Annual Report 2012

ORIENTAL HOLDINGS BERHAD (5286-U)
Oriental Group of Companies

Contents

Notice of Meeting

NOTICE IS HEREBY GIVEN that the Fifty-First Annual General Meeting of stockholders of the Company will be held at Sri Mas Ballroom, Level 4, Bayview Hotel Georgetown Penang, 25A Farquhar Street, 10200 Penang on Wednesday, 12 June 2013 at 2.30 pm for the following purposes:

1.	To receive the audited Financial Statements for the year ended 31 December 2012 together with the Directors' Report and Auditors' Report thereon.	**Ordinary Resolution 1**
2.	To declare a Final Single Tier Dividend of 4% for the year ended 31 December 2012.	**Ordinary Resolution 2**
3.	(i) To re-elect the following Directors who retire in accordance with Section 129 of the Companies Act, 1965 :	
	a) Dato' Robert Wong Lum Kong, DSSA, JP	**Ordinary Resolution 3**
	b) Dato' Dr Tan Chong Siang	**Ordinary Resolution 4**
	c) YM Tengku Tan Sri Dato' Seri Ahmad Rithauddeen Bin Tengku Ismail	**Ordinary Resolution 5**
	d) Puan Sharifah Intan Binti S M Aidid	**Ordinary Resolution 6**
	(ii) To re-elect the following Directors who retire in accordance with Article 133 of the Company's Articles of Association :	
	a) Ms Mary Geraldine Phipps	**Ordinary Resolution 7**
	b) Mr Satoshi Okada	**Ordinary Resolution 8**
4.	To approve the Directors' Fees of RM60,000 each for the year ended 31 December 2012.	**Ordinary Resolution 9**
5.	To re-appoint Messrs KPMG as Auditors of the Company and to authorise the Directors to fix their remuneration.	**Ordinary Resolution 10**

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

(i) Proposed New and Renewal of Stockholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

"THAT pursuant to Chapter 10.09 of the Listing Requirements of Bursa Malaysia Securities Berhad, a general mandate of the Stockholders be and is hereby granted to the Company and/or its subsidiaries to enter into the recurrent arrangements or transactions of a revenue or trading nature, as set out in the Company's Circular to Stockholders dated 21 May 2013 ("the Circular") with any person who is a related party as described in the Circular as follows, provided that such transactions are undertaken in the ordinary course of business, on an arm's length basis, and on normal commercial terms, or on terms not more favourable to the Related Party than those generally available to the public and are not, in the Company's opinion, detrimental to the minority stockholders; and that disclosure will be made in the annual report of the aggregate value of transactions conducted during the financial year; and that such approval, unless revoked or varied by the Company in general meeting, shall continue to be in force until the conclusion of the next Annual General Meeting of the Company :-

a) Recurrent Related Party Transactions of a revenue or trading nature involving Boon Siew Sdn Bhd Group; **Ordinary Resolution 11**

b) Recurrent Related Party Transactions of a revenue or trading nature involving Dato' Syed Mohamad Bin Syed Murtaza and family; **Ordinary Resolution 12**

c) Recurrent Related Party Transactions of a revenue or trading nature involving Honda Motor Co. Ltd.; **Ordinary Resolution 13**

d) Recurrent Related Party Transactions of a revenue or trading nature involving Karli Boenjamin; **Ordinary Resolution 14**

e) Recurrent Related Party Transactions of a revenue or trading nature involving Ooi Soo Pheng; **Ordinary Resolution 15**

f) Recurrent Related Party Transactions of a revenue or trading nature involving Tan Liang Chye; **Ordinary Resolution 16**

g) Recurrent Related Party Transactions of a revenue or trading nature involving Datuk Loh Kian Chong. **Ordinary Resolution 17**

(ii) Proposed Renewal of Stock Buy-Back **Ordinary Resolution 18**

"THAT subject to compliance with Section 67A of the Companies Act, 1965 (as may be amended, modified or re-enacted from time to time) and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by any relevant authorities, approval be and is hereby given to the Company to utilise up to RM291 million which represents the audited retained profits reserve of the Company as at 31 December 2012, otherwise available for dividend for the time being, to purchase on Bursa Malaysia Securities Berhad its own stocks up to 62,039,364 ordinary stocks of RM1.00 each representing 10% of the issued and paid up share capital of the Company of 620,393,638 ordinary stocks of RM1.00 each as at 25 April 2013 (including 31,808 Stocks retained as Treasury Stocks) AND THAT upon completion of the purchase(s) of the Stocks by the Company, the Stocks shall be dealt with in the following manner :-

i) to cancel the Stocks so purchased; or
ii) to retain the Stocks so purchased as treasury stocks for distribution as dividends to the stockholders and/or resell on the market of Bursa Malaysia Securities Berhad; or
iii) to retain part of the Stocks so purchased as treasury stocks and cancel the remainder.

whereby an announcement regarding the intention of the Directors of the Company in relation to the proposed treatment of the stocks purchased and rationale thereof will be made to Bursa Malaysia Securities Berhad AND THAT such authority from the stockholders would be effective immediately upon passing of this Ordinary Resolution up till the conclusion of the next Annual General Meeting ("AGM") of the Company or the expiry of the period within which the next AGM is required by law to be held (unless earlier revoked or varied by Ordinary Resolution in a general meeting of stockholders of the Company) but not so as to prejudice the completion of a purchase by the Company or any person before the aforesaid expiry date, in any event, in accordance with the provisions of the guidelines issued by Bursa Malaysia Securities Berhad or any other relevant authorities; AND THAT authority be and is hereby given to the Directors of the Company to take all such steps as are necessary or expedient to implement or to effect the purchase of OHB Stocks."

(iii) Retention as Independent Director **Ordinary Resolution 19**

"THAT YM Tengku Tan Sri Dato' Seri Ahmad Rithauddeen Bin Tengku Ismail be retained as Independent Director of the Company, in accordance with the Malaysian Code on Corporate Governance 2012 until the conclusion of the next Annual General Meeting."

7. To transact any other businesses of which due notice shall have been given in accordance with the Company's Articles of Association.

By Order of the Board

TAI YIT CHAN (MAICSA 7009143)
ONG TZE-EN (MAICSA 7026537)
Joint Company Secretaries

Penang, 21 May 2013.

Notes :

1. A member entitled to attend and vote at this meeting may appoint a proxy to attend and, on a poll, to vote on his behalf. A Member may appoint 2 proxies to attend on the same occasion. A proxy may but need not be a Member and the provisions of Section 149(1)(b) of the Act shall not, apply to the Company. If a Member appoints 2 proxies, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.

2. Where a Member of the Company is an exempt authorised nominee which hold ordinary stocks in the Company for multiple beneficial owner in one (1) securities account ("omnibus account"), there shall be no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

   An exempt authorised nominee refers to an authorized nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of subsection 25A(1) of Central Depositories Act.

3. If the appointer is a corporation, the Proxy Form must be executed under the Common Seal of the Company or under the hand of its attorney duly authorised in writing.

4. For a proxy to be valid, the Form of Proxy duly completed must be deposited at the Registered Office of the Company, Suite 2-1, 2nd Floor, Menara Penang Garden, 42A Jalan Sultan Ahmad Shah, 10050 Penang, Malaysia not less than forty-eight (48) hours before the time appointed for holding the meeting or at any adjournment thereof.

5. Should you desire your Proxy to vote on the Resolutions set out in the Notice of Meeting, please indicate with an "X" in the appropriate space. If no specific direction as to voting is given, the Proxy will vote or abstain at his discretion.

6. For purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company pursuant to Article 80(3) of the Articles of Association of the Company and Paragraph 7.16(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, a Record of Depositors ("ROD") as at 5 June 2013 and only a Depositor whose name appears on such ROD shall be entitled to attend this meeting or appoint proxy to attend and/or vote in his/her behalf.

Explanatory Notes on Special Business :

1. **Resolutions pursuant to Proposed New and Renewal of Stockholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature**
   The Ordinary Resolutions 11 to 17, if passed will approve the stockholders' mandate on Recurrent Related Party Transactions and allow the Company and/or its subsidiaries to enter into Recurrent Related Party Transactions in accordance with Chapter 10 of the Listing Requirements of Bursa Malaysia Securities Berhad. This approval shall continue to be in force until the conclusion of the next Annual General Meeting or the expiration of the period within which the next Annual General Meeting is required by the law to be held or revoked/varied by resolution passed by the stockholders in general meeting whichever is the earlier.

2. **Resolution pursuant to Proposed Renewal of Stock Buy-Back**
   The Ordinary Resolution 18, if passed will allow the Company to purchase its own stocks. The total number of stocks purchased shall not exceed 62,039,364 stocks representing 10% of the issued and paid up share capital of the Company. This authority will, unless revoked or varied by the Company in general meeting, expires at the next Annual General Meeting of the Company.

3. **Resolution pursuant to Retention as Independent Director**
   YM Tengku Tan Sri Dato' Seri Ahmad Rithauddeen Bin Tengku Ismail was appointed as an Independent Director on 9 February 2000. He has served the Company for a cummulative term of more than 9 years as at the date of the notice of AGM. The Board of Directors has recommended him to continue to act as Independent Director of the Company based on the justifications as follows:-

   - YM Tengku Tan Sri Dato' Seri Ahmad Rithauddeen Bin Tengku Ismail fulfils the criteria under the definition on Independent Director as stated in the Listing Requirements of Bursa Malaysia Securities Berhad and, therefore, is able to bring independent and objective judgment to the Board;
   - his service in the public sector enables him to share his valuable experience, skills and expertise with the Board and Board Committees;
   - he has been with the Company long and therefore understands the Company's business operations which enables him to contribute actively and effectively during deliberations or discussions at Board and Board Committees meetings;
   - he has contributed sufficient time and efforts in attending the Board and Board Committees meetings;
   - he has actively participated in Board deliberations, provided objectivity in decision making and an independent voice to the Board; and
   - he has exercised due care during his tenure as Independent Non-Executive Director of the Company and carried out his professional duties in the best interest of the Company and shareholders.

Statement of Accompanying Notice of Annual General Meeting
(Pursuant to Paragraph 8.27(2) of the Listing Requirements)

1. No individual is seeking election as a Director at the forthcoming Fifty-First AGM of the Company.

Dividend Announcement

NOTICE IS HEREBY GIVEN that a depositor shall qualify for entitlement to the Final Single Tier Dividend only in respect of :

a) Stocks transferred into the Depositor's Securities Account before 4.00 p.m. on 31 July 2013 in respect of ordinary transfers; and

b) Stocks bought on Bursa Malaysia Securities Berhad on a cum dividend entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

The Final Single Tier Dividend, if approved, will be paid on 30 August 2013 to depositors registered in the Records of Depositors at the close of business on 31 July 2013.

Statement of Proposed Renewal of Authority to Purchase its Own Stocks

1. INTRODUCTION

At the AGM of the Company held on 28 June 2012, the Directors had obtained stockholders' approval to undertake the Proposed Stock Buy-Back of up to 10% of the issued and paid-up share capital of Oriental Holdings Berhad ("the Company" or "OHB") through Bursa Malaysia Securities Berhad ("Bursa Securities"). The Company's authority to undertake the Proposed Stock Buy-Back shall, in accordance with Bursa Securities's Guidelines Governing Share Buy-Back, lapses at the conclusion of the forthcoming AGM unless a new mandate is obtained from stockholders for the Proposed Stock Buy-Back.

Accordingly, the Company had on 23 April 2013 announced that the Directors proposed to seek authorisation from stockholders for a renewal of the Proposed Stock Buy-Back.

The purpose of this Statement is to provide you with the details pertaining to the Proposed Stock Buy-Back and to seek your approval for the related resolution which will be tabled at the forthcoming AGM.

2. PROPOSED RENEWAL OF AUTHORITY FOR THE STOCK BUY-BACK

As at the date of this Statement, the Company has bought back 100,000 Stocks from the open market. On 2 March 2001, 68,192 of the Treasury Stocks that were purchased were cancelled.

As at 25 April 2013, the issued and paid up share capital of the Company is RM620,393,638 comprising of 620,393,638 Stocks of RM1.00 each (including 31,808 Stocks retained as Treasury Stocks). The Directors seek the authority from the stockholders of the Company to purchase its Stocks up to ten per centum (10%) of the issued and paid-up share capital of OHB or 62,039,364 Stocks for the time being quoted on the Bursa Securities through its appointed stockbroker, Hwang-DBS Securities Berhad previously notified to the Bursa Securities.

The new mandate from stockholders will be effective immediately upon the passing of the Ordinary Resolution for the Proposed Stock Buy-Back up till the conclusion of the next AGM of OHB in the year 2014 unless the authority is further renewed by an Ordinary Resolution passed at the said AGM (either unconditionally or subject to conditions), or upon the expiration of the period within which the next AGM is required by law to be held, or if earlier revoked or varied by an Ordinary Resolution of the stockholders of the Company in a general meeting.

The Proposed Stock Buy-Back is subject to the compliance with Section 67A of the Companies Act, 1965 (as may be amended, modified or re-enacted from time to time) and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by the relevant authorities at the time of purchase.

In accordance with the guidelines of the Bursa Securities, the Company may only purchase the Stocks on the Bursa Securities at a price which is not more than fifteen per centum (15%) above the weighted average market price for the past five (5) market days immediately preceding the date of the purchase(s). The Company may only resell the treasury stocks on the Bursa Securities at :

a) a price which is not less than the weighted average market price for the Stocks for the past five (5) market days immediately prior to the resale; or
b) a discount price of not more than 5% to the weighted average market price for the Stocks for the 5 market days immediately prior to the resale provided that :-

    i) the resale takes place no earlier than 30 days from the date of purchase; and
    ii) the resale price is not less than the cost of purchase of the shares being resold.

The Directors will deal with the Stocks so purchased in the following manner :-

a) to cancel the Stocks so purchased; or
b) to retain the Stocks so purchased in treasury for distribution as dividend to the stockholders and/or resell on the market of the Bursa Securities; or
c) to retain part of the Stocks so purchased as treasury stocks and cancel the remainder.

An appropriate announcement will be made to the Bursa Securities in respect of the intention of the Directors whether to retain the Stocks so purchased as treasury stocks or cancel them or both as and when the Proposed Stock Buy-Back is executed.

3. RATIONALE FOR THE PROPOSED STOCK BUY-BACK

The Proposed Stock Buy-Back will give the Directors the flexibility to purchase Stocks, if and when circumstances permit, with a view to enhancing the earnings per stock of the Group and net asset per stock of the Company.

The Proposed Stock Buy-Back is not expected to have any potential material disadvantage to the Company and its stockholders as it will be exercised only after in-depth consideration of the financial resources of the Group and of the resultant impact on its stockholders.

3.1 Potential Advantages

The Proposed Stock Buy-Back if exercised, is expected to potentially benefit the Company and its stockholders as follows :

- The Company would expect to enhance the earnings per stock of the Group (in the case where the Directors resolve to cancel the Stocks so purchased or retain the Stocks in treasury and the treasury stocks are not subsequently resold), and thereby long term and genuine investors are expected to enjoy a corresponding increase in the value of their investments in the Company;
- If the Stocks bought back are kept as treasury stocks, it will give the Directors an option to sell the Stocks so purchased at a higher price and therefore make an exceptional gain for the Company. Alternatively the Stocks so purchased can be distributed as share dividends to stockholders; and
- The Company may be able to stabilize the supply and demand of its Stocks in the open market and thereby supporting its fundamental values.

3.2 Potential Disadvantages

The Proposed Stock Buy-Back, if exercised, will reduce the financial resources of OHB and may result in OHB having to forego other alternative investment opportunities which may emerge in the future, and it may reduce the financial resources of OHB for payment of dividends. Nevertheless, the Directors will be mindful of the interests of OHB and its stockholders when exercising the Proposed Stock Buy-Back.

4. FINANCIAL EFFECTS OF THE PROPOSED STOCK BUY-BACK

4.1 Share Capital

The Proposed Stock Buy-Back, if carried out in full and the Stocks so purchased are cancelled, the proforma effect on the issued and paid-up share capital of the Company will be as follows :

	No. of Stocks
Existing as at 25 April 2013	620,393,638
Proposed Stock Buy-Back *(10% of the issued and paid up share capital, including 31,808 Treasury Stocks)*	62,039,364
	558,354,274

However, there will be no effect on the issued and paid-up share capital of OHB if the Stocks so purchased are retained as Treasury Stocks.

4.2 Net Assets Per Stock

The effects of the Proposed Stock Buy-Back on the net assets per stock of the Group are dependent on the purchase prices of the OHB Stocks and the effective funding cost to the Company.

If all the OHB Stocks purchased are to be cancelled, the Proposed Stock Buy-Back will reduce the net asset per stock when the purchase price exceeds the net asset per stock at the relevant point in time. However, the net asset per stock will be increased when the purchase price is less than the net asset per stock at the relevant point in time. The net asset per stock is RM7.41 as per audited financial statements as at 31 December 2012.

4.3 Working Capital

The Proposed Stock Buy-Back, if exercised, will reduce the working capital of the Group, the quantum of which depends on the purchase price of OHB Stocks and the actual number of OHB Stocks purchased.

4.4 Earnings Per Stock

The effects of the Proposed Stock Buy-Back on the earnings per stock of the Group are dependent on the actual number of OHB Stocks bought back and the purchase prices of OHB Stocks and the effective funding cost to the Company.

4.5 Dividends

Assuming the Proposed Stock Buy-Back is implemented in full and the dividend quantum is maintained at historical levels, the Proposed Stock Buy-Back will have the effect of increasing the dividend rate of OHB as a result of the reduction in the issued and paid-up share capital of OHB as described under Section 3.1 above.

5. SOURCE OF FUNDS FOR THE PROPOSED STOCK BUY BACK

The Proposed Stock Buy-Back will allow the Company to purchase its own stocks at any time within the above mentioned time period using internally generated funds of the Company.

The actual number of Stocks to be purchased, the total amount of funds to be utilized for each purchase and the timing of any purchase will depend on the market conditions and sentiments of the stock market, the financial resources available to the Company as well as the availability of the retained profits reserve and the share premium reserve of the Company.

The maximum amount of funds to be utilised for the Proposed Stock Buy-Back shall not exceed the aggregate of the retained profits reserve of the Company, otherwise available for dividend for the time being. Based on the audited financial statements as at 31 December 2012, the Company’s retained earnings is RM291 million.

6. OTHER DISCLOSURES IN RELATION TO THE PROPOSED STOCK BUY BACK

6.1 Public Stockholding Spread

The Proposed Stock Buy-Back will be made in compliance with the 25% stockholding spread as required by the Listing Requirements of Bursa Securities. As at 25 April 2013, the public stockholding spread of the Company is approximately 32.3% of its issued share capital.

6.2 Purchases and Resale Made in the Previous Twelve (12) Months

OHB has not purchased any stocks in the previous 12 months preceding the date of this Statement. There was also no resale or cancellation of treasury stocks during the same period.

As at 31 December 2000, OHB had purchased a total of 100,000 of its own stocks and retained as Treasury Stocks. Out of 100,000 Stocks, 68,192 Stocks have been cancelled on 2 March 2001 and delisted from the Bursa Securities. The remaining of 31,808 Stocks are retained as Treasury Stocks. Treasury Stocks have no rights to voting, dividends, bonus issue and participation in other distribution.

6.3 Implication on The Malaysian Code On Take-Overs and Mergers 2010 ("the Code")

Boon Siew Sdn Bhd, a major stockholder of OHB by virtue of the management control exercised collectively by Dato' Seri Loh Cheng Yean, Dato' Robert Wong Lum Kong, DSSA, JP, Dato' Seri Lim Su Tong, Dato' Dr Tan Chong Siang and Datuk Loh Kian Chong, is deemed to be a Party Acting in Concert with these Directors.

The Proposed Stock Buy-Back, if fully exercised will result in the equity interest of Boon Siew Sdn Bhd increasing from 43.0% to 47.8%. If the increase is more than 2% over a 6 month period, Boon Siew Sdn Bhd will be obliged under Part II of the Code to undertake a Mandatory General Offer for the remaining ordinary stocks in OHB not already held by them.

The Directors, Dato' Seri Loh Cheng Yean, Dato' Robert Wong Lum Kong, DSSA, JP, Dato' Seri Lim Su Tong, Dato' Dr Tan Chong Siang and Datuk Loh Kian Chong and Boon Siew Sdn Bhd will seek Securities Commission's approval for a waiver from the obligation to undertake a Mandatory General Offer under Practice Note 9 of the Code, which is in respect of exemption for holders of voting shares, directors and persons acting in concert when a company purchases its own voting shares.

In the event the Proposed Waiver is not granted, the Company will not proceed with the Proposed Stock Buy-Back.

7. INTERESTS OF DIRECTORS, SUBSTANTIAL STOCKHOLDERS AND PERSONS CONNECTED

The Directors, Substantial Stockholders and Persons Connected with the Directors and/or Substantial Stockholders of the OHB Group have no direct or indirect interest in the Proposed Stock Buy-Back and resale of treasury stocks.

8. DIRECTORS' RECOMMENDATION

Having considered all aspects of the Proposed Stock Buy-Back, the Directors are of the opinion that the Proposed Stock Buy-Back is in the best interest of the Group. The Directors recommend that you vote in favour of the resolution pertaining to the Proposed Stock Buy-Back to be tabled at the forthcoming AGM.

9. BURSA SECURITIES

Bursa Securities takes no responsibility for the contents of this Statement, makes no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or reliance upon the whole or any part of the contents of this Statement. Bursa has not reviewed this Statement prior to its issuance.

Corporate Information

BOARD OF DIRECTORS

Executive Chairman
Dato' Seri Loh Cheng Yean
D.G.P.N., D.S.P.N.

Group Managing Directors
Dato' Robert Wong Lum Kong
D.S.S.A., J.P

Dato' Seri Lim Su Tong
D.G.P.N., D.S.P.N.

Other Directors
YM Tengku Tan Sri Dato' Seri Ahmad Rithauddeen Bin Tengku Ismail
P.M.N., S.P.M.P., S.S.A.P., P.M.K.

Dato' Dr. Tan Chong Siang
D.S.P.N., D.J.N., P.K.T.

Sharifah Intan Binti S. M. Aidid

Datuk Loh Kian Chong D.M.S.M.

