 928 |
| Charged to income statement: | | | | |
| - current year | **184** | 198 | **80** | 87 |
| - underprovision in prior year | **-** | 114 | **-** | 114 |
| At 31 December | **2,827** | 2,643 | **1,209** | 1,129 |

## 36. BORROWINGS

| | Group 2009 | Group 2008 |
|---|---|---|
| **Current** | | |
| **Secured:** | | |
| Finance lease liabilities denominated in: | | |
| US Dollar (**USD534,782** / USD151,782) | **1,837** | 527 |
| Indonesia Rupiah (**IDR527,144,167** / IDR509,776,874) | **193** | 162 |
| | **2,030** | 689 |
| **Unsecured:** | | |
| Bridging loan denominated in: | | |
| Indonesia Rupiah (IDR57,828,436,052) | **-** | 18,328 |
| | **2,030** | 19,017 |
| **Non-current** | | |
| **Secured:** | | |
| Finance lease liabilities denominated in: | | |
| US Dollar (**USD197,583** / USD296,566) | **679** | 1,029 |
| Indonesia Rupiah (**IDR124,965,571** / IDR616,668,297) | **45** | 196 |
| | **724** | 1,225 |
| Term loan dominated in: | | |
| US Dollar (**USD19,030,131**) | **65,378** | - |
| | **66,102** | 1,225 |
| **Total** | **68,132** | 20,242 |

**a) Contractual terms of borrowings**

| | Contractual interest rate (per annum) | Total carrying amount | Maturity Profile < 1 year | 1 - 2 years | 2 - 5 years | > 5 years |
|---|---|---|---|---|---|---|
| **Group** | | | | | | |
| **At 31 December 2009** | | | | | | |
| **Secured** | | | | | | |
| Finance lease liabilities | 8% - 15% | **2,754** | 2,030 | 724 | - | - |
| Term loan | 2.18% - 3.03% | **65,378** | - | - | - | 65,378 |
| | | **68,132** | 2,030 | 724 | - | 65,378 |
| **Group** | | | | | | |
| **At 31 December 2008** | | | | | | |
| **Secured** | | | | | | |
| Finance lease liabilities | 8% - 15% | **1,914** | 689 | 740 | 485 | - |
| **Unsecured** | | | | | | |
| Bridging loan | 11.1% - 14.9% | **18,328** | 18,328 | - | - | - |
| | | **20,242** | 19,017 | 740 | 485 | - |

## 36. BORROWINGS (Cont'd)

### a) Contractual terms of borrowings (Cont'd)

Finance lease liabilities are secured by assets of certain subsidiaries and the term loan is secured over the plantation land of a subsidiary in Indonesia.

The carrying amounts of the Group's borrowings approximate their fair values.

The minimum lease payments of the finance lease liabilities at the balance sheet date are as follows:

| | Group | |
|---|---|---|
| | **2009** | 2008 |
| Not more than one year | **2,194** | 839 |
| More than one year and not more than five years | **733** | 1,322 |
| | **2,927** | 2,161 |
| Future finance charges | **(173)** | (247) |
| Present value | **2,754** | 1,914 |

### b) Undrawn committed borrowing facilities

| | Group | |
|---|---|---|
| | **2009** | 2008 |
| Floating rate: | | |
| - expiring within one year | **-** | 11,780 |
| - expiring more than five years | **168,340** | - |

The facilities expiring beyond one year have been arranged to finance the expansion of the Group's plantation activities in Indonesia.

## 37. OFF BALANCE SHEET FINANCAL INSTRUMENTS

On 3 October 2008, pursuant to a joint venture to develop approximately 45,000 hectares of oil palm plantation in Kabupaten Kapuas, Provinsi Kalimantan Tengah, the Republic of Indonesia ("the Kapuas JV"), Mediglove Sdn Bhd ("Mediglove"), a wholly-owned subsidiary of the Company, had entered into a Put and Call Option Agreement with Kara Agri Pte Ltd ("KARA") whereby KARA grants an option to Mediglove to purchase ("Call Option") and Mediglove grants an option to KARA to sell ("Put Option"), as the case may be, all ordinary shares legally and beneficially owned by KARA in AsianIndo Holdings Pte Ltd ("Option Shares"), a 60% owned subsidiary of Mediglove, exercisable during the period after the expiry of five years from 3 October 2008 at an exercise price which shall be the fair value of the Option Shares as determined by a valuer to be appointed by mutual agreement between Mediglove and KARA. In addition, Mediglove may at any time, exercise its Call Option in the event that the Kapuas JV fails to achieve any of the agreed development milestones within six months from the respective dates of completion specified for the agreed development milestones.