Mary Geraldine Phipps

Dato' Ghazi Bin Ishak

Satoshi Okada

Datin Loh Ean (Alternate director to Dato' Robert Wong Lum Kong D.S.S.A., J.P)

Tan Kheng Hwee (Alternate director to Dato' Seri Loh Cheng Yean)

Dato' Sri Tan Hui Jing
S.S.A.P., P.K.T., P.J.K.
(Alternate director to Dato' Dr. Tan Chong Siang)

EXCO COMMITTEE

Chairman
Dato' Seri Loh Cheng Yean

Members
Dato' Robert Wong Lum Kong
D.S.S.A., J.P
Dato' Seri Lim Su Tong
Dato' Dr. Tan Chong Siang
Datuk Loh Kian Chong

AUDIT COMMITTEE

Chairman
Mary Geraldine Phipps

Members
Sharifah Intan Binti S. M. Aidid
Dato' Ghazi Bin Ishak
YM Tengku Tan Sri Dato' Seri Ahmad Rithauddeen Bin Tengku Ismail

REMUNERATION COMMITTEE

Chairman
YM Tengku Tan Sri Dato' Seri Ahmad Rithauddeen Bin Tengku Ismail

Members
Dato' Dr. Tan Chong Siang
Sharifah Intan Binti S. M. Aidid
Mary Geraldine Phipps
Dato' Ghazi Bin Ishak

NOMINATION COMMITTEE

Chairman
YM Tengku Tan Sri Dato' Seri Ahmad Rithauddeen Bin Tengku Ismail

Members
Sharifah Intan Binti S. M. Aidid
Mary Geraldine Phipps
Dato' Ghazi Bin Ishak

RISK MANAGEMENT COMMITTEE

Chairman
Mary Geraldine Phipps

Members
Dato' Robert Wong Lum Kong
D.S.S.A., J.P
Dato' Seri Lim Su Tong
Wong Tet Look
Tan Kheng Hwee

COMPANY SECRETARIES

Tai Yit Chan (MAICSA 7009143)
Ong Tze-En (MAICSA 7026537)

REGISTERED OFFICE

Suite 2-1, 2nd Floor
Menara Penang Garden
42A, Jalan Sultan Ahmad Shah
10050 Penang
Tel No : 04-2294390
Fax No : 04-2265860

SHARE REGISTRAR

AGRITEUM Share Registration Services Sdn. Bhd.
2nd Floor, Wisma Penang Garden
42, Jalan Sultan Ahmad Shah
10050 Penang
Tel No : 04-2282321
Fax No : 04-2272391

AUDITORS

KPMG, Penang
Chartered Accountants

MAJOR BANKERS

Citibank Berhad
The Nova Scotia Bank Berhad
Standard Chartered Bank Malaysia Berhad
United Overseas Bank (Malaysia) Berhad

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
Main Market
Stock Code : 4006

WEBSITE

www.ohb.com.my

Profile of Directors

Dato' Seri Loh Cheng Yean

Dato' Seri Loh, aged 69, a Malaysian, was appointed to the Board on 6 April 1987. She is the Group Chairman of Oriental Holdings Berhad since 1995 and Executive Chairman in charge of Honda automotive division and Hotels & Resorts and overseas investments.

She obtained her higher education in England and began her career as Managing Director of Kah Motor Company Sdn Bhd, Singapore in 1974. She incorporated the hospitality management companies, Bayview International Hotels and Resorts Malaysia and Singapore in 1990, and Kah Power Products Pte. Ltd., Singapore in 2008.

She is one of the four executive directors on the Executive Board of Oriental Holdings Berhad and is the Executive Chairman of Bayview International Sdn Bhd (Hotels and Resorts) and all the overseas subsidiaries of Kah Motor Company Sdn Bhd.

She also holds the Chairmanship of Boon Siew Sdn Bhd, a private company, with controlling interest in Oriental Holdings Berhad as well as the Non-Executive Chairman of Boon Siew Honda Sdn Bhd, a 49/51 joint venture between Oriental Holdings Berhad and Honda Motor Co. Ltd., Japan. She is also the Chairman of Singapore Safety Driving Centre Ltd. and a Director of Bukit Batok Driving Centre Ltd. and Honda Malaysia Sdn Bhd.

She attended all the 7 Board meetings held in 2012.

She is the sister of Datin Loh Ean, sister-in-law of Dato' Robert Wong Lum Kong, DSSA, JP, Dato' Dr Tan Chong Siang, Dato' Seri Lim Su Tong, mother of Tan Kheng Hwee and the aunt of Datuk Loh Kian Chong and Dato' Sri Tan Hui Jing.

Dato' Robert Wong Lum Kong, DSSA, JP

Dato' Robert Wong Lum Kong, DSSA, JP, aged 72, a Malaysian, was appointed to the Board on 12 April 1976. He is the Group Managing Director in charge of the automotive division for Honda distributorship in Malaysia (until 2001) and Hyundai, plastic division and industrial and commercial property division (Malaysia).

A Chartered Accountant and a Fellow of CPA Australia, Dato' Wong became a member of CPA Australia in 1965, followed by membership in the Malaysian Institute of Certified Public Accountants and the Malaysian Institute of Accountants. He is also a member of The Malaysian Institute of Directors and a Fellow of The Institute of The Motor Industry.

He has 49 years experience in the business, corporate and entrepreneurship sectors, which started in 1964 when he assumed the post of General Manager and Director of a manufacturing and trading concern dealing in non-consumable products. From 1967 to 1971, he joined a Certified Public Accounting firm as Senior Accountant, and during this period, he was seconded to a Stock Broking firm for 1½ years to reorganize and manage the business. In 1971, he started his own Certified Public Accounting firm.

Dato' Wong joined Oriental Holdings Berhad Group in 1972 as General Manager and Advisor, with emphasis in the motor and motor-related businesses.

He is one of the four executive directors responsible for the overall business and management operations of the Group.

In addition, he is the Managing Director of the following Oriental Holdings Berhad subsidiaries, namely:

- Kah Motor Company Sdn Bhd – (Malaysia's branches) since 1987;
- Kah Bintang Auto Sdn Bhd;
- Happy Motoring Company Sdn Bhd, exclusive distributor of Honda automobiles in Brunei.

He also established Teck See Plastic Group as an integrated one-stop centre for designing, compounding and manufacturing of automotive and consumer products.

Dato' Wong is in charge of the automotive business in Malaysia and Brunei as well as the plastic division of the Group locally and abroad. He is highly experienced in the motor industry, and has 41 years experience encompassing distribution, assembly and marketing in both car and motorcycle, as well as the manufacturing of components for the automotive (2-wheelers and 4-wheelers), electronics and parts industry both locally and overseas.

Dato' Wong is also very much devoted to public services and has held some notable memberships and positions, including among them, Associate Member of Commonwealth Magistrates & Judges Association, Honorary Rotarian, Trustee of The Spastic Children's Association of Selangor and Federal Territory, and Chairman of the 5th New Honda Circle Asia-Oceania Bloc Committee.

In recognition for achieving 11 consecutive years (1990 – 2000) in the No. 1 position for Honda in Malaysia in the non-national passenger car segment, the only company and country in the world to achieve this magnificient result, Dato' Wong received formal recognition during this period from various Honda directors, including the President and Managing Director of Honda Motor Co. Ltd. (Japan).

In recognition of his outstanding and exemplary achievements in entrepreneurship, Dato' Wong was awarded the Entrepreneur of the Year Award by Enterprise Asia in its Asia Pacific Entrepreneurship Awards 2010 (APEA 2010), the Great Entrepreneur Brand Icon Leadership Award 2011 from the BrandLaureate Asia Pacific Brands Foundation as well as the Malaysia Business Leadership Awards 2010 – Automotive Award from the Kuala Lumpur Malay Chamber of Commerce and The Leaders Magazine. In addition, in recognition of his lifetime achievements, he was awarded the Lifetime Achievement Global Leadership Award 2011 and the Lifetime Achievement Master Class Award in 2011 from ASEAN Retail Chains & Franchise Federation.

He is a director of several subsidiaries of Oriental Holdings Berhad involving in hotels and resorts, plantation, property development, healthcare, construction machinery, safety driving centre, leasing and finance.

He is the Managing Director of Boon Siew Sdn Bhd since 1987, a company, with controlling interest in Oriental Holdings Berhad, and its subsidiary companies. Amongst his other directorships, he is a director of Hicom-Honda Manufacturing Malaysia Sdn Bhd, a joint-venture between DRB-Hicom, Honda and Boon Siew in the manufacture of motorcycle engines and components. He is also a director of Hitachi Construction Machinery (Malaysia) Sdn Bhd, and Singapore Safety Driving Centre Ltd.

He was a member of the Audit Committee since its formation on 27 April 1994 until his resignation on 31 January 2009.

He attended all the 7 Board meetings held in 2012.

He is spouse of Datin Loh Ean. Dato' Robert Wong Lum Kong, DSSA, JP is the eldest brother-in-law of Dato' Seri Loh Cheng Yean, Dato' Dr. Tan Chong Siang, Dato' Seri Lim Su Tong and the uncle of Datuk Loh Kian Chong, Dato' Sri Tan Hui Jing and Tan Kheng Hwee.

Dato' Seri Lim Su Tong

Dato' Seri Lim, aged 68, a Malaysian, was appointed to the Board on 1 July 1974. He is currently the Group Managing Director in charge of the property development and plantation divisions of the Group.

Dato' Seri Lim, a Bachelor of Arts (Hons) Economics graduate has over 30 years of experience in business operations.

He is one of the four executive directors responsible for the overall business and management operations of the Group.

In addition, Dato' Seri Lim is the CEO of the property development and plantation divisions of the Group.

He is currently a director of several subsidiaries of Oriental Holdings Berhad involved in hotels and resorts, automotive industries and plastic parts industries.

He is also a managing director of Boon Siew Sdn Bhd. and Boon Siew Credit Berhad and a director of Penang Yellow Bus Co. Berhad.

He attended all the 7 Board Meetings held in 2012.

He is the brother-in-law of Dato' Seri Loh Cheng Yean, Dato' Robert Wong Lum Kong, DSSA, JP, Datin Loh Ean, Dato' Dr Tan Chong Siang and the uncle of Datuk Loh Kian Chong, Dato' Sri Tan Hui Jing and Tan Kheng Hwee.

YM Tengku Tan Sri Dato' Seri Ahmad Rithauddeen Bin Tengku Ismail

YM Tengku, aged 81, a Malaysian, is an Independent Non-Executive Director and was appointed to the Board on 9 February 2000.

YM Tengku, a former Cabinet Minister, served with the government for 20 years in various ministries as Minister of Foreign Affairs, Minister of International Trade and Industry, Minister at the Prime Minister's Office and Minister of Defence before retiring in 1990.

Tengku holds a Bachelor of Law degree from the University of Nottingham, United Kingdom and is a Barrister-at-Law from Lincoln's Inn.

He is also currently the Pro-Chancellor of University Kebangsaan Malaysia, Chairman of University of Nottingham Malaysia Sdn. Bhd., President of United Nations Association Malaysia and Honorary President for Life of Islamic Chambers of Commerce Malaysia. Tengku is a member of Advisory Trustee of Uthant Institute Inc., New York, USA.

YM Tengku was also awarded Foreign Orders and Decorations by the Federal Republic of Germany, Saudi Arabia, Republic of Korea and Thailand.

In January 2002, YM Tengku was conferred Doctor of Laws (Honoris Causa) by the University of Nottingham and also conferred Doctor of Philosophy by Universiti Kebangsaan Malaysia in August 2007.

He is the Chairman of the Nomination Committee and Remuneration Committee; and a member of Audit Committee.

He attended 5 out of 7 Board Meetings held in 2012.

YM Tengku does not have any family relationship with any other Director and/or major stockholder of the Company.

Dato' Dr Tan Chong Siang

Dato' Dr Tan, aged 72, a Malaysian, is a Non-Independent Non-Executive Director and has been a board member since 7 April 1995.

Dato' Dr Tan is a medical specialist by profession and the Chief Executive Officer of two private hospitals.

He is a member of the Remuneration Committee.

He attended all the 7 Board Meetings held in 2012.

He is the brother-in-law of Dato' Seri Loh Cheng Yean, Dato' Robert Wong Lum Kong, DSSA, JP, Datin Loh Ean, Dato' Seri Lim Su Tong and father of Dato' Sri Tan Hui Jing. He is the uncle of Datuk Loh Kian Chong and Tan Kheng Hwee.

Datuk Loh Kian Chong

Datuk Loh Kian Chong, aged 37, a Malaysian, was appointed to the Board as an Executive Director on 15 May 2009. Datuk Loh Kian Chong holds a Bachelor of Business in Property Degree from Royal Melbourne Institute of Technology (RMIT).

He began his career as Director of Boon Siew Group of Companies in 2000. In May 2007, he was appointed as Deputy Chairman of Boon Siew Sdn. Bhd. He is a major shareholder of Boon Siew Sdn Bhd. and a major stockholder of Oriental Holdings Berhad.

He is a director of Penang Yellow Bus Company Berhad and Boon Siew Credit Berhad.

He attended 6 out of 7 Board Meetings held in 2012.

He is the nephew of Dato' Seri Loh Cheng Yean, Dato' Robert Wong Lum Kong, DSSA, JP, Datin Loh Ean, Dato' Dr Tan Chong Siang, Dato' Seri Lim Su Tong and the cousin of Dato' Sri Tan Hui Jing and Tan Kheng Hwee.

Sharifah Intan Binti S M Aidid

Puan Sharifah, aged 78, a Malaysian, is a Non-Independent Non-Executive Director. She was appointed as a Director on 25 July 2002.

After 20 years in the teaching profession, she took up law in 1980, and was called to the Bar in 1985. She is currently a consultant of Messrs. Lim Huck Aik & Co, Advocates & Solicitors.

In addition, she is a director of Boon Siew Honda Sdn. Bhd., Penang Yellow Bus Co. Berhad and Chainferry Development Sdn. Bhd..

She is a member of the Audit Committee, Nomination Committee and Remuneration Committee.

She attended all the 7 Board Meetings held in 2012.

Puan Sharifah does not have any family relationship with any other Director and/or major stockholder of the Company.

Satoshi Okada

Mr. Satoshi Okada, aged 47, a Japanese was appointed to the Board as a Non-Independent Non-Executive on 18 May 2011.

Mr. Satoshi Okada holds a Bachelor of Economic from Wakayama University, Wakayama Japan.

On 1st April 1988, he joined Honda Motor Co., Ltd and he has had experience in overseas three times before Malaysia.

In 1993, he worked at Kwang Yang Motor in Taiwan and was appointed as Assistant to President of Honda Philippines Inc. in 2001. In 2007, he was appointed as Marketing Director of Astra Honda Motor, Indonesia. Currently he is the Managing Director and Chief Executive Officer of Boon Siew Honda Sdn. Bhd.

He attended 5 out of 7 Board Meetings held in 2012.

Mr. Satoshi Okada is the representative of Honda Motor Co., Ltd. He does not have any family relationship with any other Director and/or major stockholder of the Company.

Mary Geraldine Phipps

Ms. Mary Geraldine Phipps, aged 64, a Malaysian, was appointed to the Board as an Independent Non-Executive Director of the Company on 14 August 2009. In 1976, she became a member of the Malaysian Institute of Certified Public Accountants and a member of the Malaysian Institute of Accountants in 1982. In 1992, she became a member of the Malaysian Institute of Taxation and is currently a Fellow of the Malaysian Institute of Taxation.

She joined KPMG, Penang as an articled student in 1969 and remained in public practice until her retirement in December 2004. In 1982, she was made a partner of KPMG and in 1990 she was appointed Managing Partner of KPMG Penang practice. During this time, she was also a Director of KPMG Tax Services Sdn Bhd. Her expertise is in taxation and her experience in tax advisory and consultancy services covered a diversified range of industries. She was the Tax/Client Partner for multinational clients of KPMG's overseas offices which have manufacturing facilities in Penang.

She currently sits on the Board of SLP Resources Berhad.

She is the Chairman of the Audit Committee and Risk Management Committee. She is also a member of Nomination Committee and Remuneration Committee.

She attended 6 out of 7 Board Meetings held in 2012.

She does not have any family relationship with any other Director and/or major stockholder of the Company.

Dato' Ghazi Bin Ishak

Dato' Ghazi, aged 69, a Malaysian, was appointed to the Board as an Independent Non-Executive Director on 22 September 2010.

Dato' Ghazi, a lawyer by profession is a Barrister at Law from Lincoln's Inn London, United Kingdom. He was called to the English Bar in 1971 and joined the Malaysian Government Legal Services upon his return in 1971. He was posted as a Magistrate in Kuala Lumpur and later as Acting President of Sessions Court in Malacca and Kuala Kubu Bahru. He was appointed as Deputy Public Prosecutor Penang in 1975 and for a spell acted as State Legal Adviser, Penang.

He resigned from Government Service on 31 December 1976 and joined a legal firm, Messrs Presgrave & Matthews, as a Partner from 1 March 1977 until 1992 when he formed Messrs Ghazi & Lim.

Dato' Ghazi is one of the most prominent litigation lawyers in Malaysia having litigated in landmark Malaysian cases in fields ranging from criminal, commercial, company, banking, construction, constitutional, land law and complex probate and administration matters involving jurisdictions in Australia, Singapore, America and England. He also handles labour, employment and industrial disputes. Dato' Ghazi also advises local authorities and other statutory bodies, including Universiti Sains Malaysia.

His corporate experience includes joint venture agreements involving foreign partners. He currently sits on the Board of Wing Tai Malaysia Berhad.

He is a member of Audit Committee and Nomination Committee.

He attended 4 out of 7 Board Meetings held in 2012.

Dato' Ghazi does not have any family relationship with any other Director and/or major stockholder of the Company.

Datin Loh Ean

Datin Loh Ean, aged 71, a Malaysian, was appointed as an Alternate Director to Dato' Robert Wong Lum Kong, DSSA, JP on 9 September 2010. Datin Loh Ean obtained higher education in England.

She started work in Boon Siew Sdn Bhd since 1965. She is a Director of Boon Siew Credit Berhad, Penang Yellow Bus Company Berhad, NGK Spark Plugs Malaysia Bhd., certain subsidiaries and associated companies of Oriental Holdings Berhad and Boon Siew Sdn Bhd.

She is the spouse of Dato' Robert Wong Lum Kong, DSSA, JP. She is the eldest sister of Dato' Seri Loh Cheng Yean. She is the eldest sister-in-law of Dato' Dr Tan Chong Siang, Dato' Seri Lim Su Tong and the aunt of Datuk Loh Kian Chong, Dato' Sri Tan Hui Jing and Tan Kheng Hwee.

Tan Kheng Hwee

Ms. Tan Kheng Hwee, aged 47, a Singaporean, was appointed to the Board as an Alternate Director to Dato' Seri Loh Cheng Yean on 1 August 2011.

Ms Tan holds a Bachelor of Arts in Economics, Cornell University and also a MBA in Finance, New York University. She worked in Deloitte and Touche in New York City (International Tax) for a year before joining Kah Motor Singapore Branch as a Finance Manager. She is currently the Deputy Managing Director in Kah Motor Singapore Branch.

She is a director of Boon Siew Credit Berhad and Penang Yellow Bus Company Berhad.

She is the daughter of Dato' Seri Loh Cheng Yean. She is the niece of Dato' Robert Wong Lum Kong, DSSA, JP, Datin Loh Ean, Dato' Dr Tan Chong Siang, Dato' Seri Lim Su Tong and the cousin of Datuk Loh Kian Chong and Dato' Sri Tan Hui Jing.

Dato' Sri Tan Hui Jing

Dato' Sri Tan Hui Jing, aged 31, a Malaysian, was appointed to the Board as an Alternate Director to Dato' Dr Tan Chong Siang on 5 May 2010. Dato' Sri Tan Hui Jing holds a Bachelor of Business Systems from Monash University, Clayton Australia.

He began his career as Sales and Marketing Executive in Boon Siew Sdn. Bhd. in 2004. In 2006, he was appointed as Director of Boon Siew Honda Sdn. Bhd.. Currently, he is a Deputy Chairman of Boon Siew Honda Sdn. Bhd.

He is the son of Dato' Dr Tan Chong Siang, the nephew of Dato' Seri Loh Cheng Yean, Dato' Robert Wong Lum Kong, DSSA, JP, Datin Loh Ean, Dato' Seri Lim Su Tong and the cousin of Datuk Loh Kian Chong and Tan Kheng Hwee.

Notes:

(a) *Conflict of Interest*
None of the Directors has any conflict of interest with the Group.

(b) *Convictions of Offences*
None of the Directors has been convicted of any offences within the past 10 years.

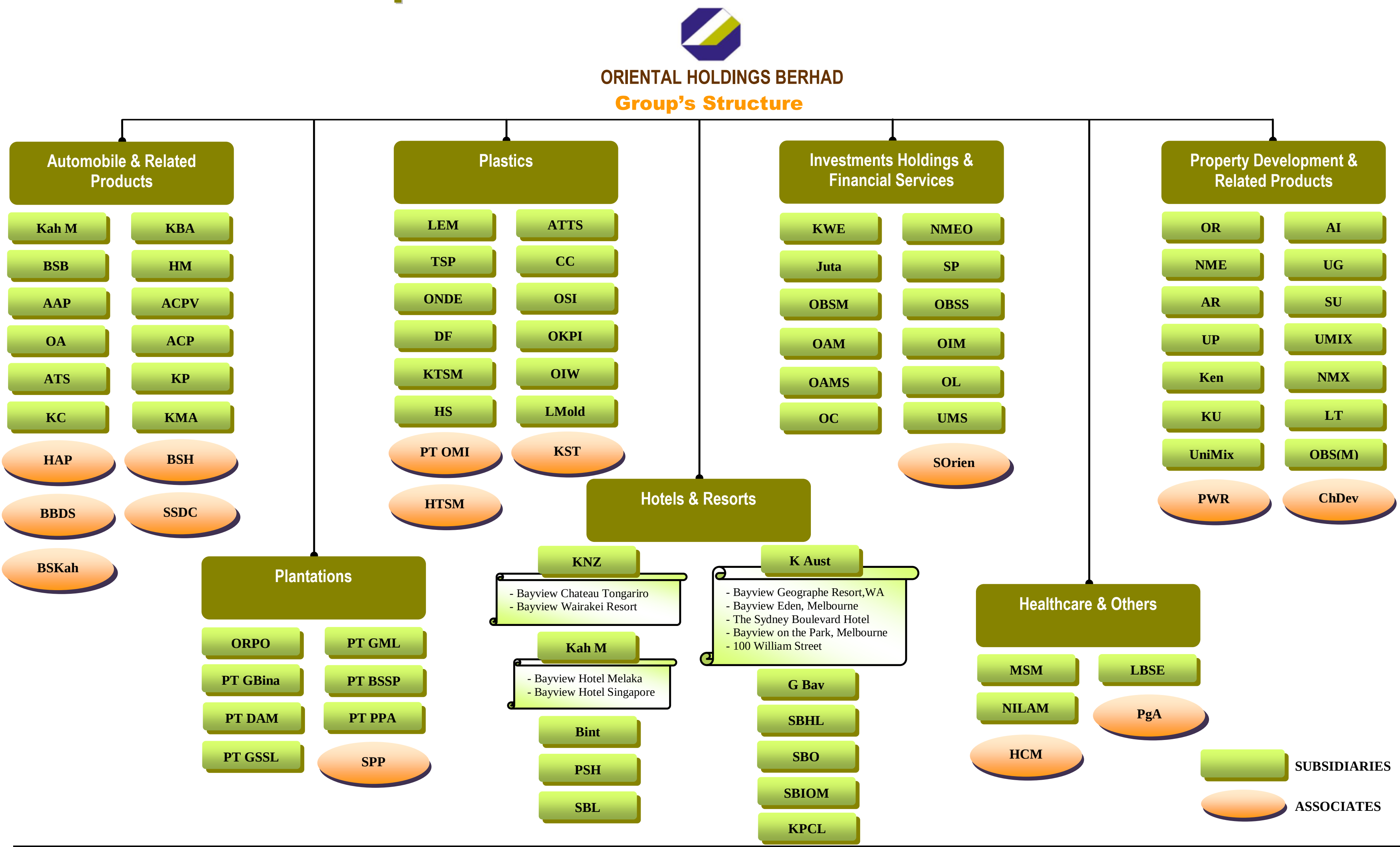
Name of Subsidiaries and Associates

AAP	Armstrong Auto Parts Sdn. Berhad
ACP	Armstrong Cycle Parts (Sdn). Berhad
ACPV	Armstrong Component Parts (Vietnam) Co., Ltd
AI	Armstrong Industries Sdn. Bhd.
AR	Armstrong Realty Sdn. Bhd.
ATS	Armstrong Trading & Supplies Sdn. Bhd.
ATTS	AT-TS Marketing Sdn. Bhd.
BBDS	Bukit Batok Driving Centre Ltd.
Bint	Bayview International Sdn. Bhd.
BSB	Boon Siew (Borneo) Sendirian Berhad
BSH	Boon Siew Honda Sdn. Bhd.
BSKah	B. S. Kah Pte. Ltd.
CC	Compounding & Colouring Sdn. Bhd.
ChDev	Chainferry Development Sdn. Berhad
DF	Dragon Frontier Sdn. Bhd.
Gbay	Geographe Bay Motel Unit Trust
HAP	Honda Autoparts Manufacturing (M) Sdn. Bhd.
HCM	Hitachi Construction Machinery (Malaysia) Sdn. Bhd.
HM	Happy Motoring Company Sdn. Bhd.
HS	Hymold (Su Zhou) Co., Ltd.
HTSM	Hicom Teck See Manufacturing Malaysia Sdn. Bhd.
Juta	Jutajati Sdn. Bhd.
KC	Kah Classic Auto Sdn. Bhd.
Kah M	Kah Motor Company Sdn. Berhad
KAust	Kah Australia Pty. Limited
KBA	Kah Bintang Auto Sdn. Bhd.
Ken	Kenanga Mekar Sdn. Bhd.
KMA	KM Agency Sdn. Bhd.
KNZ	Kah New Zealand Limited
KP	Kah Power Products Pte. Ltd.
KPCL	Kingdom Properties Co. Limited
KST	Kasai Teck See Co. Ltd.
KTSM	Kasai Teck See (Malaysia) Sdn. Bhd.
KWE	Kwong Wah Enterprise Sdn. Bhd.
KU	Konkrit Utara Sdn. Bhd.
LBSE	Loh Boon Siew Education Sdn. Bhd.
LEM	Lipro Electrical Manufacturing Sdn. Bhd.
LMold	Lipro Mold Engineering Sdn. Bhd.
LT	Lipro Trading Sdn. Bhd.
MSM	Melaka Straits Medical Centre Sdn. Bhd.
NILAM	Nilam Healthcare Education Centre Sdn. Bhd.
NME	North Malaya Engineers Trading Company Sdn. Berhad
NMEO	North Malaya Engineers Overseas Sdn. Bhd.
NMX	North Malaya (Xiamen) Steel Co. Ltd.
OA	Oriental Assemblers Sdn. Bhd.
OAM	Oriental Asia (Mauritius) Pte. Ltd.
OAMS	OAM Asia (Singapore) Pte. Ltd.

Name of Subsidiaries and Associates (cont'd)

OBSM	Oriental Boon Siew (Mauritius) Pte. Ltd.
OBS(M)	Oriental Boon Siew (M) Sdn. Bhd.
OBSS	OBS (Singapore) Pte. Ltd.
OC	Syarikat Oriental Credit Berhad
OIM	Oriental International (Mauritius) Pte. Ltd.
OIW	Oriental Industries (Wuxi) Co. Ltd.
OKPI	Oriental Kyowa Plastic Industries (Shanghai Pudong New Area) Co. Ltd.
OL	Onward Leasing & Credit Sdn. Bhd.
ONDE	Oriental Nichinan Design Engineering Sdn. Bhd.
OR	Oriental Realty Sdn. Berhad
ORPO	Oriental Rubber & Palm Oil Sdn. Berhad
OSI	Oriental San Industries Sdn. Bhd.
PgA	Penang Amusements Company Sdn. Bhd.
PSH	Park Suanplu Holdings Co., Ltd.
PT DAM	PT Dapo Agro Makmur
PT GBina	PT Gunungsawit Binalestari
PT GML	PT Gunung Maras Lestari
PT GSSL	PT Gunung Sawit Selatan Lestari
PT BSSP	PT Bumi Sawit Sukses Pratama
PT PPA	PT Pratama Palm Abadi
PT OMI	PT Oriental Manufacturing Indonesia
PWR	Penang Wellesley Realty Sdn. Berhad
SBHL	Silver Beech Holdings Limited
SBIOM	Silver Beech (IOM) Limited
SBO	Silver Beech Operations UK Limited
SBL	Suanplu Bhiman Limited
SP	Selasih Permata Sdn. Bhd.
SPP	Southern Perak Plantations Sdn. Berhad
SOrien	Southern Oriental Sdn. Bhd.
SSDC	Singapore Safety Driving Centre Ltd.
SU	Simen Utara Sdn. Bhd.
TSP	Teck See Plastic Sdn. Bhd.
UG	Ultra Green Sdn. Bhd.
UMix	Unique Mix (Penang) Sdn. Bhd.
UniMix	Unique Mix Sdn. Bhd.
UP	Unique Pave Sdn. Bhd.
UMS	Unique Mix (Singapore) Pte. Ltd.

Group's Structure as at 31 December 2012



Chairman's Statement

On behalf of the Board of Directors of Oriental Holdings Berhad ("OHB"), I am pleased to present to you the Annual Report and Audited Financial Statement of the Company and of the Group for the financial year ended 31 December 2012.

For the financial year ended 31 December 2012, the Group recorded revenue of RM2.8 billion, a decrease of 10% from RM3.1 billion in 2011. Profit after tax also dropped in tandem by 18% to RM302.6 million from RM369.2 million in 2011. Profit attributable to shareholders decreased by 25.8% to RM200.6 million, translating to an earnings per stock of 32.34 sen as compared with 43.55 sen in the previous year. However, net asset per share rose to RM7.41 from RM7.09.

As global economic recovery remains uncertain, the Group is continuously focused on managing its businesses in a prudent manner to increase long term shareholders' value. Some of the Board's ongoing sustainable strategies are formulating achievable objectives for day to day management, balancing benefits and risks in new investments and plans, cost optimization as well as effective and efficient financial and cash flow management.

YEAR UNDER REVIEW

The Group currently sells Honda automobiles through dealership held by its wholly owned subsidiary, Kah Motor Company Sdn Berhad (KM) in Malaysia and distributorship in Singapore and Brunei. The Group also sells Hyundai cars (both CBU and CKD versions) via its subsidiary, Kah Bintang Auto Sdn Bhd. The performance of the automotive division was impacted by negative contribution from auto parts manufacturing and vehicle assembly business units due to higher overhead cost from scaling back production as a result of competition from alternate sources for auto component supply.

As for the plantation division, Malaysia CPO prices in 2012 weakened by 14.1% or RM454 per MT to RM2,764 against RM3,218 in 2011 due to reduced demand worldwide coupled with high levels of inventory in the country. Accordingly, FFB prices decreased by an average of RM121 to RM600 per MT in 2012 from RM721 in 2011. Total FFB production from our Malaysian plantations in 2012 amounted to 94,465 MT compared to 101,770 MT in 2011, the decline being attributed to cyclical factors and weather conditions. However, the yield per hectare in 2012 at 21.22 MT per hectare mirrored 21.24 MT per hectare recorded in 2011.

Our Indonesian plantations performance was also affected by the softer commodity prices. Average CPO prices weakened by 14.8% or RM400 per MT to RM2,300 against RM2,700 in 2011. Total FFB production in 2012 increased by 5% to 533,378 MT when compared to 509,485 MT reported in the previous year. Average yield per hectare increased slightly to 25.61 MT from 24.79 MT in 2011.

As a whole, the plantation division is operating at par with industry standards. The Board is confident that the plantation division will continue to contribute positively towards the Group's profitability.

Revenue from the Group's hospitality division improved with contribution coming mainly from the two newly acquired hotels in Thailand and UK, namely, Park Suanplu Holdings Co. Ltd and Silver Beech Operations UK Limited. However, average room rates and occupancy rates for all properties were generally lower compared to 2011 thus eroding the profit margin for the year. The division will continuously look into effective strategies and further enhance customer service levels in order to achieve greater efficiency in all areas of operation.

DIVIDEND

Based on the stock capital of 620,361,830 (after deducting 31,808 Treasury Stocks), a single tier interim dividend of 4.0%, totalling RM24,814,473 will be paid on 10 May 2013. The Board has also recommended a final single tier dividend of 4.0% totalling RM24,814,473. In total, the dividend distribution for the year will amount to RM49,628,946 or 16.4% of the net profit for the year.

OUTLOOK

Going forward, the Group's operating environment is expected to remain challenging in view of uncertainties surrounding the global economy and the spillover impact on our domestic economy. In the face of fierce competition in all the markets we are in, profitability of the Group could be affected. The Group is however well positioned to meet changing market needs and business goals as it continually realigns its business strategies, which are anchored on innovative measures and strong governance, and leveraged on human capital strength and competitiveness to sustain growth. The Group's strong balance sheet and prudent management will enable it to maintain a competitive edge in its core businesses.

The automotive division is expected to remain competitive given the changing market trend and increase in new players in the domestic and overseas markets. The division will continue to focus on quality, cost control and strengthening its network as part of an initiative to restructure its business model.

The Group has built up a sizeable acreage of plantation land in Indonesia and will continue to acquire planted estates or more land suitable for palm oil cultivation when the opportunity arises. Whilst FFB & CPO prices are beyond its control, management will continue to keep up efforts to control the costs of FFB and CPO production.

As for the Group's hospitality division, the management will optimize performance of the existing assets and improve operational execution through various organic measures. Management will also consider strategic investment opportunities for future growth.

The property division will see an increase in its land bank following ongoing reclamation works on the remaining 501 acres of the concession in Melaka.

The Group expects the healthcare sector to contribute positively to the Group upon commencement of operations of its medical centre in Melaka.

The Group will continue to map out both short and long term strategies to maximize investment opportunities that can add to stockholders' value.

RETURN TO STOCKHOLDERS

A holding of 1,000 stocks in Oriental when it was listed in 1964 would translate into 48,306 Oriental stocks worth RM420,262, based on the share price of RM8.70 at the end of 2012. In addition, the stocks would have earned a total gross dividend of RM160,690. The gross dividends received and the appreciation in value is equivalent to a remarkable average rate of return of 13.87% for each of the 49 years.

ACKNOWLEDGEMENT

On behalf of the Board, I wish to thank the Board committees, management and staff for their professionalism, dedication and commitment towards the continued success of the Group. Our appreciation also goes to our stockholders, customers, business associates and regulatory authorities for their on going support.

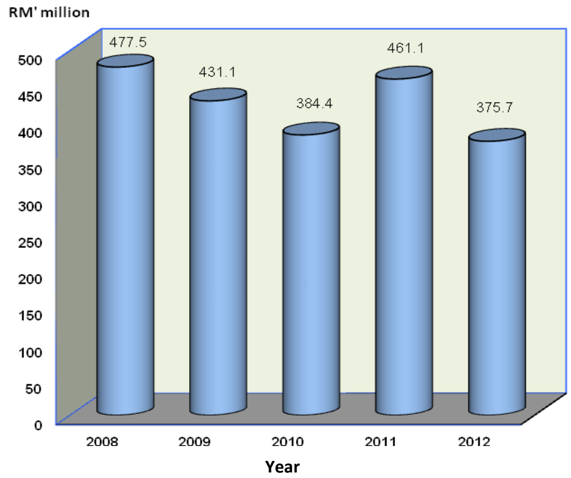
DATO' SERI LOH CHENG YEAN
Chairman
23 April 2013

Five-Year Group Financial Summary (RM'million)

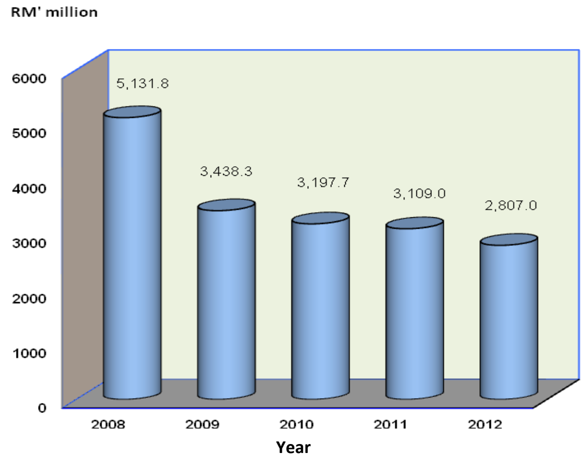
	2012	2011	2010	2009	2008
FINANCIAL POSITION ANALYSIS					
Share capital	620.4	620.4	620.4	517.0	517.0
Reserves	595.8	542.2	514.2	504.7	395.1
Retained earnings	3,381.1	3,236.3	3,003.3	2,897.2	2,669.2
Treasury stocks	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)
Total equity attributable to stockholders of the Company	4,597.1	4,398.7	4,137.7	3,918.7	3,581.1
Minority interest	728.3	669.6	601.0	559.1	474.7
TOTAL EQUITY	5,325.4	5,068.3	4,738.7	4,477.8	4,055.8
Property, plant and equipment	1,338.3	1,117.9	1,241.2	1,311.1	1,097.1
Intangible assets	52.0	57.3	32.3	32.1	42.4
Biological assets	214.1	166.2	137.1	144.5	128.2
Investment properties	492.5	487.9	72.6	62.3	55.9
Land held for property development	35.8	37.8	167.5	158.2	180.6
Prepaid land lease payments	40.0	40.5	52.5	53.1	137.4
Investments	647.4	540.2	542.0	407.6	412.8
Current assets	3,309.7	3,511.5	3,262.5	3,026.2	2,986.9
Deferred tax assets	8.0	6.3	3.8	9.5	12.3
TOTAL ASSETS	6,137.8	5,965.6	5,511.5	5,204.6	5,053.6
TOTAL LIABILITIES	(812.4)	(897.3)	(772.8)	(726.8)	(997.8)
	5,325.4	5,068.3	4,738.7	4,477.8	4,055.8
OTHER DATA					
Profit before taxation	375.7	461.1	384.4	431.1	477.5
Taxation	(73.2)	(91.8)	(76.5)	(93.9)	(115.5)
PROFIT FOR THE YEAR	302.5	369.3	307.9	337.2	362.0
Minority interests	(101.9)	(99.1)	(58.4)	(66.5)	(48.4)
NET PROFIT ATTRIBUTABLE TO STOCKHOLDERS OF THE COMPANY	200.6	270.2	249.5	270.7	313.6
DIVIDEND					
Net - RM'million	49.6	55.8	55.8	38.8	62.0
Gross rate - %	8.0	9.0	9.0	10.0	16.0

Financial highlights of the Group

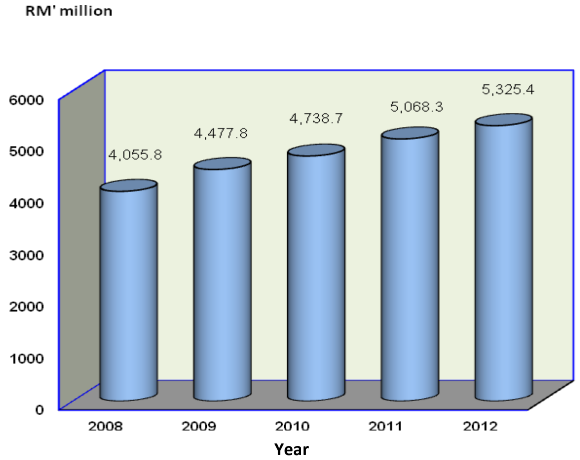
Profit Before Taxation



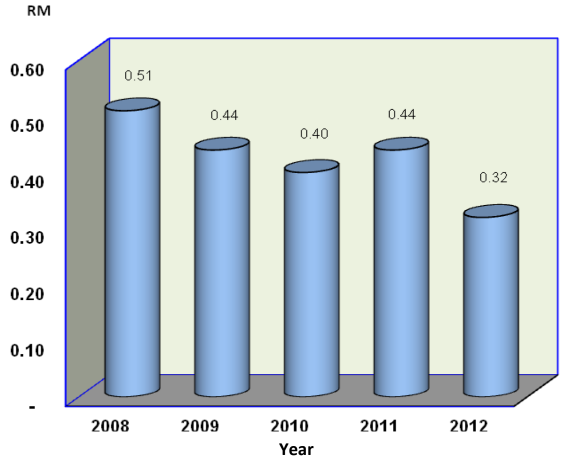
Turnover



Shareholders'Fund

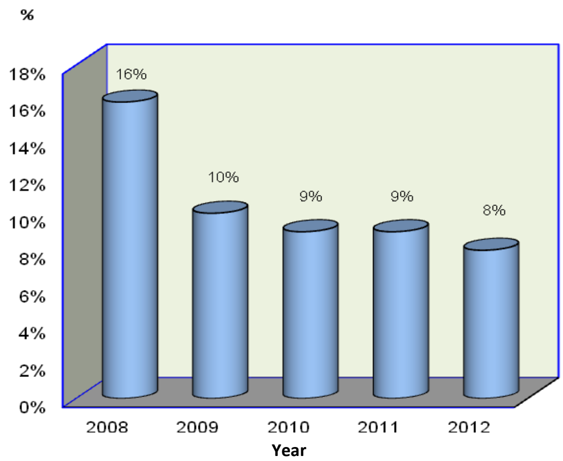


*Earnings Per Stock

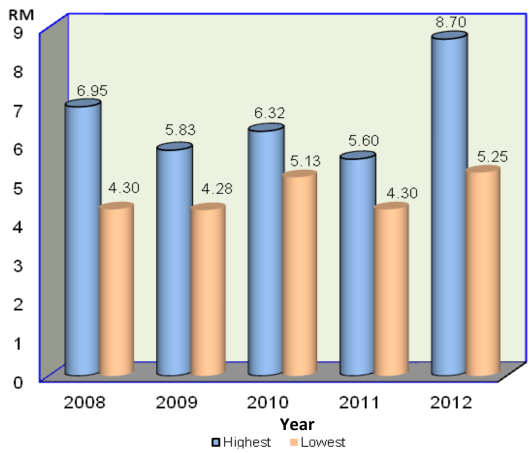


* Adjusted for 2010 Bonus Issue

Gross Dividends



*Market Price



* Adjusted for 2010 Bonus Issue

Plantation Statistics

			2012	2011
I	**Estates - Malaysia & Indonesia**			
A	**Area Statement**			
1	Matured	Ha	25,280	25,341
2	Immature	Ha	2,729	2,313
3	**Total Planted**	Ha	28,009	27,654
4	Plantable	Ha	47,282	47,637
5	**Sub total**	Ha	75,291	75,291
6	Buildings, roads, etc	Ha	1,641	1,630
7	**Total**	Ha	76,932	76,920
B	**Matured**	Ha	25,280	25,341
C	**FFB Yield per Hectare**	MT	24.84	24.12
D	**Estate FFB Production**	MT	627,843	611,255
II	**Oil Mills - Indonesia**			
A	**FFB Throughput**			
1	Own Estates	MT	533,378	509,485
2	External	MT	121,493	231,218
3	**Total**	MT	654,871	740,703
B	**Extraction Rates**			
1	CPO	%	20.55	20.89
2	Palm Kernel	%	5.32	5.15
C	**Production**			
1	CPO	MT	134,545	154,712
2	Palm Kernel	MT	34,829	38,129
III	**Age Profile of Planted Area - 31/12/12**		**Hectares**	**Hectares**
1	Matured			
a	Young (4 to 7 years)		835	1,141
b	Prime (8 to 18 years)		22,564	22,629
c	Due (more than 18 years)		1,881	1,572
d	**Sub total**		25,280	25,341
2	Immature		2,729	2,313
3	**Total Planted**		28,009	27,654
IV	**Data - Comprises of**		**2012**	**2011**
1	Indonesia			
a	PT Gunung Maras Lestari		√	√
b	PT Gunungsawit Binalestari		√	√
c	PT Bumi Sawit Sukses Pratama		√	√
d	PT Gunung Sawit Selatan Lestari		√	√
e	PT Pratama Palm Abadi		√	√
f	PT Dapo Argo Makmur		√	√
2	Malaysia			
a	Oriental Rubber & Palm Oil Sdn Bhd		√	√

Financial Calendar

FINANCIAL YEAR END	**31 December 2012**
ANNOUNCEMENT OF RESULTS	
Quarter ended 31 March 2012	24 May 2012
Quarter ended 30 June 2012	27 August 2012
Quarter ended 30 September 2012	22 November 2012
Quarter ended 31 December 2012	28 February 2013
DIVIDENDS	
Payment of Interim Dividend for Year 2011	11 May 2012
Payment of Final Dividend for Year 2011	14 September 2012
Payment of Interim Dividend for Year 2012	10 May 2013
Proposed Final Dividend for Year 2012	23 April 2013
POSTING OF ANNUAL REPORT AND FINANCIAL STATEMENTS TO STOCKHOLDERS	**21 May 2013**
ANNUAL GENERAL MEETING	**12 June 2013**

Statement on Corporate Governance

The Board of Directors (the "Board") is committed to implementing and maintaining high standards of corporate governance in promoting transparency, accountability and integrity to enhance shareholder value. As such, the Board strives to adopt the substance behind corporate governance prescriptions and not merely the form.

The Board is pleased to provide the following Statement, which sets out how the Company has applied the Principles and Recommendations as promulgated by the Malaysian Code on Corporate Governance 2012 (the "MCCG 2012") during the financial year under review following the release of the MCCG 2012 by the Securities Commission in late March 2012. Non-observation of specific Recommendation of the MCCG 2012 during the financial year, including the reasons thereof and alternative practice, if any, is included in this Statement.

Principle 1 Establish clear roles and responsibilities of the Board and Management

Duties and Responsibilities of the Board

The Board recognises the vital role played by the Board in the stewardship of its direction and operations, and ultimately the enhancement of long-term shareholder value. To fulfil its role, the Board has assumed and established the following responsibilities in discharging its fiduciary and leadership functions:

- reviewing and adopting a strategic plan for the Group to ensure sustainability of its business as the Board brings objectivity and breadth of judgement to the Group's operations;
- overseeing the conduct of the Group's businesses and performance of Management to determine whether or not its businesses are being properly managed;
- identifying principal risks for the Company and its subsidiaries and ensuring the implementation of appropriate internal controls and mitigating measures to address such risks;
- succession planning, including appointing, training, fixing the compensation of and, where appropriate, replacing members of the Board and Senior Management;
- overseeing the development and implementation of a shareholder communications policy for the Company; and
- reviewing the adequacy and integrity of the Group's risk management and internal control system..

To assist in the discharge of its stewardship role, the Board has established Board Committees, namely the Executive Committee, Audit Committee, Remuneration Committee, Nominating Committee and Risk Management Committee, to oversee matters within their specific terms of reference as approved by the Board and report to the Board on key issues deliberated at their respective meetings. The ultimate responsibility for decision making, however, lies with the Board.

Board Charter

To enhance accountability, the Board has established clear functions reserved for the Board and those delegated to Management**.** There is a formal schedule of matters reserved to the Board for its deliberation and decision to ensure the direction and control of the Company are in its hands. Key matters reserved for the Board include setting the overall group strategy and direction, approving acquisitions and divestitures, annual operating and capital budgets, quarterly and annual financial statements for announcement as well as monitoring of financial and operating performance of the Group. Whilst the Board is responsible for creating the framework and policies within which the Group should be operating, Management is responsible for instituting measures on compliance with laws, regulations, rules, directives and guidelines, including the achievement of the Group's corporate objectives. Such delineation of roles is clearly set out in the Board Charter which serves as a reference point for Board activities and reinforces the supervisory role of the Board.

In early 2013, the Board revised its Board Charter to take into account the Recommendations promulgated by the MCCG 2012 and changes to the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa"), including Board dynamics. Efforts will be taken to upload the salient features of the revised Charter on the Company's website at ***www.ohb.com.my.***

Code of Ethics and Whistle Blowing Policy

The Board has also formalized in writing a Code of Ethics in early 2013, setting out the standards of ethics and conduct expected from Directors and employees to uphold good corporate behaviour. To complement the Code of Ethics, the Company's existing whistle blowing policy was also enhanced accordingly to outline when, how and to whom a concern may be properly raised about the actual or potential corporate fraud or breach of ethics involving employee, Management or Director in the Group. All concerns reported by the whistle blower are made to the Chairman of the Audit Committee according to the form and specific conditions prescribed under the policy. The identity of the whistle blower is kept confidential and protection is accorded to the whistle blower against any form of reprisal or retribution.