## 38. ON GOING LITIGATION

On the status of the legal Suit No. K22-245 of 2002 filed in the High Court of Sabah and Sarawak at Kota Kinabalu ("the High Court") wherein the Company and Genting Tanjung Bahagia Sdn Bhd *(formerly known as Asiatic Tanjung Bahagia Sdn Bhd)* ("GTBSB") were named as the Second and Third Defendants respectively ("the Defendants") ("the Suit"), the High Court had, on 20 June 2008, upheld the Defendants' preliminary objection with costs awarded to the Defendants. The Suit was instituted by certain natives ("the Plaintiffs") claiming Native Customary Rights over the agricultural land or part thereof held under title number CL095330724 measuring approximately 8,830 hectares situated at Sungai Tongod, District of Kinabatangan, Sandakan, Sabah which was acquired by GTBSB from Hap Seng Consolidated Berhad.

## 38. ON GOING LITIGATION (Cont'd)

The Defendants had raised a preliminary objection that the High Court has no original jurisdiction to hear the Suit and that this Suit will lead to multiplicity of action as the Plaintiffs had already made application to the Assistant Collector of Land Revenue for similar claims.

The Plaintiffs have filed a Notice of Appeal to the Court of Appeal on 7 July 2008 against the decision of the High Court made on 20 June 2008. No date has yet been fixed for the hearing of the appeal.

The solicitors engaged by the Group maintained their opinion that the Plaintiffs' action is misconceived and unsustainable.

There have been no changes to the status of the aforesaid litigation as at the date of this report.

## 39. CAPITAL COMMITMENTS

| | Group | | Company | |
|---|---|---|---|---|
| | **2009** | 2008 | **2009** | 2008 |
| Authorised capital expenditure not provided for in the financial statements: | | | | |
| - contracted | **217,544** | 189,697 | **1,150** | 1,025 |
| - not contracted | **781,037** | 952,431 | **8,359** | 9,763 |
| | **998,581** | 1,142,128 | **9,509** | 10,788 |
| Analysed as follows: | | | | |
| - Property, plant and equipment | **391,355** | 395,266 | **9,457** | 10,327 |
| - Intellectual property development | **19,835** | 35,823 | **-** | - |
| - Investment properties | **-** | 2,915 | **-** | - |
| - Plantation development | **563,275** | 694,122 | **20** | 356 |
| - Leasehold land use rights | **24,116** | 14,002 | **32** | 105 |
| | **998,581** | 1,142,128 | **9,509** | 10,788 |

## 40. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

**A) Proposed Joint Venture for oil palm cultivation of approximately 98,300 hectares in Kabupaten Ketapang, Provinsi Kalimantan Barat, Republic of Indonesia**

On 5 June 2009, the Company announced that the Sepanjang Group, an established palm oil producer based in the Republic of Indonesia, undertook an internal re-organisation of its corporate structure and operations. The re-organisation within the Sepanjang Group necessitated the restructuring of the remaining 4 joint venture ("JV") agreements in respect of the proposed joint venture for oil palm cultivation in Kabupaten Ketapang, Provinsi Kalimantan Barat, Republic of Indonesia.

Accordingly, both the Company and the Sepanjang Group have mutually agreed that the remaining 4 JV agreements dated 8 June 2005, which all lapsed on 8 June 2009 would not be extended. In their place, new agreements were entered into on 5 June 2009 to enable the proposed joint venture with the Sepanjang Group for oil palm cultivation to proceed.