The Board recognises the importance on adherence to the Code of Ethics by all personnel in the Group and will take measures to put in place a process to ensure its compliance, including efforts to upload a summary of the Code of Ethics on the Company's website at ***www.ohb.com.my.***

Sustainability of Business

The Board is aware of the importance of business sustainability and has embedded its Sustainability Policy in developing its corporate strategies with the impact on the environmental, social and governance aspects taken into consideration. As for the Group's activities on corporate social responsibilities for the year under review, they are disclosed on pages 53 to 54 of this Annual Report.

Supply of and Access to Information

The Board is supplied with relevant information and reports on financial, operational, corporate, regulatory, business development and audit matters, by way of Board reports or upon specific requests, for informed decision making and effective discharge of Board's responsibilities.

Procedures have been established for timely dissemination of Board and Board Committees papers to all Directors at least seven (7) days to the Board and Board Committees meetings, to give effect to Board decisions and to deal with matters arising from such meetings. Senior Management of the Group and external advisors are invited to attend Board meetings to provide additional insights and professional views, advice and explanations on specific items on the meeting agenda. Besides direct access to Management, Directors may obtain independent professional advice at the Company's expense, if considered necessary, in accordance with established procedures set out in the Board Charter in furtherance of their duties.

Directors have unrestricted access to the advice and services of the Company Secretaries to enable them to discharge their duties effectively. The Board is regularly updated and advised by the Company Secretaries who are qualified, experienced and competent on new statutory and regulatory requirements, and the resultant implications to the Company and Directors in relation to their duties and responsibilities. The Company Secretaries, who oversee adherence with Board policies and procedures, brief the Board on the proposed contents and timing of material announcements to be made to regulators. The Company Secretaries attend all Board and Board Committees meetings and ensure that meetings are properly convened, and that accurate and proper records of the proceedings and resolutions passed are taken and maintained accordingly. The removal of Company Secretaries, if any, is a matter for the Board, as a whole, to decide.

Principle 2 Strengthen Composition of the Board

Board Composition and Balance

At the date of this Statement, the Board consists of ten (10) members, comprising four (4) Executive Directors and six (6) Non-Executive Directors, three (3) of whom are Independent. This composition fulfils the requirements as set out under the Listing Requirements of Bursa, which stipulate that at least two (2) Directors or one-third of the Board, whichever is higher, must be Independent. The profile of each Director is set out on pages 12 to 18 of this Annual Report.

Nominating Committee

The Company has a Nominating Committee, which comprises wholly Non-Executive Directors, with a majority being Independent. At the date of this Statement, the members are as follows:

Chairman:
YM Tengku Tan Sri Dato' Seri Ahmad Rithauddeen bin Tengku Ismail – *appointed on 28 May 2007*
Senior Independent Non-Executive Director

Members:
Sharifah Intan binti S M Aidid – *appointed on 28 May 2007*
Non Independent Non-Executive Director
Mary Geraldine Phipps – *appointed on 29 April 2010*
Independent Non-Executive Director
Dato' Ghazi bin Ishak – *appointed on 24 February 2011*
Independent Non-Executive Director

The Nominating Committee was formed by the Board with specific terms of reference to recommend to the Board the candidature of Directors, oversee assessment of Directors, appoint Directors to Board Committees and review the Board's succession plans as well as training programmes.

Appointment and Induction

In discharging its responsibilities, the Nominating Committee has developed certain criteria for use in the recruitment process and annual assessment of Directors. In evaluating the suitability of candidates, the Nominating Committee considers, inter-alia, the competency, experience, commitment (including time commitment), contribution and integrity of the candidates, including, where appropriate, the criteria on assessing the independence of candidates' appointment as Independent Non-Executive Directors.

Following the appointment of new Directors to the Board, the Committee, along with the Chairman, Group Managing Directors and other Executive Director ensure that an induction programme is arranged to enable them to have a full understanding of the nature of the business, current issues within the Group and corporate strategies as well as the structure and management of the Group.

Annual Assessment and Board Diversity

The Committee reviews annually the required mix of skills and experience of Directors to enhance board diversity. This is achieved through the use of questionnaire for Directors to assess the effectiveness of the Board, as a whole, the Committees of the Board and contribution of each individual Director. This process includes a peer review where Directors assess their own and also their fellow Directors' performance. The assessment and comments by all Directors are summarized and reported at a Board Meeting by the Nominating Committee Chairman for continuous improvements of the Board, Board Committees and Directors.

Since 2009, the Board has already achieved the gender diversity target set by the Government in 2011 to have at least 30% women representation in the boards of public listed companies by 2016 as three (3) out of ten (10) Directors are women. Nevertheless, the evaluation of the suitability of candidates is based on the candidates' competency, character, time commitment, integrity and experience in meeting the needs of the Company.

Re-election and re-appointment of Directors

The Company's Articles of Association provide that at least one-third of the Board is subject to retirement by rotation at each Annual General Meeting. The Directors to retire in each year are those who have been longest in office since their appointment or reappointment. All Directors are required to submit themselves for re-election at regular intervals and at least every three (3) years.

In addition, Directors over seventy (70) years of age are required to submit themselves for re-appointment annually in accordance with Section 129(6) of the Companies Act, 1965.

During the financial year under review, two (2) Committee meetings were held and attended by all its members. Annually, the Nominating Committee reviews and assesses the mix of skills, expertise, composition, size and experience of the Board, including the core-competencies of both Executive and Non-Executive Directors; the contribution of each individual Director; effectiveness of the Board, as a whole, and the Board Committees and also the retirement of Directors by rotation who are eligible for re-election.

Remuneration Committee – Directors' Remuneration

The Remuneration Committee, established by the Board, is responsible for setting the policy framework and recommending to the Board the remuneration of Directors so as to ensure that the Company is able to attract and retain its Directors needed to run the Group successfully. The components of Directors' remuneration are structured so as to link rewards to financial performance of the Group in the case of Executive Directors. In the case of Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by the individual Non-Executive Director concerned.

The Remuneration Committee comprises wholly Non-Executive Directors, with a majority being Independent. At the date of this Statement, the members are as follows:

Chairman:
YM Tengku Tan Sri Dato' Seri Ahmad Rithauddeen bin Tengku Ismail – *appointed on 29 April 2009*
Senior Independent Non-Executive Director

Members:
Dato' Dr Tan Chong Siang – *appointed on 29 April 2009*
Non-Independent Non-Executive Director
Sharifah Intan binti S M Aidid – *appointed on 29 April 2009*
Non Independent Non-Executive Director
Mary Geraldine Phipps – *appointed on 19 November 2009*
Independent Non-Executive Director
Dato' Ghazi bin Ishak – *appointed on 28 February 2013*
Independent Non-Executive Director

The Remuneration Committee is entrusted to recommend to the Board, the remuneration of Executive Directors in all its forms to ensure the rewards are linked to their performance and contributions to the Group's growth and profitability in order to align the interest of the Directors with those of shareholders. The Committee also ensures the levels of remuneration for Executive Directors are linked to their extent of responsibilities undertaken and contribution to the effective functioning of the Board. None of the Executive Directors participated in any way in determining their individual remuneration.

The Board, as a whole, approves the remuneration of Non-Executive Directors with the Directors concerned abstaining from the decision in respect of their individual remuneration and recommends Directors' fees to be approved at the forthcoming annual general meeting in line with the Company's Articles of Association.

During the financial year under review, the Remuneration Committee reviewed and recommended to the Board, the remuneration for all Executive Directors of the Company while the Non-Executive Directors' fees are recommended by the Board for shareholders' approval at the Company's Annual General Meeting.

Details of remuneration of Directors of the Company for the financial year ended 31 December 2012 are as follows:

	Executive	**Non-Executive**	**Total**
	RM'000	RM'000	RM'000
Directors' Fees	702	471	1,173
Salaries	2,619	-	2,619
Other emoluments	7,154	772	7,926
Total	**10,475**	**1,243**	**11,718**

The number of Directors of the Company in each remuneration band is as follows:

	Number of directors	
	Executive	Non-Executive
RM 0 – RM 50,000	-	2
RM 50,001 – RM 100,000	-	5
RM 100,001 – RM 150,000	-	1
RM 650,001 – RM 700,000	-	1
RM 1,400,001 – RM 1,450,000	1	-
RM 2,800,001 – RM 2,850,000	1	-
RM 3,050,001 – RM 3,100,000	1	-
RM 3,150,001 – RM 3,200,000	1	-
Total	**4**	**9**

Principle 3 Reinforce Independence of the Board

Directors' Independence

There is a clear division of responsibilities amongst the Executive Chairman, Group Managing Directors and Executive Director to embed accountability and facilitate the division of responsibility, such that no one individual has unfettered powers over decision making. The Chairman is responsible for ensuring the adequacy and effectiveness of the Board's governance process and acts as a facilitator at Board meetings to ensure that contributions by Directors are forthcoming on matters being deliberated and that no Board member dominates discussion. All Executive Directors, supported by the Management team, implement the Group's strategic plan, policies and decisions adopted by the Board, and oversee the operations and business development of the Group.

The Board recognises the importance of independence and objectivity in the decision making process. Executive Directors are responsible for the management of day-to-day business operations in the respective divisions as well as the implementation of policies and decisions approved by the Board, whilst the Executive Committee, as a whole, sets the strategic direction for the Group.

Recommendation 5.3 of the MCCG 2012 provides that the Board must comprise a majority of Independent Directors where the Chairman of the Board is not an Independent Director. The existing composition of the Board is such that Independent Directors do not form a majority. The Board believes that the interests of shareholders are best served by a Chairman who is sanctioned by shareholders and who acts in the best interests of shareholders as a whole. As the Chairman has a significant relevant interest in the Group, she is well placed to act on behalf of shareholders and in their best interests. The Board also believes that the current Directors has a balanced mix of skills, experience, expertise and competency to bring the Group forward while discussions are always carried out with candour and vigour, allowing all Directors to express their opinions regardless of their position. Moreover, the Directors are professionals in their own rights and are recognisable public figures who exercise objectivity in making decisions for the benefit of the Group.

The Independent Non-Executive Directors bring to bear objective and independent views, advice and judgment on interests, not only of the Group, but also of shareholders, employees, customers, suppliers and the many communities in which the Group conducts its business. Independent Non-Executive Directors are essential for protecting the interests of shareholders and can make significant contributions to the Company's decision making by bringing in the quality of detached impartiality. To fulfil this purpose, YM Tengku Tan Sri Dato' Seri Ahmad Rithauddeen bin Tengku Ismail has been identified as the Company's Senior Independent Non-Executive Director, to whom concerns may be conveyed by shareholders and other stakeholders.

In early 2013, the Board assessed the independence of its Independent Non-Executive Directors based on criteria set out under the Listing Requirements of Bursa Malaysia and adopted by the Nominating Committee.

The Board Charter was revised to restrict the tenure of an Independent Director to a cumulative term of nine (9) years. However, an Independent Director may continue to serve the Board upon reaching the 9-year limit subject to the Independent Director's re-designation as a Non-Independent Non-Executive Director. In the event the Board intends to retain the Director as Independent after the latter has served a cumulative term of nine (9) years, the Board shall justify the decision and seek shareholders' approval at general meeting. In justifying the decision, the Nominating Committee is entrusted to assess the candidate's suitability to continue as an Independent Non-Executive Director based on the criteria on independence.

Following the assessment and deliberations by the Nominating Committee and the Board, as a whole, the Board has decided to recommend YM Tengku Tan Sri Dato' Seri Ahmad Rithauddeen bin Tengku Ismail to continue to act as Independent Non-Executive Director, subject to shareholders' approval at the forthcoming Annual General Meeting of the Company although his tenure has exceeded nine (9) years since being appointed on 9 February 2000. Key justifications for his recommended continuance as an Independent Non-Executive Director are as follows:

- he fulfils the criteria under the definition on Independent Director as stated in the Main Market Listing Requirements of Bursa Malaysia and, therefore, is able to bring independent and objective judgment to the Board;

- his service in the public sector enables him to share his valuable experience, skills and expertise with the Board and Board Committees;

- he has been with the Company long and therefore understands the Company's business operations which enables him to contribute actively and effectively during deliberations or discussions at Board and Board Committees meetings;

- he has contributed sufficient time and efforts in attending the Board and Board Committee meetings;

- he has actively participated in Board deliberations, provided objectivity in decision making and an independent voice to the Board; and

- he has exercised due care during his tenure as Independent Non-Executive Director of the Company and carried out his professional duties in the best interest of the Company and shareholders.

Principle 4 Foster commitment of Directors

Board and Board Committees Attendance

The Board ordinarily meets at least four (4) times a year, scheduled well in advance before the end of the preceding financial year to facilitate the Directors in planning their meeting schedule for the year. Additional meetings are convened when urgent and important decisions need to be made between scheduled meetings. Board and Board Committee papers are prepared by Management which provides the relevant facts and analysis for the convenience of Directors. The agenda, the relevant reports and Board papers are furnished to Directors and Board Committee members in advance to allow the Directors sufficient time to peruse for effective discussion and decision making during meetings. At the quarterly Board meetings, the Board reviews the business performance of the Group and discusses major operational and financial issues. The Chairman of each Board Committee informs the Directors at each Board meetings of any salient matters noted during the respective Committee's meetings which require the Board's notice or direction. All pertinent issues discussed at Board meetings in arriving at the decisions and conclusions are properly recorded by the Company Secretaries by way of minutes of meetings.

During the financial year under review, the Board met on seven (7) occasions. Details of Directors' attendance for Board and Board Committee meetings are as follows:

BOD	Board of Directors	NC	Nominating Committee
EXCO	Executive Committee	RC	Remuneration Committee
AC	Audit Committee	RMC	Risk Management Committee

Directors	BOD	EXCO	AC	NC	RC	RMC
Dato' Seri Loh Cheng Yean *Executive Chairman*	7/7	6/6				
Dato' Robert Wong Lum Kong *Group Managing Director*	7/7	6/6				3/3
Dato' Seri Lim Su Tong *Group Managing Director*	7/7	6/6				3/3
Dato' Dr Tan Chong Siang *Non-Independent Non-Executive Director*	7/7	6/6			1/1	
Datuk Loh Kian Chong *Executive Director*	6/7	5/6				
Sharifah Intan binti S.M. Aidid *Non-Independent Non-Executive Director*	7/7		5/5	2/2	1/1	
YM Tengku Tan Sri Dato' Seri Ahmad Rithauddeen bin Tengku Ismail *Senior Independent Non-Executive Director*	5/7		3/5	2/2	0/1	
Mary Geraldine Phipps *Independent Non-Executive Director*	6/7		5/5	2/2	1/1	3/3
Dato' Ghazi bin Ishak *Independent Non-Executive Director*	4/7		4/5	2/2		
Satoshi Okada *Non-Independent Non-Executive Director*	5/7					

It is the policy of the Company for Directors to devote sufficient time and efforts to carry out their responsibilities. The Board obtains this commitment from Directors at the time of appointment. It is also the Board's policy for Directors to notify the Chairman before accepting any new directorships notwithstanding that the Listing Requirements allow a Director to sit on the boards of not more than five (5) listed issuers. Such notification is expected to include an indication of time that will be spent on the new appointment.

Directors' Training

The Board, via the Nominating Committee, continues to identify appropriate briefings, seminars, conferences and courses to be attended by Board members to keep abreast of changes in legislations and regulations affecting the Group.

All Directors, including Alternate Directors, have completed the Mandatory Accreditation Programme. During the financial year under review, all Directors attended development and training programmes as well as conferences in areas of finance, tax, corporate governance, leadership, legal, business intelligence, industry and regulatory developments.

The programmes attended by the Directors during the financial year ended 31 December 2012 include the following:

Directors	Details of Programme
Dato' Seri Loh Cheng Yean *Executive Chairman*	• IFRS Convergence Awareness Talk • Amendments to the Listing Requirements of Bursa Malaysia Berhad and Corporate Governance Blueprint 2011 • Briefing on The Competition Act 2010 • Briefing on the Malaysian Code of Corporate Governance 2012
Dato' Robert Wong Lum Kong *Group Managing Director*	• Briefing on The Competition Act 2010 • The Malaysian Code of Corporate Governance 2012 and the Implication and Challenges to Public Listed Companies • Briefing on the Malaysian Code of Corporate Governance 2012 • Director and Senior Executives Compensation Seminar • Advocacy Sessions on Disclosure for CEOs and CFOs • Compliance: Are you Meeting the Requirements? Directors' & Officers' Guide on Liability, Duties & Obligations and • CPA Congress in Kuala Lumpur
Dato' Seri Lim Su Tong *Group Managing Director*	• IFRS Convergence Awareness Talk • Amendments to the Listing Requirements of Bursa Malaysia Berhad and Corporate Governance Blueprint 2011 • Briefing on The Competition Act 2010 • Briefing on the Malaysian Code of Corporate Governance 2012
Dato' Dr Tan Chong Siang *Non-Independent Non-Executive Director*	• IFRS Convergence Awareness Talk • Amendments to the Listing Requirements of Bursa Malaysia Berhad and Corporate Governance Blueprint 2011 • Briefing on The Competition Act 2010 • Briefing on the Malaysian Code of Corporate Governance 2012
Datuk Loh Kian Chong *Executive Director*	• IFRS Convergence Awareness Talk • Amendments to the Listing Requirements of Bursa Malaysia Berhad and Corporate Governance Blueprint 2011 • Briefing on The Competition Act 2010 • Briefing on the Malaysian Code of Corporate Governance 2012
Sharifah Intan binti S.M. Aidid *Non-Independent Non-Executive Director*	• IFRS Convergence Awareness Talk • Amendments to the Listing Requirements of Bursa Malaysia Berhad and Corporate Governance Blueprint 2011 • National Procurement Forum for the Public and Private Sector 2012 • Briefing on The Competition Act 2010 • The Malaysian Code of Corporate Governance 2012 and the Implication and Challenges to Public Listed Companies • Briefing on the Malaysian Code of Corporate Governance 2012

Directors	Details of Programme
YM Tengku Tan Sri Dato' Seri Ahmad Rithauddeen bin Tengku Ismail *Senior Independent Non-Executive Director*	• Briefing on The Competition Act 2010 • Briefing on the Malaysian Code of Corporate Governance 2012
Mary Geraldine Phipps *Independent Non-Executive Director*	• Briefing on The Competition Act 2010 • Malaysian Code of Corporate Governance 2012 & Malaysian Recognition and Management Risk • Briefing on the Malaysian Code of Corporate Governance 2012 • MIA Conference 2012
Dato' Ghazi bin Ishak *Independent Non-Executive Director*	• Briefing on The Competition Act 2010
Satoshi Okada *Non-Independent Non-Executive Director*	• IFRS Convergence Awareness Talk • Amendments to the Listing Requirements of Bursa Malaysia Berhad and Corporate Governance Blueprint 2011 • Briefing on The Competition Act 2010
Datin Loh Ean *Alternate Director to Dato' Robert Wong Lum Kong*	• The Malaysian Code of Corporate Governance 2012 and the Implication and Challenges to Public Listed Companies • Compliance: Are you Meeting the Requirements? Directors' & Officers' Guide on Liability, Duties & Obligations
Dato' Seri Tan Hui Jing *Alternate Director to Dato' Dr Tan Chong Siang*	• The Malaysian Code of Corporate Governance 2012 and the Implication and Challenges to Public Listed Companies
Tan Kheng Hwee *Alternate Director to Dato' Seri Loh Cheng Yean*	• Seeking Preservation and Profit in Uncertain Times

In addition, the Company Secretaries circulate the relevant guidelines on statutory and regulatory requirements from time to time for the Board's reference and brief the Board on these updates at Board meetings. The External Auditors also briefed the Board members on any changes to the Malaysian Financial Reporting Standards that affect the Group's financial statements during the year.

Principle 5 Uphold integrity in financial reporting by the Company

Compliance with financial reporting standards

The Board is responsible for ensuring that the financial statements give a true and fair view of the state of affairs of the Group and of the Company as at the end of the financial year. This includes the results and cash flows of the Group and Company for the year then ended. The Board has established an Audit Committee, comprising exclusively Non-Executive Directors, majority of whom are Independent, to ensure that the financial statements of the Group and Company comply with applicable approved Financial Reporting Standards issued by the Malaysian Accounting Standards Board and the provisions of the Companies Act, 1965. The composition of the Committee, including its roles and responsibilities, is set out on pages 42 to 48 of this Annual Report.

Relationship with external auditors

The Board upholds the integrity of financial reporting by the Company. In assessing the suitability and independence of the external auditors, the Board, via the Audit Committee, has, in early 2013, formalised policy and procedures on the types of non-audit services that may be provided by the external auditors, including the thresholds and procedures that need to be observed should the external auditors be contracted to provide the non-audit services.

Principle 6 Recognise and manage risks

Risk Management

Recognising the importance of risk management, the Board has in past years formalised a structured Enterprise Risk Management framework to identify, evaluate, control, monitor and report the principal business risks faced by the Group on an ongoing basis.

The Company has established a Risk Management Committee to review and recommend the risk management policies and strategies for the Group as well as assisting the Board to fulfil its risk management and statutory responsibilities in order to manage the overall risk exposure of the Group. At the date of this Statement, the members of the Committee are as follows:

Chairman:
Mary Geraldine Phipps – *appointed on 30 November 2010*
Independent Non-Executive Director

Members:
Dato' Robert Wong Lum Kong – *appointed on 20 May 2002*
Group Managing Director
Dato' Seri Lim Su Tong – *appointed on 20 May 2002*
Group Managing Director
Tan Kheng Hwee – *appointed on 20 May 2002*
Alternate Director to Dato' Seri Loh Cheng Yean
Wong Tet Look – *appointed on 20 May 2002*
Group Chief Financial Officer

The key features of the Enterprise Risk Management framework, including the internal control system to address risk identified are set out in the Internal Control Statement of the Group set out on pages 49 to 52 of this Annual Report.

Internal Audit

In line with the MCCG 2012 and the Listing Requirements of Bursa, the Board has established an independent internal audit function that reports directly to the Audit Committee. Details of the work conducted by the internal audit function are disclosed in the Internal Control Statement and Audit Committee Report set out on pages 49 to 52 and pages 42 to 44 respectively of this Annual Report.

Principle 7 Ensure timely and high quality disclosure

Corporate Disclosure

The Board is aware of the need to establish corporate disclosure policies and procedures to enable comprehensive, accurate and timely disclosures relating to the Company and its subsidiaries to the regulators, shareholders and stakeholders. In early 2013, the Board has formalised pertinent corporate disclosure policies not only to comply with the disclosure requirements as stipulated in the Listing Requirements of Bursa, but also setting out the persons authorised and responsible to approve and disclose material information to shareholders and stakeholders.

To augment the process of disclosure, the Board has established a dedicated section for corporate governance under the Investor Relations heading on the Company's website.

Principle 8 Strengthen relationship between company and shareholders

Shareholder participation at general meeting

The Annual General Meeting **("AGM")**, which is the principal forum for shareholder dialogue, allows shareholders to review the Group's performance via the Company's Annual Report and pose questions to the Board for clarification. At the AGM, shareholders participate in deliberating on resolutions being proposed or on the Group's operations in general. During the last AGM, a question & answer session was held where the Chairman invited shareholders to raise questions with responses from the Board.

The Notice of AGM is circulated at least twenty one (21) days before the date of the meeting to enable shareholders to go through the Annual Report and papers supporting the resolutions proposed. Shareholders are invited to ask questions both about the resolutions being proposed before putting a resolution to vote as well as matters relating to the Group's operations in general. All the resolutions set out in the Notice of the 50^{th} AGM were put to vote by show of hands and duly passed. The outcome of the AGM was announced to Bursa on the same meeting day. Going forward, the Board will consider poll voting for substantive resolutions, being resolutions for which circulars have been issued to shareholders.

During the last AGM, the Executive Chairman provided shareholders with a brief review of the Group's operations for the financial year while the Group Chief Financial Officer also shared with shareholders at the meeting responses to questions submitted in advance by the Minority Shareholder Watchdog Group.

Effective communication with shareholders

The Company recognises the importance of being transparent and accountable to its investors and, as such, has maintained an active and constructive communication policy that enables the Board and Management to communicate effectively with investors, financial community and the public generally. The various channels of communications are through the quarterly announcements on financial results to Bursa, relevant announcements and circulars, Annual General Meeting and through the Group's website at ***www.ohb.com.my*** where shareholders can access corporate information, annual reports and company announcements.

However, any information that may be regarded as undisclosed material information about the Group will not be given to any single shareholder or shareholder group.

Investor relations

The Board has formalised its policy on communication with shareholders in early 2013 to enable the Company to communicate effectively with its shareholders, prospective investors, stakeholders and public generally with the intention of giving them a clear picture of the Group's performance and operations. To maintain transparency and to effectively address any issues and concerns, the Company has a dedicated an electronic mail, i.e. ***corporate@ohb.com.my*** to which stakeholders can direct their queries.

This Statement is issued in accordance with a resolution of the Board dated 23 April 2013.

Other Information and Disclosure

I. Non-audit fees

Non-audit fees amounting to RM 287,000 for the Group and RM 135,000 for the Company were paid to the external auditors of the Company for the financial year ended 31 December 2012.

II. Loan Contracts Involving Interest of Related Party

(a) Loan contract of USD 21 million dated June 30, 2011 between the Company (“OHB”) and Oriental Boon Siew (Mauritius) Pte. Ltd. (“OBSM”);

(b) Loan contract of USD 5 million dated September 30, 2011 between OBS (Singapore) Pte. Ltd. (“OBSG”) and PT Bumi Sawit Sukses Pratama ("BSSP”);

	Loan From OHB to OBSM
Purpose	For its day to day operations.
Interest rate	USD Libor + Spread of 0.5% per annum
Term as to payment of interest	Payable at end of tenor (1,2 or 3 months) or quarterly (tenor more than 3 months) whichever is applicable
Repayment of principal	On demand
Security	Unsecured

	Loan From OBSG to BSSP
Purpose	To reduce their revolving credit loans as well as for its day to day operations.
Interest rate	USD Libor + Spread of 1.0% per annum
Term as to payment of interest	Payable at end of tenor (1,2 or 3 months) or quarterly (tenor more than 3 months) whichever is applicable
Repayment of principal	On demand
Security	Unsecured

III. American Depository Receipt (“ADR”) or Global Depository Receipt (“GDR”)

The Company did not sponsor any ADR or GDR programme during the financial year 2012.

IV. Sanctions and /or Penalties Imposed

There was no material sanctions and/or penalties imposed by the relevant regulatory bodies on OHB or its subsidiary, directors or management during the financial year 2012.

V. Variation in Results

There was no material variation between the audited results for the financial year ended 31 December 2012 and the unaudited results previously released for the financial quarter ended 31 December 2012.

VI. Profit Guarantee

There were no profit guarantees given by the Company during the financial year 2012.

VII. Material Contracts

There were no material contracts entered into by the Company and its subsidiary companies, involving Directors and substantial shareholders during the financial year.

VIII. Recurrent Related Party Transactions

At the Annual General Meeting held on 28 June 2012, the Company obtained a shareholders' Mandate to allow the Group to enter into recurrent related party transactions of a revenue or trading nature.

In accordance with Section 3.1.5 of Practice Note 12 of the Bursa Malaysia Securities Berhad Listing Requirements, the details of recurrent related party transactions conducted during the financial year ended 31 December 2012 pursuant to the Shareholders' Mandate are disclosed as follows:-

a) *Transactions between OHB Group and Boon Siew Sdn Bhd Group which involve the interests of major stockholder of OHB, Boon Siew Sdn Bhd and its Group*

	RM' 000
Plastic parts for batteries	1,002
Provision of leasing line and hire purchase facilities on motor vehicles, machinery and office equipment	514
Building management charges	15
Spare parts and raw material	187
Spare parts and raw material and car services	278
Transport charges & truck rental	91
Quarry products	592
Office rental	603
Store rental	24
Land rental	63
Plant rental	35
Rental of premises	72
Provision of sales, corporate advertising and marketing of hotel	1,370
Management fee	8,899
Car services	20
Building materials	179
Mixed concrete and quarry products	139
Car services	2
Building materials	563
Building materials	883
Mix concrete	276
Cement bricks	90

b) *Transactions between OHB Group and Dato' Syed Mohamad Bin Syed Murtaza and family and their interests*

	RM' 000
Motorcycle spokes, nipples, control cables and motorcycle parts	7,702

c) *Transactions between OHB Group and Honda Motor Co. Ltd. Group which involve the interests of a director/major shareholder of OHB subsidiaries, Dato' Syed Mohamad Bin Syed Murtaza and family and a major shareholder of OHB subsidiaries, Honda Motor Co. Ltd.*

	RM' 000
Factory rental	240
Spoke semi product	180

d) *Transactions between OHB Group and Honda Motor Co. Ltd. Group which involve the interests of a direct shareholders of OHB subsidiary or associated companies, Honda Motor Co. Ltd and its related company*

	RM' 000
Shock absorbers for motor vehicles, automotive control cables & power window regulator	27,608
New vehicles, spare parts and accessories for motor vehicles	26,019
Painting, spraying charges, motor vehicles parts, rework charges	40
Motorcycle spokes, nipples, control cables, shock absorbers, raw materials and motorcycle parts	226,661

e) *Transactions between OHB Group and Karli Boenjamin and his interest*

	RM' 000
Fresh fruit bunches	6,901
Contractor for land clearing	3,967

f) *Transactions between OHB Group and Ooi Soo Pheng and Tan Liang Chye and their interests*

	RM' 000
Subcontract transportation	407
Caterpillar & pick up rental	28
Mixed concrete and quarry product	256

g) *Transactions between OHB Group and Tan Liang Chye and his interest*

	RM' 000
Cements	5,884

h) *Transactions between OHB Group and Datuk Loh Kian Chong and his interests*

	RM' 000
Building materials	1,662

Audit Committee Report

Membership

The present members of the Audit Committee (the "Committee") comprise:

Name of member	Position
Mary Geraldine Phipps	Chairman, Independent Non-Executive Director
YM Tengku Tan Sri Dato' Seri Ahmad Rithauddeen bin Tengku Ismail	Independent Non-Executive Director
Sharifah Intan binti S.M. Aidid	Non Independent Non-Executive Director
Dato' Ghazi Bin Ishak	Independent Non-Executive Director

Terms of reference

The Committee was established to act as a Committee of the Board of Directors, with terms of reference as set out on pages 45 to 48 of this Annual Report.

Meetings

The Committee convened five (5) meetings during the financial year. Details of the attendance of members are as follows:

Name of member	Attendance
Mary Geraldine Phipps	5/5
Sharifah Intan binti S.M. Aidid	5/5
YM Tengku Tan Sri Dato' Seri Ahmad Rithauddeen bin Tengku Ismail	3/5
Dato' Ghazi Bin Ishak	4/5

The meetings were appropriately structured through the use of agendas, which were distributed to members with sufficient notification.

The Company Secretary was present by invitation at all meetings. Representatives of the external auditors and the head of Internal Audit also attended the meetings upon invitation.

Training and continuous engagement

Members of the Committee have attended relevant training seminars and programme to enhance their competency in fulfilling their functions and duties more effectively. The details of training attended by each member are set out on pages 35 to 36 of this Annual Report.

During the financial year, the Committee Chairman engaged with Senior Management, Internal and External Auditors by way of telephone conversations and attending ad-hoc meetings, in order to be kept informed of matters affecting the Group. Through such engagements, relevant issues were brought to the attention of the Committee in a timely manner.

Summary of activities during the financial year

The Committee carried out its duties in accordance with its term of reference during the financial year and revised its terms in early 2013 to adopt the Principles and Recommendations promulgated by the Malaysian Code on Corporate Governance 2012. The main activities undertaken by the Committee were as follows:

- Reviewed the external auditors' scope of work and audit plan for the year. Prior to the audit, representatives of the external auditors presented their audit strategy and plan;

- Reviewed with the external auditors the results of the audit, the audit report and the management letter;

- Met with the external auditors twice (2) during the financial year without the presence of any Executive Board members and Senior Management, to discuss problems and reservations arising from the interim and final audits, if any, or any other matter the external auditors may wish to discuss;

- Considered and recommended to the Board on the re-appointment of the external auditors and the audit fees payable to the external auditors for the Board's submission to shareholders for approval at the Annual General Meeting;

- Reviewed the Internal Audit Department's audit plan for the financial year under review to ensure adequate scope and comprehensive coverage of the activities of the Group;

- Reviewed the effectiveness of the audit process, resource requirements for the year and assessed the performance of Internal Audit Department;

- Reviewed the internal audit reports, which highlighted the audit issues and Management's response. Where appropriate, the Committee has directed Management to present its status report on the management action plans to the Committee directly;

- Reviewed the audited financial statements of the Group and of the Company, before submission to the Board for its consideration and approval. The review was to ensure that the audited financial statements were drawn up in accordance with the provisions of the Companies' Act, 1965 and the applicable approved accounting standards adopted by the Malaysian Accounting Standards Board;

- Reviewed the Company's compliance, in particular the quarterly and year-end financial statements, with the Listing Requirements of Bursa Malaysia Securities Berhad and other relevant legal and regulatory requirements;

- Reviewed pertinent issues of the Group which had a significant impact on the results of the Group;

- Reviewed the quarterly unaudited financial results and announcements before recommending them for the Board's approval; and

- Reviewed the recurrent related party transaction of revenue and trading nature and other related party transactions entered into by the Group.

Internal audit function

The Group has an internal audit function that is independent of the activities and operations it audits. The head of internal audit reports directly to the Audit Committee who reviews and approves the internal audit department's annual audit plan, financial budget and human resource requirements to ensure that the department is adequately resourced with competent and proficient internal auditors. The principal role of the internal audit is to undertake independent, regular and systematic reviews of the systems of internal control in order to provide reasonable assurance that such systems continue to operate satisfactorily and effectively. It is the responsibility of the internal audit function to provide the Audit Committee with independent and objective reports on the state of internal control of the various operating units within the Group and the extent of compliance of the units with the Group's established policies and procedures as well as relevant statutory requirements.

The total costs incurred for the internal audit function of the Company and the Group for 2012 are as follow:

	RM'000
Company	653
Group	709

Further details of the activities of the internal audit function are set out in the Internal Control Statement on pages 49 to 52 of this Annual Report.

Term of Reference of the Audit Committee

Objectives

The primary function of the Audit Committee is to assist the Board of Directors in fulfilling the following oversight objectives on the Group activities:

- assess the Group's processes relating to its risks and control environment;
- oversee financial reporting;
- evaluate the internal and external audit processes, including issues relating to the system of internal control, risk management and governance within the Group; and
- investigate any concerns received on possible improprieties within the Group.

Composition

The Board shall elect and appoint Committee members from amongst its numbers, comprising no fewer than three (3) Directors, all of whom shall be Non-Executive Directors, with a majority of them being Independent Directors of the Company. No alternate director shall be appointed a member of the Audit Committee. The Chairman of the Committee shall be an Independent Non-Executive Director.

The Board shall at all times ensure that at least one (1) member of the Committee shall be:

- A member of the Malaysian Institute of Accountants ("MIA"); or
- If he/she is not a member of MIA, he/ she must have at least three (3) years of working experience and:
  - he or she must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
  - he or she must be a member of the associations of accountants specified in Part II of the Accountants Act 1967; and
- Fulfils such other requirements as prescribed or approved by the Bursa Malaysia.

If a member of the Committee resigns, passes away or for any reason ceases to be a member with the result that the number of members is reduced to below three (3), the Board shall within three (3) months of the event appoint such number of new members as may required to fill the vacancy.

The Board shall review the terms of each of its members at least once (1) every three (3) years.

Quorum and Meeting Procedures

Meetings shall be conducted at least four (4) times annually, or more frequently as circumstances dictate. In addition to the regular scheduled meeting, the Chairman shall call a meeting of the Committee if so requested by any member of the Committee or by the Chairman of the Board.

The Chairman of the Committee shall engage with Senior Management, such as the Executive Directors, Chief Financial Officer, the Head of Internal Audit and the External Auditors in order to be kept informed of matters affecting the Group in a timely manner.

In order to form a quorum (subject to a minimum number of two (2) members) for the meeting, the majority of the members present must be Independent Non-Executive Directors. In the absence of the Chairman, the members present shall elect a Chairman for the meeting from amongst the members present.

The Company Secretaries shall be appointed Secretaries of the Committee (the "Secretaries"). The Company Secretaries, in conjunction with the Chairman, shall draw up an agenda, which shall be circulated together with the relevant support papers, at least seven (7) days prior to each meeting to the members of the Committee. The minutes shall be circulated to members of the Board. The Committee shall regulate the manner of proceeding of its meetings, having regard to normal conventions on such matter.

Authority

The Committee is authorised to investigate any matter within its terms of reference and all employees are directed to cooperate with any request made by the Committee.

The Committee shall have full and unlimited access to any information pertaining to the Group.

The Committee shall have the necessary resources, including the procurement of independent professional or other advice which are required to perform its duties.

The Committee shall have direct communication channels, and shall be able to convene meetings during the financial year with the External Auditors, the Internal Auditors or both, excluding the attendance of other directors and employees of the Group, whenever deemed necessary.

Where the Committee is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in breach of the Bursa Malaysia Listing Requirements, the Committee shall promptly report such matter to Bursa Malaysia.

Attendance

The Committee may, as and when deemed necessary, invite other Board members and Management to attend the meetings.

Duties and Responsibilities

In fulfilling its primary objectives in accordance with Paragraph 15.12 of the Listing Requirements, the Committee shall undertake the following responsibilities and duties:

A. Internal Audit

- Review the adequacy of the internal audit scope and plan, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out its work;

- Ensure Internal Auditors carry out their work according to the standards set by recognised professional bodies (e.g Malaysian Institute of Accountants, Institute of Internal Auditors);

- Review the internal audit programmes, processes, and reports to evaluate the findings of internal audit and to ensure that appropriate and prompt remedial action is taken by Management on the recommendations of the Internal Audit function;

- Review the performance of Internal Auditors, who will report functionally to the Committee, on an annual basis. Approve any appointment or termination of senior members of the Internal Audit function and take cognisance of resignations and providing the resigning members an opportunity to submit reasons for resigning;

- Review the Internal Audit Charter, budget and staffing of the internal audit department;

- Review the adequacy and effectiveness of internal control system, including management information system and the Internal Auditors' and/or External Auditors' evaluation of the said systems.

B. External Audit

- Recommend the nomination of a person or persons as External Auditors;

- Review the appointment and performance of External Auditors, the audit fee and any question of resignation or dismissal before making recommendations to the Board;

- Review with the External Auditors, the audit scope and plan, including any changes to the planned scope of the audit plan;

- Review the independence, suitability and objectivity of the External Auditors and their services, including professional fees, so as to ensure a proper balance between objectivity and value for money;

- Review the non-audit services provided to the Company for the financial year, including the nature of the non-audit services, fee levels of the non-audit services - individually and in aggregate relative to the external audit fees and safeguards deployed to eliminate or reduce the threat to objectivity and independence in the conduct of the external audit resulting from the non-audit services provided;

- Develop and review for recommendation to the Board, the Company's policy in relation to the provision of non-audit services by the External Auditors, which amongst others, takes into consideration:

  - whether the skills and experience of the audit firm makes it a suitable service provider for non-audit services;

  - whether there are safeguards in place to eliminate or reduce to an acceptable level any threat to objectivity or independence in the conduct of the audit resulting from non-audit services provided by the External Auditors; and

  - the nature of the non-audit services, the related fee levels and the feel levels individually and in aggregate relative to the external audit fees of the Company.

C. Audit Reports

- Review the external and internal audit reports to ensure that appropriate and prompt remedial action is taken by Management on major deficiencies in controls or procedures that have been identified;

- Review major audit findings and Management's response during the financial year with Management, External Auditors and Internal Auditors, including the status of previous audit recommendations.

D. Financial Reporting

- Review the quarterly results and the year-end financial statements, prior to the approval by the Board focusing particularly on:

  - Changes in implementation of major accounting policy;

  - Significant or unusual events; and

  - Compliance with applicable financial reporting and accounting standards as well as other legal requirements.

E. Related Party Transactions

- Review any related party transaction and conflict of interest situation that may arise within the Company or the Group, including any transaction, procedure or course of conduct that raises question on management integrity.

F. Other Matters Delegated by the Board

- Review the assistance given by the Group's officers to the auditors, and any difficulties encountered in the course of audit work, including any restrictions on the scope of activities or access to required information;
- Direct and, where appropriate, supervise any special projects or investigations considered necessary, and review investigation reports on any major defalcations, frauds and thefts;
- Review procedures in place to ensure that the Group is in compliance with the Companies Act 1965, Bursa Malaysia Listing Requirements and other legislative and reporting requirements;
- Prepare reports, if the circumstances arise or at least once (1) a year, to the Board summarising the work performed in fulfilling the Committee's primary responsibilities; and
- Any other activities, as authorised by the Board.

Reporting

Upon the conclusion of each meeting, the Chairman shall report to the Board of Directors the activities that it had undertaken and the key recommendations for the Board's consideration and decision. Thereafter, the implementation status or progress of key recommendations from previous internal audits shall also be reported to the Board.

Committee Ethics and Procedures

All members shall safeguard internal committee communications and treat them as strictly private and confidential, and for the use of Committee members only, except for meeting minutes which shall be circulated to members of the Board.

The Committee may be required to check references and consult selected third party sources on a confidential basis before making its final recommendations. The Committee shall work diligently in performing its duties and responsibilities while adhering to the Directors' and Company's Code of Ethics.

Review of the Terms of Reference

The terms of reference shall be reviewed by the Committee as and when required. All amendments to the terms of reference must be approved by the Board.

Statement on Internal Control

Introduction

The Board is committed to maintaining a sound system of risk management and internal control in the Group and is pleased to provide the following Internal Control Statement ("Statement"), which outlines the nature and scope of risk management and internal control of the Group. The Statement also takes into consideration the Statement on risk management and internal control: Guidelines for Directors of Listed Issuers, a publication issued by Bursa Malaysia Securities Berhad ("Bursa Securities") on the issuance of Internal Control Statement pursuant to Paragraph 15.26(b) of the Listing Requirements of Bursa Securities.

Board's Responsibility

The Board is ultimately responsible for the Group's system of risk management and internal control (the "system"), which includes the establishment of an appropriate control environment and framework as well as reviewing its adequacy and effectiveness to safeguard shareholders' investment and the Group's assets. In view of the limitations inherent in any system of risk management and internal control, the system is designed to manage, rather than to eliminate, the risk of failure to achieve the Group's business and corporate objectives. Accordingly, the system can only provide reasonable, but not absolute assurance against material misstatement or loss.

The Board affirms that there is an on-going process for identifying, evaluating and managing the significant risks faced by the Group. The Board, through its Audit Committee and Risk Management Committee, regularly reviews the results of this process, including risk mitigating measures taken by Management to address key risks identified. The Board confirms that this process has been in place for the financial year under review and up to the date of approval of this Statement for inclusion in the Annual Report of the Company.

The Audit Committee and Risk Management Committee assist the Board to review the adequacy and effectiveness of the Group's risk management and internal control system to ensure that appropriate measures are carried out by Management to obtain the level of assurance required by the Board. For the purpose of this Statement, the associated companies in the Group are excluded.

Risk Management

In accordance with Recommendation 6.1 of the Malaysian Code on Corporate Governance ("MCCG 2012"), the Board has, through its Risk Management Committee ("RMC"), established a risk management and control framework implemented throughout the Group, which is firmly embedded in the Group's key processes. Management is responsible for identifying, evaluating, monitoring and reporting of risks and internal control as well as providing assurance to the Board that it has done so in accordance with the policies adopted by the Board. Further independent assurance is provided by the independent Internal Audit function, which operates across the Group.

The Board believes that the following key elements of the Group's risk management framework are integral to maintaining a sound risk management and internal control system:

- establishment of the Risk Management Committee with the responsibility of identifying and communicating to the Board the key risks (present and potential) faced by the Group, their changes and management action plans to manage the risks;

- formalisation of Enterprise Risk Management ("ERM") Policy and Procedures, which outline the risk management framework for the Group and offer practical guidance to all employees on risk management issues;

- identification of principal risks (present and potential) faced by operating units in the Group and Management's deployment of internal controls to mitigate or manage these risks.

- articulation of the Group's risk appetite and parameters (qualitative and quantitative) for the Group and individual business units so as to gauge acceptability of risk exposure; and

- the appointment of a dedicated Risk Officer to coordinate the ERM activities within the Group, to supervise the ERM policy implementation and documentation at Group level and to act as the central contact and guide for ERM issues within the Group.

Summary of risk management activities during the financial year

The Risk Management Committee carried out its duties in accordance with its term of reference during the financial year. Highlights of the activities undertaken by the Committee are as follows:

- the Risk Management Committee, with the assistance from a firm of independent consultants and Management, continues to drive the risk management activities across all business segments of the Group to sensitise employees within the Group to risk identification, evaluation, control, monitoring and reporting;

- representatives for each company within the Group's business segments, i.e. Automotive and related products, Hotel and resorts, Plantation, Plastic products, Investment holding and financial services, Healthcare as well as others, including property development and related products, assess existing as well as emerging risks and compile the Company's top risks in risk registers for submission to their segment's risk coordinator for review;

- risk coordinators, in turn, identify key risks faced by their business segments, the potential impact and likelihood of those risks occurring, the control effectiveness and the action plans being taken to manage those risks to the desired level;

- on the basis of significance of evaluated risks to the segment's results, the top five (5) principal risks for each business segment are reported to the Risk Management Committee. Nonetheless, Management of each company in the Group continues to monitor and manage all risks at company level, as appropriate;

- the Group's Automotive and Hotels and resorts divisions were selected for further review during the financial year, following similar review on the Plantation and Healthcare divisions in 2011. Risk assessment sessions involving Senior Management from these segments were carried out and facilitated by the Group's Corporate Finance personnel and the appointed consultants. The outcome, comprising the segments' principal risks and related mitigating controls were presented to the Risk Management Committee on 26 February 2013. The main objective of such yearly focus on selective business segments is to engender continuous and proactive risk management activities within the Group;

- compilation of a Group risk profile, considering the materiality of the business segment in relation to the Group risk parameters, with the top risks from each business segment selected by Senior Management and feedback from Executive Directors on strategic risks was carried out with assistance from a firm of consultants and presented to the Risk Management Committee for deliberation and approval; and

- the risk mitigating measures taken and/or to be taken by Management are reported and reviewed at the Risk Management Committee meetings. For each of the risks identified, the divisional head is assigned to ensure appropriate action plans are carried out in a timely manner.

Whilst the Board considers the risk management framework to be robust to meet the Group's needs, it will still subject the framework to continuous improvement, taking into consideration better practices and the changing business environment.