The completion of the JV agreements is subject to, inter alia, the following conditions:

(i) the approval of Bank Negara Malaysia;

(ii) the approval of Badan Koordinasi Penanaman Modal or Investment Coordinating Board of the Republic of Indonesia;

(iii) the procurement and/or maintenance of Izin Lokasi and Izin Usaha Perkebunan; and

## 40. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (Cont'd)

### A) Proposed Joint Venture for oil palm cultivation of approximately 98,300 hectares in Kabupaten Ketapang, Provinsi Kalimantan Barat, Republic of Indonesia (Cont'd)

(iv) a due diligence study being conducted on the corporate and legal standing of JV companies, the licenses and/or permits of JV companies, the status of the lands and any other aspects of the JV companies and the lands that the Company's subsidiaries think fit, and the results of the due diligence being satisfactory to the Company's subsidiaries.

Notwithstanding the completion of the JV agreements, the approvals, licences and permits required for the implementation of the project contemplated in the JV agreements must be obtained no later than 31 December 2011.

The JV agreements are still conditional as at the balance sheet date. There have been no material changes to the status of the proposed joint venture as at the date of this report.

### B) Proposed Joint Venture to establish Premium Outlets in Malaysia

On 30 September 2009, the Company announced that Azzon Limited ("Azzon"), a wholly-owned subsidiary of the Company, had on 29 September 2009 signed a Joint Venture Agreement ("JVA") with Chelsea Malaysia, LLC, a division of Simon Property Group, Inc to establish Chelsea Premium Outlet Centres in Malaysia ("Johor Premium Outlets") (collectively known as the "Proposed JV"). The Proposed JV will be undertaken by Chelsea Genting Limited, a wholly-owned subsidiary of Azzon, which in turn will invest in Genting Chelsea Sdn Bhd ("GCSB") (collectively referred to as "JV Co"). The JVA is conditional upon the following being fulfilled within six (6) months from the date of the JVA (or within such other period as may be mutually agreed between the parties):

(i) the approval or exemption by the Foreign Investment Committee;

(ii) the parties agreeing on the financing policy, development budget and administrative budget;

(iii) the parties agreeing on a term sheet for third party financing required for the JV Co's operations;

(iv) the prior permission of the Controller of Foreign Exchange for (or in connection with) the remittance of the capital contribution and/or investment shall have been obtained, if required;

(v) GCSB having secured certain level of firm commitments from prospective tenants of the Johor Premium Outlets;

(vi) The parties reaching agreement on the terms of a development agreement and a sale and purchase agreement for the purchase of a piece of land for the development of the Johor Premium Outlets; and

(vii) The parties finalising the terms of the relevant service and royalty agreements.

The JVA is still conditional as at the balance sheet date. There have been no material changes to the status of the JVA as at the date of this report.

## 40. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (Cont'd)

### C) Acquisition and incorporation of subsidiaries during the financial year

#### (a) Acquisition of subsidiaries

(i) On 19 March 2009, the Company announced that the proposed joint venture between Ketapang Agri Holdings Pte Ltd ("KAH"), an indirect wholly-owned subsidiary of the Company and Palma Citra Investama Pte Ltd and PT Sawit Mandira to develop approximately 15,800 hectares of agricultural land into oil palm plantation in Kabupaten Ketapang, Provinsi Kalimantan Barat, the Republic of Indonesia has been completed. PT Sawit Mitra Abadi ("Mitra Abadi"), the Joint Venture Company, had on 18 March 2009 received the acknowledgment of the Minister of Law and Human Rights effective from 6 March 2009 for the subscription by KAH of 700 ordinary shares of Rp1,000,000 each representing 70% of the enlarged issued and paid-up share capital in Mitra Abadi for a cash consideration of Rp700,000,000. Accordingly, the subscription of shares was completed on 6 March 2009 resulting in Mitra Abadi becoming an indirect subsidiary of the Company.

The financial effects of the acquisition are disclosed in Note (a)(i) to the cash flow statements.

ii) During the financial year, the Company also acquired the following subsidiary:

| | Date of Acquisition | Country of Incorporation | Purchase Consideration | Percentage of Equity Interest Acquired |
|---|---|---|---|---|
| i) Larisan Prima Sdn Bhd | 8 January 2009 | Malaysia | RM2 | 100 |

The above acquired subsidiary is a newly set up company and the acquisition does not have any material effect on the Group's profit for the current financial year.