Internal Audit Function

The Board has established the Audit Committee to evaluate the independent internal audit function and assessing its effectiveness in the discharge of its responsibilities and providing assurance on the adequacy and effectiveness of the Group's risk management and internal control system. This is achieved through the adoption of risk-based internal audit methodology in reviewing key processes of the various business units in the Group and reporting directly to the Audit Committee on the state of risk management and internal control of the various business units audited during the financial year.

The internal audit function also follows up on Management's implementation of action plans it recommends to improve areas where control deficiencies are noted during internal audit. Further details of the activities of the internal audit function are provided in the Audit Committee Report.

Internal Control

The key elements of the Group's internal control system described below are relevant across the Group to provide for continuous assurance to be given at increasingly higher levels of Management and, finally, to the Board:

- *limits of authority and responsibility*

  Formally defined and documented lines of responsibility and delegation of authority has been established through the relevant charters/terms of reference, organizational structures and appropriate authority limits. Hierarchical reporting is also in place to enhance the Group's ability to achieve its strategies and operational objectives as well as provide for documented and auditable trail of accountability;

- *planning, monitoring, reporting and safeguarding*

  - established detailed budgeting process requiring all business segments within the Group to prepare the annual budget, taking into consideration the strategic plans, capital and operating expenditure for the upcoming financial year to be compiled by Corporate Office for discussion and approval by the Executive Committee;

  - Performance Coordinating Team ("PCT") comprising Senior Management from each business segment who reviews operational and financial Key Performance Indicators of their respective business segments and reports to the EXCO quarterly in assisting them to discharge their oversight role on the Group's activities;

  - the Audit Committee carries out diligent reviews of the quarterly financial results and evaluates the explanations and reasons for significant unusual variances noted thereof;

  - comprehensive information, which includes quarterly reports covering all key financial and operational indicators, is provided to key Management for monitoring of performance against budget and actions to be taken, where necessary;

  - Management meetings are held regularly to identify, discuss and resolve strategic, operational, financial and key management issues;

  - sufficient insurance and physical safeguards over major assets are in place to ensure that the assets of the Group are adequately covered against any mishap that may result in material losses to the Group.

Adequacy and effectiveness of the Group's risk management and internal control system

The Board has received assurance in writing from Executive Chairman, Group Managing Directors and the Group Chief Financial Officer that the Group's risk management and internal control system has been operating adequately and effectively, in all material aspects, during the financial year under review and up to the date of this Statement. Based on this assurance, the input from relevant assurance providers, as well as its review, the Board is of the view that the Group's risk management and internal control system is satisfactory to meet the Group's needs and has not resulted in any material losses, contingencies or uncertainties that require disclosure in the Group's annual report. Cognizant of the importance of the Group's risk management and internal control system, the Board continues to take appropriate measures to strengthen the internal control environment and risk management framework.

Corporate Social Responsibility Statement

INTRODUCTION

Oriental Holdings Berhad ("OHB") recognises the need to place a firm commitment towards corporate social responsibility ("CSR") and sustainable development activities, of which stems from fundamental principles of good corporate governance and striking a harmonious synergy between corporate pursuits and social obligations.

OHB remains committed to the community, environment, customers, employees and stakeholders. OHB aims to foster not only positive community relationships, but also help create sustained economic growth by building human and institutional capacity from our operational sectors.

Highlights of CSR initiatives carried out by the respective Group operational sectors for 2012 include the following:

THE COMMUNITY

At OHB, community development and care activities are recognised as one of the most important corporate priorities with various community activities carried out across the Group's business operations during the financial year 2012.

During the year, Bayview Hotel Melaka, with support of the Melaka State Health Department and Anlene, organised a free health screening for citizens on blood pressure, BMI readings, blood sugar, cholesterol and bone health check. A blood donation campaign was also conducted in collaboration with Hospital Melaka. In the Group's Australia operations, Kah Australia has participated in fund raising charities for Cancer Council of New South Wales and made numerous donations to Sydney's Children's Hospital Foundation, Special Olympics Australia and Volunteering Australia.

The automotive industry continued to contribute for the benefits of the community. Kah Motor (Singapore) donated SGD 20,000 to National Environment Agency's 10th Anniversary Charity Run for Children's Cancer Foundation.

In Indonesia, the Group's plantation companies continued to provide financial assistance to village schools for renovations and oil palm seedlings to school compound. The Group was involved in various community activities to improve the well being and foster a good and harmonious relationship with the local community. Such activities included providing machineries assistance to construct and upkeep roads and drain, donations to public events, mosque, transportation for villagers on pilgrimage, contributions towards annual independence celebrations and giving out food packages during Hari Raya Aidilfitri to the less privileged.

The Healthcare segment also conducted cleaning, interactive activities and food distribution at Rumah Seri Kenangan Cheng and Happiness Centre for the mentally disabled children in Malacca.

THE ENVIRONMENT

OHB Group has carried out a number of initiatives to reduce the environmental impact from our business operations.

OHB's hotels and resorts segment carried out recycling projects all year round to recycle bottles, newspapers, and other paper products. The hotels and resorts installed energy saving globes, participated in government initiated Water Map program and implemented rainwater harvesting system to utilise rainwater. In addition, hotels and resorts segment also supported the Earth Hour 2012 on 31 March 2012 from 8.30 pm to 9.30 pm. Bayview Hotel Melaka has also moved towards making the hotel smoke free by placing educational posters and information in rooms and key cards.

Kah New Zealand has been awarded the Qualmark Gold Environment Awards in 2012 in recognition of its high standards in environmental practices.

In-house water treatments plants are also practiced by manufacturing sector to ensure effluent discharge from the factory complies with the Environmental Quality Act 1974. Activities such as reducing effluent discharge, daily industrial waste and lowering energy and material usage were carried out for operational improvements.

The plantation operations initiated recycling projects in the estate to promote greater awareness of the environmental health and needs. The biological control of rats with the introduction of barn owls has helped in doing away with usage of pesticides. Zero burning is practiced during all land clearing activities within the plantation and all land area along watercourses will not be developed.

THE WORKPLACE

OHB Group recognises that success of the Group over the years has been built on the foundation of a skilled and talented workforce. Therefore, motivating and developing the workplace is very crucial in order to meet the needs of our different divisions, which call for varying skills, capabilities and expertise from our employees.

The employees are encouraged to develop on both personal and professional level through the conduct of external and in-house training to enhance employees' knowledge and skills at all levels of employment in order to meet their responsibilities and perform at their best.

In additions, various staff benefits such as annual dinner, health insurance and medical care are provided to the employees as a token of appreciation for their contribution towards the performance of the Group.

Directors' report for the year ended 31 December 2012

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the year ended 31 December 2012.

Principal activities

The principal activities of the Company are as follows :

(a) investment holding;
(b) commission agent; and
(c) provision of management services.

The principal activities of its subsidiaries and associates are set out in Note 36 and Note 10 to the financial statements respectively.

There has been no significant change in the nature of these activities during the financial year.

Results

	Group RM'000	Company RM'000
Profit attributable to :		
Owners of the Company	**200,633**	**99,054**
Non-controlling interests	**101,921**	-
	302,554	**99,054**

Reserves and provisions

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

Dividends

Since the end of the previous financial year, the Company paid :

i) a single tier interim dividend of 3% totalling RM18,610,855 for the year ended 31 December 2011 on 11 May 2012;

ii) a single tier final dividend of 6% totalling RM37,221,710 for the year ended 31 December 2011 on 14 September 2012;

A single tier interim dividend of 4% totalling RM24,814,473 in respect of the year ended 31 December 2012, was declared by the Directors on 28 February 2013 and payable on 10 May 2013.

A single tier final dividend of 4% totalling RM24,814,473 has been recommended by the Directors in respect of the year ended 31 December 2012, subject to approval of the stockholders at the forthcoming Annual General Meeting.

Directors of the Company

Directors who served since the date of the last report are:

Dato' Seri Loh Cheng Yean, DGPN, DSPN
Dato' Robert Wong Lum Kong, DSSA, JP
YM Tengku Tan Sri Dato' Seri Ahmad Rithauddeen Bin Tengku Ismail, PMN, SPMP, SSAP, PMK
Dato' Seri Lim Su Tong, DGPN, DSPN
Dato' Dr. Tan Chong Siang, DSPN, DJN, PKT
Sharifah Intan Binti S. M. Aidid
Datuk Loh Kian Chong, DMSM
Mary Geraldine Phipps
Dato' Ghazi Bin Ishak
Satoshi Okada
Dato' Sri Tan Hui Jing SSAP, PKT, PJK
(alternate to Dato' Dr Tan Chong Siang, DSPN, DJN, PKT)
Datin Loh Ean
(alternate to Dato' Robert Wong Lum Kong, DSSA, JP)
Tan Kheng Hwee
(alternate to Dato' Seri Loh Cheng Yean, DGPN, DSPN)

Directors' interests in shares

The holdings in the stocks of the Company and shares of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at year end (including the interests of the spouse or children of the Directors) as recorded in the Register of Directors' Shareholdings are as follows :

	Balance at 1.1.2012	**Bought**	**(Sold)**	**Balance at 31.12.2012**
Interest in the Company	**Number of Ordinary Stocks of RM1 each**			
Dato' Seri Loh Cheng Yean, DGPN, DSPN				
Direct interest				
- own	486,755	-	-	486,755
Indirect interest				
- others *	457,724	-	-	457,724
Dato' Robert Wong Lum Kong, DSSA, JP				
Direct interest				
- own	181,149	-	-	181,149
Indirect interest				
- others *	161,872	-	-	161,872
Dato' Seri Lim Su Tong, DGPN, DSPN				
Direct interest				
- own	2,966,906	-	-	2,966,906
Indirect interest				
- others *	3,872,626	-	-	3,872,626

Directors' interests in shares (continued)

Interest in the Company	Balance at 1.1.2012	Bought	(Sold)	Balance at 31.12.2012
	Number of Ordinary Stocks of RM1 each			
Dato' Dr. Tan Chong Siang, DSPN, DJN, PKT				
Direct interest				
- own	38,307	-	-	38,307
Indirect interest				
- others *	25,804	-	-	25,804
Sharifah Intan Binti S. M. Aidid				
Direct interest				
- own	18,000	-	-	18,000
Datuk Loh Kian Chong, DMSM				
Direct interest				
- own	1,200	-	-	1,200
Indirect interest				
- own	337,964,026	9,000,000	-	346,964,026
Mary Geraldine Phipps				
Indirect interest				
- own	5,161	-	-	5,161
Datin Loh Ean				
Direct interest				
- own	161,872	-	-	161,872
Indirect interest				
- others *	181,149	-	-	181,149
Tan Kheng Hwee				
Direct interest				
- own	172,032	-	-	172,032

Interest in subsidiaries	Number of Shares of RM1 each			
Sharifah Intan Binti S.M. Aidid				
Direct interest - own				
- Armstrong Auto Parts Sdn. Berhad	227,318	-	-	227,318
- Teck See Plastic Sdn. Bhd.	100,000	-	-	100,000

* *These are shares held in the name of the spouses and children and are regarded as interest of the Directors in accordance with Section 134(12)(c) of the Companies Act, 1965.*

Directors' interests in shares (continued)

By virtue of his interests of more than 15% in the stocks of the Company, Datuk Loh Kian Chong is also deemed interested in the shares of all subsidiaries of the Company to the extent that the Company has an interest.

None of the other Directors holding office at 31 December 2012 had any interest in the stocks of the Company and shares of its related corporations during the financial year.

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements) by reason of a contract made by the Company or a related company with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than :-

(a) certain Directors who received fixed salaries as a full-time employee in the related corporations; and

(b) certain Directors who have significant financial interests in companies which traded with certain companies in the Group in the ordinary course of business as disclosed in Note 31 to the financial statements.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Issue of shares and debentures

There were no changes in the authorised, issued and paid-up capital of the Company and no debentures were issued by the Company during the financial year.

Options granted over unissued shares

No options were granted to any person to take up unissued shares of the Company during the financial year.

Other statutory information

Before the statements of financial position and statements of comprehensive income of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

i) all known bad debts have been written off and adequate provision made for doubtful debts, and

ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

Other statutory information (continued)

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

i) that would render the amount written off for bad debts, or the amount of the provision for doubtful debts, in the Group and in the Company inadequate to any substantial extent, or

ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or

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

iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

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

i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or

ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

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

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 December 2012 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Significant events

Details of the significant events are as disclosed in Note 34 to the financial statements.

Subsequent events

Details of the subsequent events are as disclosed in Note 35 to the financial statements.

Auditors

The auditors, Messrs KPMG, have indicated their willingness to accept re-appointment.

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

Dato' Seri Lim Su Tong, DGPN, DSPN
Director

Datuk Loh Kian Chong, DMSM
Director

Penang,

Date : 23 April 2013

Statements of financial position as at 31 December 2012

	Note	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Assets					
Property, plant and equipment	**3**	**1,338,313**	1,117,855	**569**	663
Intangible assets	**4**	**52,023**	57,261	**-**	-
Biological assets	**5**	**214,142**	166,195	**-**	-
Land held for property development	**6**	**35,823**	37,750	**-**	-
Prepaid land lease payments	**7**	**39,983**	40,521	**-**	-
Investment properties	**8**	**492,490**	487,919	**15,073**	15,077
Investments in subsidiaries	**9**	**(22,867)**	(22,867)	**585,439**	425,527
Investments in associates	**10**	**395,989**	334,522	**28,291**	27,316
Other investments	**11**	**274,257**	228,527	**33,113**	33,113
Deferred tax assets	**12**	**7,994**	6,334	-	-
Total non-current assets		**2,828,147**	2,454,017	**662,485**	501,696
Property development costs	**13**	**2,668**	14,339	**-**	-
Trade and other receivables	**14**	**365,338**	328,423	**130,830**	356,932
Inventories	**15**	**272,164**	259,598	**-**	-
Current tax assets		**45,507**	28,859	**337**	108
Cash and cash equivalents	**16**	**2,624,016**	2,880,330	**219,123**	259,586
Total current assets		**3,309,693**	3,511,549	**350,290**	616,626
Total assets		**6,137,840**	5,965,566	**1,012,775**	1,118,322
Equity					
Share capital		**620,394**	620,394	**620,394**	620,394
Reserves		**595,885**	542,261	**30,060**	30,060
Retained earnings		**3,381,095**	3,236,295	**290,944**	247,723
		4,597,374	4,398,950	**941,398**	898,177
Treasury stocks		**(249)**	(249)	**(249)**	(249)
Total equity attributable to stockholders of the Company	**17**	**4,597,125**	4,398,701	**941,149**	897,928
Non-controlling interests		**728,276**	669,594	**-**	-
Total equity		**5,325,401**	5,068,295	**941,149**	897,928

Statements of financial position as at 31 December 2012 (continued)

	Note	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Liabilities					
Deferred tax liabilities	**12**	**25,321**	20,766	**-**	-
Borrowings	**18**	**26,480**	9,127	**-**	-
Provisions	**19**	**3,989**	3,036	**-**	-
Deferred income	**20**	**13,154**	8,131	**-**	-
Total non-current liabilities		**68,944**	41,060	**-**	-
Trade and other payables	**21**	**282,501**	307,892	**1,103**	21,039
Borrowings	**18**	**451,787**	525,762	**70,523**	199,355
Current tax liabilities		**9,207**	22,557	**-**	-
Total current liabilities		**743,495**	856,211	**71,626**	220,394
Total liabilities		**812,439**	897,271	**71,626**	220,394
Total equity and liabilities		**6,137,840**	5,965,566	**1,012,775**	1,118,322

The notes on pages 71 to 161 are an integral part of these financial statements.

Statements of comprehensive income for the year ended 31 December 2012

	Note	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Continuing operations					
Revenue	22	**2,807,049**	3,108,998	**103,885**	83,131
Cost of sales		**(2,166,281)**	(2,289,582)	**-**	-
Gross profit		**640,768**	819,416	**103,885**	83,131
Distribution expenses		**(45,377)**	(46,281)	**-**	-
Administration expenses		**(188,019)**	(182,885)	**(4,214)**	(3,969)
Other operating expenses		**(138,427)**	(194,271)	**(199)**	(8,111)
Other operating income		**40,195**	38,262	**21,475**	3,214
		(331,628)	(385,175)	**17,062**	(8,866)
Results from operating activities		**309,140**	434,241	**120,947**	74,265
Interest expense		**(10,090)**	(10,375)	**(2,727)**	(2,052)
Operating profit	22	**299,050**	423,866	**118,220**	72,213
Share of profit after tax of equity accounted associates		**76,695**	37,189	-	-
Profit before tax		**375,745**	461,055	**118,220**	72,213
Income tax expense	25	**(73,191)**	(91,808)	**(19,166)**	(9,112)
Profit for the year		**302,554**	369,247	**99,054**	63,101
Other comprehensive (expense)/income, net of tax					
Foreign currency translation differences for foreign operations		**(8,756)**	59,242	**-**	-
Fair value of available-for-sale financial assets		**32,013**	(30,163)	**-**	-
Share of other comprehensive income of equity accounted associates		**6,616**	-	**-**	-
Total other comprehensive income for the year		**29,873**	29,079	**-**	-
Total comprehensive income for the year		**332,427**	398,326	**99,054**	63,101

Statements of comprehensive income for the year ended 31 December 2012 (continued)

		Group		Company	
		2012	2011	2012	2011
	Note	RM'000	RM'000	RM'000	RM'000
Profit attributable to :					
Owners of the Company		**200,633**	270,156	**99,054**	63,101
Non-controlling interests		**101,921**	99,091	**-**	-
Profit for the year		**302,554**	369,247	**99,054**	63,101
Total comprehensive income attributable to :					
Owners of the Company		**254,257**	298,180	**99,054**	63,101
Non-controlling interests		**78,170**	100,146	**-**	-
Total comprehensive income for the year		**332,427**	398,326	**99,054**	63,101
Basic earnings per ordinary stock (sen)	**26**	**32.34**	43.55		

The notes on pages 71 to 161 are an integral part of these financial statements.

Statement of changes in equity for the year ended 31 December 2012

	Attributable to stockholders of the Company												
		Non-distributable							*Distributable*				
	Share capital RM'000	**Share premium RM'000**	**Capital reserve RM'000**	**Foreign currency translation reserve RM'000**	**Fair value reserve RM'000**	**Capital redemption reserve RM'000**	**Asset revaluation reserve RM'000**	**Treasury stocks RM'000**	**Retained earnings RM'000**	**Capital reserve RM'000**	**Total RM'000**	**Non-controlling interests RM'000**	**Total equity RM'000**
Group													
At 1 January 2011	620,394	1,099	1,073	404,131	67,144	68	474	(249)	3,003,361	40,248	4,137,743	600,987	4,738,730
Foreign currency translation differences for foreign operations	-	-	-	56,095	-	-	-	-	-	-	56,095	3,147	59,242
Fair value of available-for-sale financial assets	-	-	-	-	(28,071)	-	-	-	-	-	(28,071)	(2,092)	(30,163)
Total other comprehensive (expense)/income for the year	-	-	-	56,095	(28,071)	-	-	-	-	-	28,024	1,055	29,079
Profit for the year	-	-	-	-	-		-	-	270,156	-	270,156	99,091	369,247
Total comprehensive (expense)/ income for the year	-	-	-	56,095	(28,071)	-	-	-	270,156	-	298,180	100,146	398,326
Dividends to stockholders	-	-	-	-	-	-	-	-	(37,222)	-	(37,222)	-	(37,222)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(8,592)	(8,592)
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(25,831)	(25,831)
Disposal of subsidiary	-	-	-	-	-	-	-	-	-	-	-	(158)	(158)
Shares issued to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	3,042	3,042
Total distribution to owners	-	-	-	-	-	-	-	-	(37,222)	-	(37,222)	(31,539)	(68,761)
At 31 December 2011	620,394	1,099	1,073	460,226	39,073	68	474	(249)	3,236,295	40,248	4,398,701	669,594	5,068,295

The notes on pages 71 to 161 are an integral part of these financial statements.

Statement of changes in equity for the year ended 31 December 2012 (continued)

	Attributable to stockholders of the Company												
		Non-distributable							*Distributable*				
Group	**Share capital RM'000**	**Share premium RM'000**	**Capital reserve RM'000**	**Foreign currency translation reserve RM'000**	**Fair value reserve RM'000**	**Capital redemption reserve RM'000**	**Asset revaluation reserve RM'000**	**Treasury stocks RM'000**	**Retained earnings RM'000**	**Capital reserve RM'000**	**Total RM'000**	**Non-controlling interests RM'000**	**Total equity RM'000**
At 1 January 2012	**620,394**	**1,099**	**1,073**	**460,226**	**39,073**	**68**	**474**	**(249)**	**3,236,295**	**40,248**	**4,398,701**	**669,594**	**5,068,295**
Foreign currency translation differences for foreign operations	**-**	**-**	**-**	**18,363**	**-**	**-**	**-**	**-**	**-**	**-**	**18,363**	**(27,119)**	**(8,756)**
Fair value of available-for-sale financial assets	**-**	**-**	**-**	**-**	**28,645**	**-**	**-**	**-**	**-**	**-**	**28,645**	**3,368**	**32,013**
Share of other comprehensive income of equity accounted associates	**-**	**-**	**-**	**-**	**6,616**	**-**	**-**	**-**	**-**	**-**	**6,616**	**-**	**6,616**
Total other comprehensive (expense)/income for the year	**-**	**-**	**-**	**18,363**	**35,261**	**-**	**-**	**-**	**-**	**-**	**53,624**	**(23,751)**	**29,873**
Profit for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**200,633**	**-**	**200,633**	**101,921**	**302,554**
Total comprehensive income for the year	**-**	**-**	**-**	**18,363**	**35,261**	**-**	**-**	**-**	**200,633**	**-**	**254,257**	**78,170**	**332,427**
Dividends to stockholders	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(55,833)**	**-**	**(55,833)**	**-**	**(55,833)**
Dividends paid to non-controlling interests	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(20,678)**	**(20,678)**
Shares issued to non-controlling interests	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,190**	**1,190**
Total distribution to owners	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(55,833)**	**-**	**(55,833)**	**(19,488)**	**(75,321)**
At 31 December 2012	**620,394**	**1,099**	**1,073**	**478,589**	**74,334**	**68**	**474**	**(249)**	**3,381,095**	**40,248**	**4,597,125**	**728,276**	**5,325,401**

The notes on pages 71 to 161 are an integral part of these financial statements.

Statements of changes in equity for the year ended 31 December 2012 (continued)

		Non-distributable			*Distributable*		
	Note	**Share capital RM'000**	**Capital redemption reserve RM'000**	**Treasury stocks RM'000**	**Retained earnings RM'000**	**Capital reserve RM'000**	**Total equity RM'000**
Company							
At 1 January 2011		620,394	68	(249)	221,844	29,992	872,049
Profit for the year representing total comprehensive income		-	-	-	63,101	-	63,101
Dividends to stockholders	27	-	-	-	(37,222)	-	(37,222)
At 31 December 2011/ 1 January 2012		620,394	68	(249)	247,723	29,992	897,928
Profit for the year representing total comprehensive income		**-**	**-**	**-**	**99,054**	**-**	**99,054**
Dividends to stockholders	27	**-**	**-**	**-**	**(55,833)**	**-**	**(55,833)**
At 31 December 2012		**620,394**	**68**	**(249)**	**290,944**	**29,992**	**941,149**

The notes on pages 71 to 161 are an integral part of these financial statements.

Statements of cash flows for the year ended 31 December 2012

	Note	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Cash flows from operating activities					
Profit before tax from continuing operations		**375,745**	461,055	**118,220**	72,213
Adjustments for :					
Amortisation of :					
- biological assets	**5**	**11,728**	12,217	**-**	-
- prepaid land lease payments	**7**	**278**	414	**-**	-
- development cost	**4**	**182**	162	**-**	-
Depreciation of :					
- property, plant and equipment	**3**	**90,919**	89,051	**104**	85
- investment properties	**8**	**3,451**	2,018	**4**	4
Dividend income (gross)		**(13,095)**	(57,448)	**(91,304)**	(73,184)
Interest expense		**10,090**	10,375	**2,727**	2,052
Interest income		**(68,660)**	(59,823)	**(11,463)**	(9,137)
(Gain)/Loss on disposal of :					
- property, plant and equipment		**(3,132)**	(1,787)	**-**	(57)
- prepaid land lease payments		**-**	(25,003)	**-**	-
- a subsidiary		**-**	2	**-**	-
- associates		**-**	26	**(1,067)**	(1,704)
- other investments		**293**	(1,958)	**-**	-
Asset written off					
- property, plant and equipment		**1,273**	4,939	**-**	29
- biological assets		**193**	-	**-**	-
Share of profits in associates		**(76,695)**	(37,189)	**-**	-
Unrealised (gain)/loss on foreign exchange	**22**	**(15,628)**	25,113	**(9,751)**	12,816
(Reversal of)/Impairment loss on investment in :					
- plant and equipment	**3**	**-**	(4,800)	-	-
- investment in subsidiaries	**22**	-	-	**-**	(827)
- other investments	**22**	**(885)**	12,791	**-**	-
- intangible assets	**4**	**5,359**	11,413	-	-
(Gain)/Loss on liquidation of a subsidiary	**22**	**(5,297)**	524	-	-
Operating profit before changes in working capital		**316,119**	442,092	**7,470**	2,290

Statements of cash flows for the year ended 31 December 2012 (continued)

	Note	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Changes in working capital :					
Property development costs		**11,669**	(8,153)	**-**	-
Inventories		**(19,887)**	9,921	**-**	-
Trade and other receivables		**(15,384)**	46,612	**66,190**	(19,214)
Trade and other payables		**(21,607)**	16,192	**(19,936)**	(3,306)
		(45,209)	64,572	**46,254**	(22,520)
Cash generated from/(used in) operations		**270,910**	506,664	**53,742**	(20,230)
Dividends received (net)		**-**	-	**74,005**	64,807
Interest received		**227**	149	**-**	-
Interest paid		**(9,271)**	(10,900)	**(2,727)**	(2,052)
Tax paid		**(107,019)**	(88,168)	**(2,096)**	(962)
Net cash from operating activities		**154,847**	407,745	**122,906**	41,563
Cash flows from investing activities					
Additions of :					
- intangible assets	**4**	**(303)**	(961)	**-**	-
- land held for property development	**6**	**(396)**	(35,246)	**-**	-
- property, plant and equipment	**A**	**(311,890)**	(94,474)	**(10)**	(337)
- investment properties	**8**	**(11,594)**	-	**-**	-
- biological assets	**5**	**(76,709)**	(31,911)	**-**	-
Prepayment of land lease	**7**	**-**	(810)	**-**	-
Dividends received		**33,940**	72,760	**-**	-
Interest received		**66,672**	58,269	**11,463**	9,137
Net cash outflow on disposal of a subsidiary		**-**	(390)	**-**	-
Net cash outflow on acquisition of subsidiaries		**-**	(129,586)	**-**	-
Proceeds from disposal of :					
- other investments		**50,348**	33,160	**-**	-
- associates		**1,092**	1,968	**1,092**	1,968
- property, plant and equipment		**5,293**	36,237	**-**	69
- prepaid land lease payments		**-**	30,680	**-**	-
Purchase of :					
- other investments		**(53,142)**	(49,484)	**-**	-
- associates		**-**	-	**(1,000)**	-
- subsidiaries		**-**	-	**-**	(1,400)
Net cash (used in)/from investing activities		**(296,689)**	(109,788)	**11,545**	9,437

Statements of cash flows for the year ended 31 December 2012 (continued)

	Note	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Cash flows from financing activities					
Dividends paid to :					
- non-controlling interests		**(20,678)**	(8,592)	**-**	-
- stockholders of the Company		**(55,833)**	(55,833)	**(55,833)**	(55,833)
Withdrawal of fixed deposits pledged for banking facilities		**42,454**	53,147	**-**	50,285
Repayment of lease obligations		**(1,062)**	(807)	**-**	-
Other bank borrowings, net		**(8,735)**	5,299	**(119,081)**	94,107
Proceeds from issue of shares to non-controlling interests		**1,190**	3,042	**-**	-
Net cash (used in)/from financing activities		**(42,664)**	(3,744)	**(174,914)**	88,559
Net (decrease)/increase in cash and cash equivalents		**(184,506)**	294,213	**(40,463)**	139,559
Cash and cash equivalents at 1 January		**2,831,678**	2,499,025	**259,586**	120,027
Effect of exchange rate fluctuations on cash held		**(28,441)**	38,440	**-**	-
Cash and cash equivalents at 31 December	**B**	**2,618,731**	2,831,678	**219,123**	259,586

Notes

A. *Acquisition of property, plant and equipment*

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RM315,749,000 (2011 : RM95,147,000) of which RM3,859,000 (2011 : RM673,000) was acquired by hire purchase/lease arrangements.

B. *Cash and cash equivalents*

Cash and cash equivalents included in the statements of cash flows comprise the following statements of financial position amounts :

	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Cash and bank balances	**597,717**	430,126	**3,610**	1,777
Fixed deposits	**1,857,095**	2,450,204	**121,658**	257,809
Bank overdrafts	**(5,212)**	(6,125)	**-**	-
Unit trust money market funds	**169,204**	-	**93,855**	-
	2,618,804	2,874,205	**219,123**	259,586
Less : Deposits pledged (Note 16.1)	**(73)**	(42,527)	**-**	-
	2,618,731	2,831,678	**219,123**	259,586

The notes on pages 71 to 161 are an integral part of these financial statements.

Notes to the financial statements

Oriental Holdings Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The addresses of the registered office and principal place of business of the Company are as follows :

Registered office

Suite 2-1, 2nd Floor
Menara Penang Garden
42A, Jalan Sultan Ahmad Shah
10050 Penang

Principal place of business

1st Floor, 25B Lebuh Farquhar
10200 Penang

The consolidated financial statements of the Company as at and for the year ended 31 December 2012 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities") and the Group's interest in associates.

The principal activities of the Company are as follows :

(a) investment holding;
(b) commission agent; and
(c) provision of management services.

The principal activities of its subsidiaries and associates are set out in Notes 36 and 10 to the financial statements respectively.

These financial statements were authorised for issue by the Board of Directors on 23 April 2013.

1. Basis of preparation

(a) Statement of compliance

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

The following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board (MASB) but have not been adopted by the Group and the Company:

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2012

- Amendments to FRS 101, *Presentation of Financial Statements - Presentation of Items of Other Comprehensive Income*

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2013

- FRS 10, *Consolidated Financial Statements*
- FRS 11, *Joint Arrangements*
- FRS 12, *Disclosure of Interests in Other Entities*
- FRS 13, *Fair Value Measurement*
- FRS 119, *Employee Benefits (2011)*
- FRS 127, *Separate Financial Statements (2011)*
- FRS 128, *Investments in Associates and Joint Ventures* (2011)
- IC Interpretation 20, *Stripping Costs in the Production Phase of a Surface Mine*
- Amendments to FRS 7, *Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities*
- Amendments to FRS 1, *First-time Adoption of Financial Reporting Standards – Government Loans*
- Amendments to FRS 1, *First-time Adoption of Financial Reporting Standards (Annual Improvements 2009-2011 Cycle)*
- Amendments to FRS 101, *Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)*
- Amendments to FRS 116, *Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle)*
- Amendments to FRS 132, *Financial Instruments: Presentation (Annual Improvements 2009-2011 Cycle)*
- Amendments to FRS 134, *Interim Financial Reporting (Annual Improvements 2009-2011 Cycle)*
- Amendments to FRS 10, *Consolidated Financial Statements: Transition Guidance*
- Amendments to FRS 11, *Joint Arrangements: Transition Guidance*
- Amendments to FRS 12, *Disclosure of Interests in Other Entities: Transition Guidance*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2014

- Amendments to FRS 10, *Consolidated Financial Statements: Investment Entities*
- Amendments to FRS 12, *Disclosure of Interests in Other Entities: Investment Entities*
- Amendments to FRS 127, *Separate Financial Statements (2011): Investment Entities*
- Amendments to FRS 132, *Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2015

- FRS 9, *Financial Instruments (2010)*
- FRS 9, *Financial Instruments (2011)*
- Amendments to FRS 7, *Financial Instruments: Disclosures - Mandatory Effective Date of FRS 9 and Transition Disclosures*

The Group and the Company plan to apply the above standards, amendments or interpretations from the annual period beginning on 1 January 2013 for those standards, amendments or interpretations that are effective for annual periods beginning on or after 1 July 2012 and 1 January 2013.

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

Material impacts of initial application of a standard, an amendment or an interpretation, which will be applied retrospectively, are discussed below:

(i) Amendments to FRS 116, *Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle)*

The amendments to FRS 116 clarify that items such as spare parts, stand-by equipment and servicing equipment shall be recognised as property, plant and equipment when they meet the definition of property, plant and equipment. Otherwise, such items are classified as inventory.

The initial application of the other standards, amendments and interpretations are not expected to have any material financial impacts on the financial statements of the Group and the Company.

The Group's and the Company's financial statements for annual period beginning on 1 January 2014 will be prepared in accordance with the Malaysian Financial Reporting Standards (MFRS) issued by MASB and International Financial Reporting Standards (IFRS). As a result, the Group and the Company will not be adopting FRSs, Interpretations and amendments that are effective for annual periods beginning on or after 1 January 2014 and 1 January 2015.

(b) Basis of measurement

These financial statements have been prepared on the historical cost basis unless otherwise stated.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (RM), which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with Financial Reporting Standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes :

Note 3 - assessment on impairment of property, plant and equipment
Note 4 - assessment on impairment of goodwill
Note 12 - recognition of deferred tax assets

2. Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements, and have been applied consistently by the Group entities.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including unincorporated entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Control exists when the Company has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investments includes transaction costs.

(ii) Accounting for business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

Acquisitions on or after 1 January 2011

For acquisitions on or after 1 January 2011, the Group measures the cost of goodwill at the acquisition date as :

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

When share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(ii) Accounting for business combinations (continued)

Acquisitions between 1 January 2006 and 1 January 2011

For acquisitions between 1 January 2006 and 1 January 2011, goodwill represents the excess of the cost of the acquisition over the Group's interest in the recognised amount (generally fair value) of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess was negative, a bargain purchase gain was recognised immediately in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurred in connection with business combinations were capitalised as part of the cost of the acquisition.

Acquisitions prior to 1 January 2006

For acquisitions prior to 1 January 2006, goodwill represents the excess of the cost of the acquisition over the Group's interest in the fair values of the net identifiable assets and liabilities.

(iii) Acquisitions of non-controlling interests

The Group treats all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

(iv) Acquisitions from entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established. For this purpose, comparatives are restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group equity and any resulting gain/loss is recognised directly in equity.

(v) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(vi) Associates

Associates are entities, including unincorporated entities, in which the Group has significant influence, but not control, over the financial and operating policies.

Investment in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses, unless it is classified as held for sale or distribution (or included in a disposal group that is defined as held for sale or distribution). The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the equity-accounted associates, after adjustments if any, to align the accounting policies with those of the Group, from the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest (including any long-term investments) is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in that associate, with a resulting gain or loss being recognised in profit or loss. Any retained interest in the former associate at the date when significant influence is lost is re-measured at fair value and this amount is regarded as the initial carrying amount of a financial asset.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not re-measured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to profit or loss.

Investments in associates are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of the investment includes transaction costs.

(vii) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and the owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interest to have a deficit balance.

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(viii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associates are eliminated against the investment to the extent of the Group's interest in the associates. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments or a financial instrument designated as a hedge of currency risk, which are recognised in other comprehensive income.

(ii) Operations denominated in functional currencies other than Ringgit Malaysia

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period, except for goodwill and fair value adjustments arising from business combinations before 1 January 2006 which are reported using the exchange rates at the dates of the acquisitions. The income and expenses of foreign operations, are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve (FCTR) in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the profit or loss on disposal.

2. Significant accounting policies (continued)

(b) Foreign currency (continued)

(ii) Operations denominated in functional currencies other than Ringgit Malaysia (continued)

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the FCTR within equity.

(c) Financial instruments

(i) Initial recognition and measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

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

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

(ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial assets

(a) Financial assets at fair value through profit or loss

Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial assets that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial assets categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement (continued)

(b) Held-to-maturity investments

Held-to-maturity investments category comprises debt instruments that are quoted in an active market and the Group or the Company has the positive intention and ability to hold them to maturity.

Financial assets categorised as held-to-maturity investments are subsequently measured at amortised cost using the effective interest method.

(c) Loans and receivables

Loans and receivables category comprises debt instruments that are not quoted in an active market.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

(d) Available-for-sale financial assets

Available-for-sale category comprises investment in equity and debt securities instruments that are not held for trading.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. Other financial assets categorised as available-for-sale are subsequently measured at their fair values with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair value hedges which are recognised in profit or loss. On derecognition, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss. Interest calculated for a debt instrument using the effective interest method is recognised in profit or loss.

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment (see note 2(p)(i)).

Financial liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(iii) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are classified as deferred income and are amortised to profit or loss using a straight-line method over the contractual period or, when there is no specified contractual period, recognised in profit or loss upon discharge of the guarantee. When settlement of a financial guarantee contract becomes probable, an estimate of the obligation is made. If the carrying value of the financial guarantee contract is lower than the obligation, the carrying value is adjusted to the obligation amount and accounted for as a provision.

(iv) Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to:

(a) the recognition of an asset to be received and the liability to pay for it on the trade date, and
(b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

(v) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

2. Significant accounting policies (continued)

(d) Property, plant and equipment

(i) Recognition and measurement

Freehold land and capital work-in-progress are measured at cost/valuation less any accumulated impairment losses. All other property, plant and equipment are measured at cost/valuation less any accumulated depreciation and any accumulated impairment losses.

The Group has availed itself to the transitional provision when the MASB first adopted IAS 16, Property, Plant and Equipment in 1998. Certain properties were revalued in 1976 and 1978 and no later valuation has been recorded for these property, plant and equipment.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged between knowledgeable willing parties in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items when available and replacement cost when appropriate.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other operating income" and "other operating expenses" respectively in profit or loss. When revalued assets are sold, the amounts included in the revaluation surplus reserve are transferred to retained earnings.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

2. Significant accounting policies (continued)

(d) Property, plant and equipment (continued)

(iii) Depreciation

Depreciation is calculated based on the cost of an asset less its residual value. Significant component of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The depreciation rates for the current and comparative periods based on their estimated useful lives are as follows :

	%
• Buildings	2 - 10
• Assembly plant	5 - 20
• Plant and machinery	7 - 33 1/3
• Furniture, fixtures, fittings and equipment	5 - 50
• Vehicles	20

The initial cost of hotel operating equipment (included under furniture, fixtures, fittings and equipment) such as linen, crockery, glassware, cutlery and kitchen utensils has been capitalised and is not depreciated. Subsequent acquisition to replace these operating assets are written off in the year in which they are incurred.

Depreciation methods, useful lives and residual values are reviewed at the end of the reporting period and adjusted as appropriate.

(e) Leased assets

(i) Finance lease

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment.

2. Significant accounting policies (continued)

(e) Leased assets (continued)

(ii) Operating lease

Leases, where the Group does not assume substantially all the risks and rewards of the ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the statement of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property, and measured using fair value model.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred. Leasehold land which in substance is an operating lease is classified as prepaid land lease payments.

(f) Intangible assets

(i) Goodwill

Goodwill arises on business combinations is measured at cost less any accumulated impairment losses. In respect of equity-accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted investees.

(ii) Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss as incurred.

Expenditure on development activities, whereby the application of research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset.

The expenditure capitalised includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Other development expenditure is recognised in profit or loss as incurred.

Capitalised development expenditure is measured at cost less any accumulated amortisation and any accumulated impairment losses.

(iii) Other intangible assets

Intangible assets, other than goodwill, that are acquired by the Group, which have finite useful lives, are measured at cost less any accumulated amortisation and any accumulated impairment losses.

The fair value of patents and trademarks acquired in a business combination is based on the discounted estimated royalty payments that have been avoided as a result of the patent or trademark being owned. The fair value of other intangible assets is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

2. Significant accounting policies (continued)

(f) Intangible assets (continued)

(iv) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

(v) Amortisation

Amortisation is based on the cost of an asset less its residual value.

Goodwill and intangible assets with indefinite useful lives are not amortised but are tested for impairment annually and whenever there is an indication that they may be impaired.

Other intangible assets are amortised from the date that they are available for use. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use.

Amortisation method, useful lives and residual values are reviewed at the end of each reporting period and adjusted, if appropriate.

(g) Biological assets

New planting expenditure incurred on land clearing to the point of harvesting is capitalised at cost as biological assets.

Expenditure on new planting and replanting and upkeep of immature areas are amortised over the estimated economic useful lives of the trees. Amortisation is deferred until the planted areas attain maturity and the rate used is 5% per annum.

(h) Land held for property development

Land held for property development consist of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle of 2 to 3 years. Such land is classified within non-current assets and is stated at cost less any accumulated impairment losses, if any.

Land held for property development is reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

Cost associated with the acquisition of land includes the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies.

2. Significant accounting policies (continued)

(i) Investment properties

(i) Investment property carried at cost

Investment properties are properties which are owned to earn rental income or for capital appreciation or for both. These include freehold land and leasehold land which in substance is a finance lease held for a currently undetermined future use. Properties that are occupied by the companies in the Group are accounted for as owner-occupied rather than as investment properties. Investment properties initially and subsequently measured at cost are accounted for similarly to property, plant and equipment.

Investment properties are stated at cost less any accumulated depreciation and any accumulated impairment losses, consistent with the accounting policy for property, plant and equipment as stated in accounting policy Note 2(d).

Transfers between investment property, property, plant and equipment and inventories do not change the carrying amount and the cost of the property transferred.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of 50 years for buildings. Freehold land is not depreciated.

On disposal of an investment property, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal, it shall be derecognised (eliminated from the statement of financial position). The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period of the retirement or disposal.

(ii) Determination of fair value

The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

(j) Property development costs

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

Any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately.

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.

(k) Inventories

(i) Completed development properties

Completed development properties are stated at the lower of cost and net realisable value. Cost is determined on a specific identification basis and includes land, all direct building costs and appropriate proportions of common costs attributable to developing the properties to completion.

2. Significant accounting policies (continued)

(k) Inventories (continued)

(ii) Other inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is measured based on the first-in, first-out principle and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of work-in-progress and finished goods, cost includes an appropriate share of production overheads based on normal operating capacity.

Cost of assembled motor vehicles and knocked-down units is determined on specific identification and cost of other inventories is principally determined on a first-in, first-out basis.

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

The fair value of inventories acquired in a business combination is determined based on its estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

(l) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group and the Company in the management of their short term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(m) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(i) Issue expenses

Costs directly attributable to issue of instruments classified as equity are recognised as a deduction from equity.

(ii) Ordinary Stocks

Ordinary stocks are classified as equity.

2. Significant accounting policies (continued)

(m) Equity instruments (continued)

(iii) Repurchase, disposal and reissue of share capital

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares that are not subsequently cancelled are classified as treasury shares in the statement of changes in equity.

When treasury shares are distributed as share dividends, the cost of the treasury shares is applied in the reduction of the share premium account or distributable reserves, or both.

When treasury shares are sold or reissued subsequently, the difference between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity, and the resulting surplus or deficit on the transaction is presented in share premium.

(n) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(i) Warranties

A provision for warranties is recognised when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

(ii) Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

(o) Contingencies

(i) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

2. Significant accounting policies (continued)

(o) Contingencies (continued)

(ii) Contingent assets

Where it is not possible that there is an inflow of economic benefits, or the amount cannot be estimated reliably, the asset is not recognised in the statements of financial position and is disclosed as a contingent asset, unless the probability of inflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent assets unless the probability of inflow of economic benefits is remote.

(p) Impairment

(i) Financial assets

All financial assets (except for financial assets categorised as fair value through profit or loss, investments in subsidiaries and associates) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an investment in an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment. If any such objective evidence exists, then the financial asset's recoverable amount is estimated.

An impairment loss in respect of loans and receivables and held-to-maturity investments is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been recognised in the other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity to profit or loss.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available-for-sale is not reversed through profit or loss.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

2. Significant accounting policies (continued)

(p) Impairment (continued)

(ii) Other assets

The carrying amounts of other assets (except for inventories, property development costs and deferred tax asset) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (groups of cash-generating units) and then to reduce the carrying amount of the other assets in the cash-generating unit (groups of cash-generating units) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

2. Significant accounting policies (continued)

(q) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) State plans

The Group's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

(iii) Termination benefits

Termination benefits are recognised as an expense when the Group is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as expenses if the Group has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting period, then they are discounted to their present value.

(r) Deferred income

(i) Extended warranty package income

Extended warranty package income received and receivable are taken to the deferred income account and are recognised as revenue when services are provided. Upon the expiry of the extended warranty package, any unutilised value of the extended warranty package is taken to profit or loss.

(ii) Service package income

Service package income received and receivable are taken to the deferred income account and are recognised as revenue when services are provided. Upon the expiry of the service package, any unutilised value of the service package is taken to profit or loss.

2. Significant accounting policies (continued)

(s) Revenue and other income

(i) Goods sold

Revenue from the sale of goods in the course of ordinary activities is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discount and volume rebates. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

(ii) Services

Revenue from services rendered is recognised in profit or loss in proportion to the stage of completion of the transaction at the end of the reporting period. The stage of completion is assessed by reference to surveys of work performed.

(iii) Property development

Revenue from property development activities is recognised based on the stage of completion measured by reference to the proportion that property development costs incurred for work performed to date bear to the estimated property development costs.

Where the financial outcome of a property development activities cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable, and property development costs on the development units sold are recognised as an expense in the period in which they are incurred.

Any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised immediately in profit or loss.

(iv) Developed properties

Revenue relating to sale of developed properties is recognised net of discounts when risks and rewards have been transferred.

(v) Rental income

Rental income is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

(vi) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

2. Significant accounting policies (continued)

(s) Revenue and other income (continued)

(vii) Commission

When the Group acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognised is the net amount of commission made by the Group.

(viii) Interest income

Interest income is recognised as it accrues, using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

(t) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

(u) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, and the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

2. Significant accounting policies (continued)

(u) Income tax (continued)

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

A tax incentive that is not a tax base of an asset is recognised as a reduction of tax expense in profit or loss as and when it is granted and claimed. Any unutilised portion of the tax incentive is recognised as a deferred tax asset to the extent that it is probable that future taxable profits will be available against which the unutilised tax incentive can be utilised.

(v) Earnings per ordinary stock

The Group presents basic earnings per stock data for its ordinary stocks (EPS).

Basic EPS is calculated by dividing the profit or loss attributable to ordinary stockholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

(w) Operating segments

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

(x) Discontinued operations

A discontinued operation is a component of the Group’s business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale or distribution, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of profit or loss and other comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative period.