#### (b) Incorporation of a subsidiary

On 26 December 2009, Sanggau Holdings Pte Ltd has been incorporated in Singapore with issued and paid-up capital of SGD1 and is 100% held by Mediglove Sdn Bhd, a wholly-owned subsidiary of the Company.

#### (c) Subscription of new shares in existing subsidiaries

(i) During the financial year, the Company had subscribed for an additional 24 million *(2008 : 64 million)* ordinary shares of RM1 each in ACGT Sdn Bhd *(formerly known as Asiatic Centre for Genome Technology Sdn Bhd)* and an additional 1.5 million *(2008 : Nil)* ordinary shares of RM1 each in Genting Green Tech Sdn Bhd *(formerly known as Asiatic Green Tech Sdn Bhd)*, both are wholly-owned subsidiaries of the Company. There is no change in percentage of ownership after the additional subscription of shares.

(ii) In addition to the above, the Company had, via Sri Nangatayap Pte Ltd, an indirect wholly-owned subsidiary of the Company, subscribed for 132.8 thousand Class B shares of Rp1,000,000 each in PT Sepanjang Intisurya Mulia, a 70%-owned subsidiary of the Company. There is no change in percentage of ownership after the additional subscription of shares.

## 41. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

In the normal course of business, the Group and the Company undertake on agreed terms and prices, transactions with its related companies and other related parties.

In addition to related party transactions mentioned elsewhere in the financial statements, set out below are other significant related party transactions and balances. The related party transactions listed below were carried out on terms and conditions obtainable in transactions with unrelated parties:

| | Group | | Company | |
|---|---|---|---|---|
| | **2009** | 2008 | **2009** | 2008 |
| **a) Transactions with immediate and ultimate holding company** | | | | |
| Provision of shared services in relation to secretarial, tax, treasury and other services by Genting Berhad, the Company's immediate and ultimate holding company. | **1,774** | 2,417 | **686** | 2,417 |
| **b) Transactions with subsidiaries** | | | | |
| i) Fees receivable from subsidiaries for the provision of management services. | **-** | - | **21,288** | 20,725 |
| ii) Dividend income from subsidiaries. | **-** | - | **42,620** | 349,760 |
| **c) Transaction with an associate** | | | | |
| i) Provision of management services to AsianIndo Holdings Pte Ltd, a 60% owned subsidiary of the Company, by GaiaAgri Services Limited, an associate of the Company. | **2,031** | 650 | **-** | - |
| **d) Transaction with other related parties** | | | | |
| i) Provision of information technology and system implementation services and rental of equipment by eGenting Sdn Bhd and Genting Information Knowledge Enterprise Sdn Bhd, all of which are indirect subsidiaries of Genting Berhad, the Company's immediate and ultimate holding company. | **2,075** | 2,043 | **1,326** | 1,337 |
| ii) Letting of office space and provision of related services by Oakwood Sdn Bhd, a wholly-owned subsidiary of Genting Berhad, the Company's immediate and ultimate holding company. | **1,402** | 1,157 | **1,040** | 876 |
| iii) Purchase of air-tickets, hotel accommodation and other related services from Genting Malaysia Berhad *(formerly known as Resorts World Bhd)*, a company which is 48.65% owned by Genting Berhad, the Company's immediate and ultimate holding company. | **825** | 868 | **890** | 868 |

## 41. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (Cont'd)

| | Group | | Company | |
|---|---|---|---|---|
| | **2009** | 2008 | **2009** | 2008 |
| **d) Transaction with other related parties (Cont'd)** | | | | |
| iv) Payment for the provision of genomics research services to SGSI-Asiatic Limited by ACGT Sdn Bhd *(formerly known as Asiatic Centre for Genome Technology Sdn Bhd)*, a wholly-owned subsidiary of the Company, where Tan Sri Lim Kok Thay is a director and shareholder of the Company as well as a director, shareholder and share option holder of Genting Berhad, the Company's immediate and ultimate holding company. SGSI-Asiatic Limited is a jointly controlled entity in which Tan Sri Lim Kok Thay is a beneficiary of a trust which has 12.5% equity interest in Synthetic Genomics Inc., which in turn has 50% interest in SGSI-Asiatic Limited. | **46,089** | 66,676 | **-** | - |
| **e) Directors and key management personnel** | | | | |
| The remuneration of Directors and other key management personnel is as follows: | | | | |
| Fees, salaries and bonuses | **4,432** | 4,715 | **2,232** | 2,549 |
| Defined contribution plan | **554** | 593 | **257** | 309 |
| Provision for retirement gratuities | **184** | 198 | **80** | 87 |
| Other short term employee benefits | **41** | 391 | **1** | 351 |
| Estimated money value of benefits-in-kind (not charged to the income statements) | **123** | 112 | **77** | 55 |
| | **5,334** | 6,009 | **2,647** | 3,351 |

**f) The significant outstanding balances with subsidiaries, a jointly controlled entity, associates and other related parties are shown in Note 21, Note 22, Note 23 and Note 29 respectively.**

## 42. SUBSIDIARIES AND ASSOCIATES

| | | Effective Percentage of Ownership 2009 | 2008 | Country of Incorporation | Principal Activities |
|---|---|---|---|---|---|
| | **Direct Subsidiaries** | | | | |
| | Genting SDC Sdn Bhd *(formerly known as Asiatic SDC Sdn Bhd)* | **100** | 100 | Malaysia | Plantation |
| | Genting Plantations (WM) Sdn Bhd *(formerly known as Asiatic Plantations (WM) Sdn Bhd)* | **100** | 100 | Malaysia | Plantation |
| | Genting Tanjung Bahagia Sdn Bhd *(formerly known as Asiatic Tanjung Bahagia Sdn Bhd)* | **100** | 100 | Malaysia | Plantation |
| | Landworthy Sdn Bhd | **84** | 84 | Malaysia | Plantation |
| | Kinavest Sdn Bhd | **100** | 100 | Malaysia | Plantation |
| | Asiaticom Sdn Bhd | **100** | 100 | Malaysia | Plantation |
| | Genting Oil Mill Sdn Bhd *(formerly known as Asiatic Oil Mills (WM) Sdn Bhd)* | **100** | 100 | Malaysia | Fresh fruit bunches processing |
| | Genting Property Sdn Bhd *(formerly known as Asiatic Land Development Sdn Bhd)* | **100** | 100 | Malaysia | Property development |
| | Technimode Enterprises Sdn Bhd | **100** | 100 | Malaysia | Property investment |
| | Genting Land Sdn Bhd *(formerly known as Asiatic Properties Sdn Bhd)* | **100** | 100 | Malaysia | Property investment |
| | Mediglove Sdn Bhd | **100** | 100 | Malaysia | Investment holding |
| | ACGT Sdn Bhd *(formerly known as Asiatic Centre for Genome Technology Sdn Bhd)* | **100** | 100 | Malaysia | Genomics research and development |
| | GProperty Construction Sdn Bhd *(formerly known as ALD Construction Sdn Bhd)* | **100** | 100 | Malaysia | Provision of project management services |
| | Orbit Crescent Sdn Bhd | **100** | 100 | Malaysia | Investment holding |
| ^ | Azzon Limited | **100** | 100 | Isle of Man | Investment holding |
| | Genting Commodities Trading Sdn Bhd *(formerly known as Asiatic Commodities Trading Sdn Bhd)* | **100** | 100 | Malaysia | Pre-operating |
| | Genting Vegetable Oils Refinery Sdn Bhd *(formerly known as Asiatic Vegetable Oils Refinery Sdn Bhd)* | **100** | 100 | Malaysia | Pre-operating |
| | Cosmo-Jupiter Berhad | **100** | 100 | Malaysia | Pre-operating |
| | GP (Sarawak) Palm Oil Mill Management Sdn Bhd *(formerly known as ADB (Sarawak) Palm Oil Mill Management Sdn Bhd)* | **100** | 100 | Malaysia | Dormant |

## 42. SUBSIDIARIES AND ASSOCIATES (Cont'd)

| | | Effective Percentage of Ownership 2009 | 2008 | Country of Incorporation | Principal Activities |
|---|---|---|---|---|---|
| | **Direct Subsidiaries (Cont'd)** | | | | |
| | Amalgamated Rubber (Penang) Sdn Bhd | **100** | 100 | Malaysia | Dormant |
| | AR Property Development Sdn Bhd | **100** | 100 | Malaysia | Dormant |
| | Glugor Development Sdn Bhd | **100** | 100 | Malaysia | Dormant |
| | Genting Green Tech Sdn Bhd *(formerly known as Asiatic Green Tech Sdn Bhd)* | **100** | 100 | Malaysia | Research and development and production of superior oil palm planting materials |
| | Plantation Latex (Malaya) Sdn Bhd | **100** | 100 | Malaysia | Dormant |
| | Kenyalang Borneo Sdn Bhd | **100** | 100 | Malaysia | Dormant |
| * | Larisan Prima Sdn Bhd | **100** | - | Malaysia | Pre-operating |
| ^ | GP Overseas Limited *(formerly known as Asiatic Overseas Limited)* | **100** | 100 | Isle of Man | Dormant |
| | **Indirect Subsidiaries** | | | | |
| | Setiamas Sdn Bhd | **100** | 100 | Malaysia | Plantation and property development |
| | Wawasan Land Progress Sdn Bhd | **100** | 100 | Malaysia | Plantation |
| | Sawit Sukau Usahasama Sdn Bhd | **56** | 56 | Malaysia | Plantation |
| µ | PT Sepanjang Intisurya Mulia | **70** | 70 | Indonesia | Plantation |
| µ* | PT Sawit Mitra Abadi | **70** | - | Indonesia | Plantation |
| µ | PT Genting Plantations Nusantara *(formerly known as PT Asiatic Nusantara)* | **100** | 100 | Indonesia | Provision of management services |
| | Genting Indahpura Development Sdn Bhd *(formerly known as Asiatic Indahpura Development Sdn Bhd)* | **100** | 100 | Malaysia | Property development |
| | Genting Permaipura Golf Course Bhd *(formerly known as Asiatic Golf Course (Sg. Petani) Bhd)* | **100** | 100 | Malaysia | Golf course operation |
| µ | Sri Nangatayap Pte Ltd | **100** | 100 | Singapore | Investment holding |
| ^ | Degan Limited | **100** | 100 | Isle of Man | Investment holding |
| | Trushidup Plantations Sdn Bhd | **100** | 100 | Malaysia | Investment holding |
| µ | AsianIndo Holdings Pte Ltd | **60** | 60 | Singapore | Investment holding |
| µ | Asian Palm Oil Pte Ltd | **60** | 60 | Singapore | Investment holding |
| µ | AsianIndo Palm Oil Pte Ltd | **60** | 60 | Singapore | Investment holding |
| µ | Kara Palm Oil Pte Ltd | **60** | 60 | Singapore | Investment holding |
| µ | PT Dwie Warna Karya | **57** | 57 | Indonesia | Plantation |

## 42. SUBSIDIARIES AND ASSOCIATES (Cont'd)

| | | Effective Percentage of Ownership 2009 | 2008 | Country of Incorporation | Principal Activities |
|---|---|---|---|---|---|
| | **Indirect Subsidiaries (Cont'd)** | | | | |
| µ | PT Susantri Permai | **57** | 57 | Indonesia | Plantation |
| µ | PT Kapuas Maju Jaya | **57** | 57 | Indonesia | Plantation |
| | Dianti Plantations Sdn Bhd | **100** | 100 | Malaysia | Dormant |
| | Cengkeh Emas Sdn Bhd | **100** | 100 | Malaysia | Dormant |
| | Kituva Plantations Sdn Bhd | **100** | 100 | Malaysia | Dormant |
| | Genting Awanpura Sdn Bhd *(formerly known as Asiatic Awanpura Sdn Bhd)* | **100** | 100 | Malaysia | Pre-operating |
| ^ | GP Equities Pte Ltd *(formerly known as Asiatic Equities (S'pore) Pte Ltd)* | **100** | 100 | Singapore | Pre-operating |
| ^ | Ketapang Holdings Pte Ltd | **100** | 100 | Singapore | Pre-operating |
| ^ | Sandai Maju Pte Ltd | **100** | 100 | Singapore | Pre-operating |
| ^ | Sri Kenyalang Pte Ltd | **100** | 100 | Singapore | Pre-operating |
| µ | Full East Enterprise Limited | **100** | 100 | Hong Kong | Pre-operating |
| µ | Ketapang Agri Holdings Pte Ltd | **100** | 100 | Singapore | Investment holding |
| ^ | Chelsea Genting Limited | **100** | 100 | Isle of Man | Investment holding |
| | Genting Chelsea Sdn Bhd | **100** | 100 | Malaysia | Pre-operating |
| ^* | Sanggau Holdings Pte Ltd | **100** | - | Singapore | Pre-operating |
| | **Associates** | | | | |
| | Serian Palm Oil Mill Sdn Bhd | **40** | 40 | Malaysia | Fresh fruit bunches |
| @ | Sri Gading Land Sdn Bhd | **49** | 49 | Malaysia | Property development |
| | Setiacahaya Sdn Bhd | **50** | 50 | Malaysia | Property investment |
| µ | GaiaAgri Services Ltd | **30** | 30 | Mauritius | Provision of management services |
| | Asiatic Ceramics Sdn Bhd *(In Liquidation)* | **49** | 49 | Malaysia | In Liquidation *(Receiver Appointed)* |

* *Subsidiaries acquired/ incorporated during the financial year (See Note 40 (C)).*

@ *The financial statements of these companies are audited by firms other than member firms of PricewaterhouseCoopers International Limited.*

µ *Subsidiaries/associates which are audited by member firms of PricewaterhouseCoopers International Limited, which are separate and independent legal entities from PricewaterhouseCoopers Malaysia.*

^ *These entities are subjected to limited review carried out by PricewaterhouseCoopers, Malaysia, although they are not subjected to statutory audit.*

## 43. EVENT SUBSEQUENT TO BALANCE SHEET DATE

On 5 February 2010, the Company announced that Sanggau Holdings Pte Ltd ("SAH"), an indirect wholly-owned subsidiary of the Company, had on 5 February 2010 entered into a joint venture agreement ("JVA") with Palma Citra Investama Pte Ltd ("Palma") and PT Sawit Mandira ("PTMandira") to develop approximately 17,500 hectares of agricultural land *(based on Izin Lokasi or Location Permit)* into oil palm plantation in Kecamatan Toba, Kabupaten Sanggau, Provinsi Kalimantan Barat, Republic of Indonesia (the "Land") ("Proposed JV").

The Proposed JV will be undertaken by PT Surya Agro Palma ("PTSAP"). Subject to the relevant approvals being obtained, SAH will subscribe for 700 ordinary shares of Rp1,000,000 each representing 70% of the enlarged issued and paid-up share capital in PTSAP. Palma's and PTMandira's shareholdings in the enlarged issued and paid-up share capital of PTSAP will be 25% and 5% respectively.

Palma and PTMandira are part of the Sepanjang Group who is the Group's existing joint venture partner and an established palm oil producer based in the Republic of Indonesia.

The completion of the JVA is subject to, inter-alia, the following conditions:-

(i) the approval of Bank Negara Malaysia;

(ii) the approval of Badan Koordinasi Penamaan Modal ("BKPM") (or Investment Coordinating Board of the Republic of Indonesia) for the change of shareholding of PTSAP in relation to the admittance of SAH as shareholder of PTSAP in the aforesaid proportion;

(iii) the procurement and/or maintenance of Izin Lokasi and Izin Usaha Perkebunan (or Plantation Business License);

(iv) the approval of the Ministry of Forestry Affairs, if required; and

(v) a due diligence study being conducted by SAH and its appointed advisers and/or auditors on the corporate and legal standing of PTSAP, the licenses and/or permits of PTSAP, the status of PTSAP and the status of and restrictions on the Land and any other aspects of PTSAP and the Land, that SAH thinks fit, and the results of the due diligence being satisfactory to SAH.

Notwithstanding completion of the JVA, the approvals, licenses and permits required for the implementation of the project contemplated in the JVA must be obtained no later than 31 December 2012.

The JVA is still conditional as at the date of this report.

## 44. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 24 February 2010.