3. Property, plant and equipment

Group	At 31 December Cost/ Valuation RM'000	Accumulated depreciation RM'000	Accumulated impairment loss RM'000	Net book value RM'000
2012				
Freehold land :				
At valuation				
- 1978	**3,732**	**-**	**-**	**3,732**
At cost	**231,700**	**-**	**-**	**231,700**
Short term leasehold land				
At valuation				
- 1976	**1,187**	**819**	**-**	**368**
- 1978	**255**	**145**	**-**	**110**
At cost	**95,224**	**41,321**	**-**	**53,903**
Long term leasehold land				
At valuation				
- 1978	**2,054**	**895**	**-**	**1,159**
At cost	**13,075**	**2,984**	**-**	**10,091**
Buildings :				
At valuation				
- 1976	**2,037**	**2,037**	**-**	**-**
- 1978	**260**	**103**	**-**	**157**
At cost	**1,170,453**	**381,765**	**-**	**788,688**
Other assets at cost :				
Plant and machinery	**667,043**	**546,228**	**5,940**	**114,875**
Furniture, fixtures, fittings, equipment and vehicles	**260,414**	**199,419**	**60**	**60,935**
Capital work-in-progress	**72,595**	**-**	**-**	**72,595**
	2,520,029	**1,175,716**	**6,000**	**1,338,313**

3. Property, plant and equipment (continued)

Group	Cost/ Valuation RM'000	Accumulated depreciation RM'000	Accumulated impairment loss RM'000	Net book value RM'000
	At 31 December			
2011				
Freehold land :				
At valuation - 1978	3,732	-	-	3,732
At cost	214,862	-	-	214,862
Short term leasehold land				
At valuation				
- 1976	1,187	819	-	368
- 1978	255	139	-	116
At cost	92,962	38,164	-	54,798
Long term leasehold land				
At valuation				
- 1978	2,054	882	-	1,172
At cost	13,075	2,810	-	10,265
Buildings :				
At valuation				
- 1976	2,037	2,037	-	-
- 1978	260	103	-	157
At cost	916,081	355,457	-	560,624
Other assets at cost :				
Plant and machinery	649,107	515,154	5,940	128,013
Furniture, fixtures, fittings, equipment and vehicles	245,644	192,601	60	52,983
Capital work-in-progress	90,765	-	-	90,765
	2,232,021	1,108,166	6,000	1,117,855

3. Property, plant and equipment (continued)

	At 31 December		
	Cost/ Valuation RM'000	Accumulated depreciation RM'000	Net book value RM'000
Company			
2012			
Freehold land :			
At cost	**289**	**-**	**289**
Other assets at cost :			
Furniture, fixtures, fittings, equipment and vehicles	**784**	**504**	**280**
	1,073	**504**	**569**
2011			
Freehold land :			
At cost	289	-	289
Other assets at cost :			
Furniture, fixtures, fittings, equipment and vehicles	774	400	374
	1,063	400	663

Please refer Notes 3.1 and 3.2 for detailed movement of cost/valuation and accumulated depreciation of property, plant and equipment of the Group and of the Company.

3. Property, plant and equipment (continued)

3.1 Detailed movements in cost/valuation of the Group are as follows :-

Group	At 1 January 2012 RM'000	Additions RM'000	Disposal/ Write-off RM'000	Reclassification RM'000	Transfer from investment properties RM'000	Transfer to biological assets RM'000	Exchange differences RM'000	At 31 December 2012 RM'000
At valuation 1978 :								
Freehold land	3,732	-	-	-	-	-	-	3,732
Short term leasehold land	255	-	-	-	-	-	-	255
Long term leasehold land	2,054	-	-	-	-	-	-	2,054
Buildings	260	-	-	-	-	-	-	260
At valuation 1976 :								
Buildings	2,037	-	-	-	-	-	-	2,037
Short term leasehold land	1,187	-	-	-	-	-	-	1,187
At cost :								
Freehold land	214,862	772	-	15,068	1,379	-	(381)	231,700
Short term leasehold land	92,962	-	-	-	-	-	2,262	95,224
Long term leasehold land	13,075	-	-	-	-	-	-	13,075
Buildings	916,081	217,460	(759)	36,136	5,008	-	(3,473)	1,170,453
Plant and machinery	649,107	26,045	(6,825)	6,251	-	-	(7,535)	667,043
Furniture, fixtures, fittings, equipment and vehicles	245,644	29,016	(13,743)	70	-	(117)	(456)	260,414
Capital work-in-progress	90,765	42,456	(1,127)	(57,525)	-	-	(1,974)	72,595
	2,232,021	315,749	(22,454)	-	6,387	(117)	(11,557)	2,520,029
					Note 8	Note 5		

3. Property, plant and equipment (continued)

3.1 Detailed movements in cost/valuation of the Group are as follows :-

Group	At 1 January 2011 RM'000	Additions RM'000	Additions through acquisition of subsidiaries RM'000	Disposal/ Write-off RM'000	Deletion through liquidation of a subsidiary RM'000	Reclassification RM'000	Transfer from property development costs RM'000	Transfer to investment properties RM'000	Exchange differences RM'000	At 31 December 2011 RM'000
At valuation 1978 :										
Freehold land	11,558	-	-	-	-	-	-	(7,826)	-	3,732
Short term leasehold land	255	-	-	-	-	-	-	-	-	255
Long term leasehold land	2,054	-	-	-	-	-	-	-	-	2,054
Buildings	337	-	-	-	-	-	-	(77)	-	260
Assembly plant	1,370	-	-	-	-	-	-	(1,370)	-	-
At valuation 1976 :										
Buildings	2,037	-	-	-	-	-	-	-	-	2,037
Short term leasehold land	1,374	-	-	-	-	(187)	-	-	-	1,187
At cost :										
Freehold land	154,760	-	61,810	(17,092)	-	75,389	-	(61,967)	1,962	214,862
Short term leasehold land	91,039	-	-	-	-	187	-	-	1,736	92,962
Long term leasehold land	130,636	-	-	-	-	-	-	(117,561)	-	13,075
Buildings	1,011,390	2,350	74,382	(30,436)	-	(70,663)	8,507	(102,337)	22,888	916,081
Assembly plant	3,460	-	-	-	-	-	-	(3,460)	-	-
Plant and machinery	637,389	14,279	3,209	(48,296)	(823)	37,299	-	-	6,050	649,107
Furniture, fixtures, fittings, equipment and vehicles	256,247	18,334	1,844	(14,591)	-	(19,015)	-	-	2,825	245,644
Capital work-in-progress	57,219	60,184	1,386	(4,697)	-	(23,010)	-	-	(317)	90,765
	2,361,125	95,147	142,631	(115,112)	(823)	-	8,507	(294,598)	35,144	2,232,021
							Note 13	**Note 8**		

3. Property, plant and equipment (continued)

3.1 Detailed movements in cost/valuation of the Company are as follows :-

Company	**At 1 January 2012 RM'000**	**Additions RM'000**	**Disposal/ Write-off RM'000**	**Transfer to investment properties RM'000**	**At 31 December 2012 RM'000**
At valuation 1978 :					
Freehold land	-	-	-	-	-
At cost :					
Freehold land	**289**	-	-	-	**289**
Furniture, fixtures, fittings, equipment and vehicles	**774**	**10**	-	-	**784**
Capital work-in-progress	-	-	-	-	-
	1,063	**10**	-	-	**1,073**

Company	**At 1 January 2011 RM'000**	**Additions RM'000**	**Disposal/ Write-off RM'000**	**Transfer to investment properties RM'000**	**At 31 December 2011 RM'000**
At valuation 1978 :					
Freehold land	10,368	-	-	(10,368)	-
At cost :					
Freehold land	1,049	-	-	(760)	289
Buildings	175	-	-	(175)	-
Furniture, fixtures, fittings, equipment and vehicles	569	337	(132)	-	774
Capital work-in-progress	28	-	(28)	-	-
	12,189	337	(160)	(11,303)	1,063

3. Property, plant and equipment (continued)

3.2 Detailed movements in accumulated depreciation and accumulated impairment losses of the Group are as follows :-

Group	At 1 January 2012 RM'000	Depreciation for the year RM'000	Disposal/ Write-off RM'000	Reclassification RM'000	Transfer from investment properties RM'000	Exchange differences RM'000	At 31 December 2012 RM'000
Accumulated depreciation							
At valuation 1978 :							
Buildings	103	-	-	-	-	-	103
Short term leasehold land	139	6	-	-	-	-	145
Long term leasehold land	882	13	-	-	-	-	895
At valuation 1976 :							
Buildings	2,037	-	-	-	-	-	2,037
Short term leasehold land	819	13	-	(13)	-	-	819
At cost :							
Short term leasehold land	38,164	2,237	-	13	-	907	41,321
Long term leasehold land	2,810	174	-	-	-	-	2,984
Buildings	355,457	26,317	(714)	195	1,217	(707)	381,765
Plant and machinery	515,154	43,247	(5,824)	(172)	-	(6,177)	546,228
Furniture, fixtures, fittings, equipment and vehicles	192,601	18,912	(12,482)	(23)	-	411	199,419
	1,108,166	90,919	(19,020)	-	1,217	(5,566)	1,175,716
Accumulated impairment losses							
At cost :							
Buildings	-	-	-	-	-	-	-
Plant and machinery	5,940	-	-	-	-	-	5,940
Furniture, fixtures, fittings, equipment and vehicles	60	-	-	-	-	-	60
	6,000	-	-	-	-	-	6,000
	1,114,166	90,919	(19,020)	-	1,217	(5,566)	1,181,716
		Note 22			Note 8		

3. Property, plant and equipment (continued)

3.2 Detailed movements in accumulated depreciation and accumulated impairment losses of the Group are as follows :-

Group	At 1 January 2011 RM'000	Depreciation for the year RM'000	(Reversal of)/ Impairment loss for the year RM'000	Disposal/ Write-off RM'000	Deletion through liquidation of a subsidiary RM'000	Reclassification RM'000	Transfer to investment properties RM'000	Exchange differences RM'000	At 31 December 2011 RM'000
Accumulated depreciation									
At valuation 1978 :									
Buildings	164	3	-	-	-	-	(64)	-	103
Assembly plant	1,370	-	-	-	-	-	(1,370)	-	-
Short term leasehold land	133	6	-	-	-	-	-	-	139
Long term leasehold land	857	25	-	-	-	-	-	-	882
At valuation 1976 :									
Buildings	2,037	-	-	-	-	-	-	-	2,037
Short term leasehold land	965	-	-	-	-	(146)	-	-	819
At cost :									
Short term leasehold land	35,017	2,360	-	-	-	146	-	641	38,164
Long term leasehold land	5,719	144	-	-	-	-	(3,053)	-	2,810
Buildings	361,755	27,069	-	(6,934)	-	(24)	(34,425)	8,016	355,457
Assembly plant	3,437	-	-	-	-	-	(3,437)	-	-
Plant and machinery	490,966	42,885	-	(42,139)	(755)	19,083	-	5,114	515,154
Furniture, fixtures, fittings, equipment and vehicles	206,693	16,559	-	(13,753)	-	(19,059)	-	2,161	192,601
	1,109,113	89,051	-	(62,826)	(755)	-	(42,349)	15,932	1,108,166
Accumulated impairment losses									
At cost :									
Buildings	440	-	(440)	-	-	-	-	-	-
Plant and machinery	10,300	-	(4,360)	-	-	-	-	-	5,940
Furniture, fixtures, fittings, equipment and vehicles	60	-	-	-	-	-	-	-	60
	10,800	-	(4,800)	-	-	-	-	-	6,000
	1,119,913	89,051	(4,800)	(62,826)	(755)	-	(42,349)	15,932	1,114,166
		Note 22	Note 22				Note 8		

3. Property, plant and equipment (continued)

3.2 Detailed movements in accumulated depreciation of the Company are as follows :-

Company	At 1 January 2012 RM'000	Depreciation for the year RM'000	Disposal/ Write-off RM'000	Transfer to investment properties RM'000	At 31 December 2012 RM'000
Accumulated depreciation					
At cost :					
Furniture, fixtures, fittings, equipment and vehicles	**400**	**104**	**-**	**-**	**504**
	400	**104**	**-**	**-**	**504**
				Note 8	

Company	At 1 January 2011 RM'000	Depreciation for the year RM'000	Disposal/ Write-off RM'000	Transfer to investment properties RM'000	At 31 December 2011 RM'000
Accumulated depreciation					
At cost :					
Buildings	56	-	-	(56)	-
Furniture, fixtures, fittings, equipment and vehicles	434	85	(119)	-	400
	490	85	(119)	(56)	400

3. Property, plant and equipment (continued)

The property, plant and equipment are shown at Directors' valuation in the years indicated based on the following valuation exercises carried out :

In 1976 - By a firm of professional valuers on a 'replacement cost' basis.
In 1978 - By Government Valuers on an 'open market value' basis.

Subsequent acquisitions are shown at cost while deletions are at valuation or cost as appropriate.

3.3 Assets under hire purchase and leasing arrangements

Included in the net book value of property, plant and equipment of the Group is an amount of **RM5,234,000** (2011 : RM2,128,000) representing assets financed under leasing instalment plans.

3.4 Security

Certain freehold land of the Group with net book value of **RM19,597,000** (2011 : RM19,597,000) are pledged to a licensed bank as security for banking facilities granted to a subsidiary of the Company (see Note 18).

3.5 Carrying amounts of revalued property, plant and equipment

The carrying amounts of the revalued assets (under property, plant and equipment) had they been stated at cost less accumulated depreciation are as follows :

2012	**Cost RM'000**	**Accumulated depreciation RM'000**	**Net book value RM'000**
At Valuation 1976 :			
Held by the subsidiaries of the Group			
Short term leasehold land	187	144	43
Buildings	1,713	1,395	318
	1,900	1,539	361
At Valuation 1978 :			
Held by the subsidiaries of the Group			
Freehold land	1,022	-	1,022
Short term leasehold land	23	20	3
Long term leasehold land	1,400	657	743
Buildings	285	143	142
	2,730	820	1,910
	4,630	2,359	2,271

3. Property, plant and equipment (continued)

3.5 Carrying amounts of revalued property, plant and equipment (continued)

	Cost RM'000	Accumulated depreciation RM'000	Net book value RM'000
2011			
At Valuation 1976 :			
Held by the subsidiaries of the Group			
Short term leasehold land	187	140	47
Buildings	1,713	1,370	343
	1,900	1,510	390
At Valuation 1978 :			
Held by the subsidiaries of the Group			
Freehold land	1,022	-	1,022
Short term leasehold land	23	19	4
Long term leasehold land	1,400	652	748
Buildings	285	140	145
	2,730	811	1,919
	4,630	2,321	2,309

4. Intangible assets - Group

	Note	Goodwill RM'000	Development cost RM'000	Total RM'000
Cost				
At 1 January 2011		31,866	1,529	33,395
Arising from acquisition of subsidiaries		35,580	-	35,580
Additions during the year		-	961	961
Impairment loss		(11,413)	-	(11,413)
At 31 December 2011		56,033	2,490	58,523
Additions during the year		**-**	**303**	**303**
Impairment loss	22	**(5,359)**	**-**	**(5,359)**
At 31 December 2012		**50,674**	**2,793**	**53,467**
Amortisation				
At 1 January 2011		-	1,100	1,100
Amortisation during the year	22	-	162	162
At 31 December 2011		-	1,262	1,262
Amortisation during the year	22	**-**	**182**	**182**
At 31 December 2012		-	**1,444**	**1,444**
Carrying amounts				
At 1 January 2011		31,866	429	32,295
At 31 December 2011/1 January 2012		56,033	1,228	57,261
At 31 December 2012		**50,674**	**1,349**	**52,023**

Goodwill acquired in a business combination is allocated, at acquisition, to the cash-generating unit ("CGU") that is expected to benefit from that business combination. The carrying amount of goodwill had been allocated to the following business segments as independent CGUs :

	Group 2012 RM'000	Group 2011 RM'000
Automotive and related products	**1,172**	5,152
Plastic products	**4,068**	4,159
Plantation	**42,303**	42,303
Hotel and resorts	**1,004**	1,004
Multiple units without significant goodwill	**2,127**	3,415
	50,674	56,033

4. Intangible assets - Group (continued)

(a) Key sources of estimation uncertainty

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of the Group's goodwill as at 31 December 2012 was approximately **RM50,674,000** (2011 : RM56,033,000).

(b) Recoverable amount based on value in use

The recoverable amount of a CGU is determined based on the value in use calculations with the following key assumptions applied :

(i) Cash flows are projected based on the financial budgets approved by the Directors.

(ii) Discount rates used for cash flows discounting purposes are the management's estimate of average cost of capital required in the respective segments. The discount rates applied for cash flow projections are ranging from 5% to 10%.

(iii) Growth rate for the plantation segment is determined based on the management's estimate of commodity prices, palm yields, oil extractions rates and also cost of productions whilst growth rates of other segments are determined based on the industry trends and past performance of the segments.

(iv) Profit margins are projected based on the industry trends, historical profit margin achieved or predetermined profit margin for property projects.

With regard to the assessment of value in use, management believes that no reasonably possible change in any of the above key assumptions would cause the recoverable amounts of the units to be materially below their carrying amounts.

5. Biological assets - Group

Cost	**2012 RM'000**	**2011 RM'000**
Balance at 1 January	**287,718**	245,313
Additions during the year	**76,709**	31,911
Effect of movement in exchange rate	**(26,340)**	3,455
Transfer from prepaid land lease payments (Note 7)	**-**	7,315
Transfer from property, plant and equipment (Note 3)	**117**	-
Written off	**(1,542)**	(276)
Balance at 31 December	**336,662**	287,718
Accumulated amortisation		
Balance at 1 January	**121,523**	108,180
Amortisation charge for the year (Note 22)	**11,728**	12,217
Effect of movement in exchange rate	**(9,382)**	1,402
Written off	**(1,349)**	(276)
Balance at 31 December	**122,520**	121,523
	214,142	166,195

5. Biological assets – Group (continued)

Additions to biological assets during the year include :

	2012 RM'000	2011 RM'000
- Interest expense	**1,672**	161

Interest is capitalised under biological assets at an average rate of **0.81% to 6.75%** (2011 : 0.75% to 1.80%) per annum.

6. Land held for property development - Group

	2012 RM'000	2011 RM'000
Balance at 1 January	**37,750**	167,546
Add : Additions during the year	**396**	35,246
Less : Transfer to investment properties (Note 8)	**(2,323)**	(165,042)
Balance at 31 December *	**35,823**	37,750
* This amount comprises :		
At valuation (1978)		
Freehold land	**467**	1,166
At cost		
Freehold land	**33,552**	35,082
Other outgoings	**1,804**	1,502
	35,823	37,750

6.1 Land held for property development under the revaluation model

The freehold land is shown at Directors' valuation based on a valuation exercise carried out by Government Valuers on an 'open market value' basis in 1978.

The carrying amount of the revalued land had it been stated at cost is **RM194,000** (2011 : RM927,000).

7. Prepaid land lease payments - Group

	Note	2012 RM'000	2011 RM'000
At 1 January		**40,521**	52,450
Additions		**-**	810
Amortisation for the year	22	**(278)**	(414)
Transfer to biological assets	5	**-**	(7,315)
Disposal		**-**	(5,675)
Exchange differences		**(260)**	665
At 31 December		**39,983**	40,521
Long term leasehold land		**31,653**	31,738
Short term leasehold land		**8,330**	8,783
		39,983	40,521

8. Investment properties

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Cost				
At 1 January	**537,657**	78,017	**15,137**	3,834
Transfer (to)/from property, plant and equipment (Note 3)	**(6,387)**	294,598	**-**	11,303
Transfer from land held for property development (Note 6)	**2,323**	165,042	**-**	-
Additions	**11,594**	-	**-**	-
Exchange differences	**(684)**	-	**-**	-
At 31 December	**544,503**	537,657	**15,137**	15,137
Accumulated depreciation				
At 1 January	**49,738**	5,371	**60**	-
Charge for the year (Note 22)	**3,451**	2,018	**4**	4
Transfer (to)/from property, plant and equipment (Note 3)	**(1,217)**	42,349	**-**	56
Exchange differences	**41**	-	**-**	-
At 31 December	**52,013**	49,738	**64**	60
Carrying amount				
At 31 December	**492,490**	487,919	**15,073**	15,077
Included in the above are :				
Freehold land	**133,148**	132,424	**14,962**	14,962
Buildings	**89,622**	85,797	**111**	115
Long term leasehold land	**269,695**	269,675	**-**	-
Assembly plant	**25**	23	**-**	-
	492,490	487,919	**15,073**	15,077

8. Investment properties (continued)

Investment properties comprise a number of commercial properties, vacant land and assembly plant that are leased to third parties or held for capital appreciation. Some of these properties of the Group were transferred to/from property, plant and equipment and land held for property development following the changes in the use of these properties.

As at 31 December 2012, the fair values of all investment properties are determined based on market values except for properties with carrying amount of **RM58,637,000** (2011: RM56,326,000) where the fair values are determined based on the value in use by discounting the future cash flows to be generated from the rental of the building.

The fair values of the investment properties are as follows :

	Group		Company	
	2012 RM million	**2011** RM million	**2012** RM million	**2011** RM million
At fair value	**1,640.9**	1,586.9	**224.4**	224.4

9. Investments in subsidiaries

	Note	Group		Company	
		2012 **RM'000**	**2011** **RM'000**	**2012** **RM'000**	**2011** **RM'000**
Unquoted shares, at cost		**24,307**	24,307	**621,524**	461,612
Less :					
Impairment losses		-	-	**(36,085)**	(36,085)
Share of post-acquisition reserves		**(47,174)**	(47,174)	-	-
	9.1	**(22,867)**	(22,867)	**585,439**	425,527

Details of the subsidiaries are listed under Note 36.

9.1 Investment in a non-consolidated subsidiary - Group

The Group's interest in a non-consolidated subsidiary represents the interests of the Group's investment in PT Oriental Kyowa Industries ("PT OKI"). PT OKI is a 45% and 55% owned subsidiary held through Jutajati Sdn. Bhd. and Selasih Permata Sdn. Bhd. respectively.

On 23 February 2010, the shareholders of PT OKI commenced liquidation proceedings on PT OKI. Accordingly, the financial statements of PT OKI have been de-consolidated in the Group's financial statements thereafter. In November 2011, the shareholders of PT OKI had applied for cancellation of liquidation proceedings for which the approval was still pending from the local authority at year end.

10. Investments in associates

	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Unquoted shares, at cost	**81,391**	81,307	**28,291**	27,316
Share of post-acquisition reserves	**314,598**	253,215	**-**	-
	395,989	334,522	**28,291**	27,316

** This is represented by :*

	Group 2012 RM'000	Group 2011 RM'000
Share of net assets	**391,610**	330,143
Goodwill	**4,379**	4,379
	395,989	334,522

List of associates :

	Group's effective interest 2012 %	Group's effective interest 2011 %	Principal activities
Incorporated in Malaysia :			
Southern Oriental Sdn. Bhd.	50.0	50.0	Investment holding
Chainferry Development Sdn. Berhad	33.4	33.4	Property development
Penang Wellesley Realty Sdn. Berhad	39.8	39.8	Property development
Southern Perak Plantations Sdn. Berhad	39.5	39.5	Production and sale of oil palm fruits, palm oil and kernel
Penang Amusements Co. Sdn. Bhd.	25.0	25.0	Operation of a bowling alley
Honda Autoparts Manufacturing (M) Sdn. Bhd.	49.0	49.0	Manufacture and sale of motor vehicle parts
Hicom Teck See Manufacturing Malaysia Sdn Bhd	29.4	29.4	Manufacture of thermo plastic and thermo setting products
Hitachi Construction Machinery (Malaysia) Sdn. Bhd.	30.0	30.0	Sale of construction machinery, attachments and spare parts and renting of machinery
Boon Siew Honda Sdn. Bhd.	49.0	50.0	Manufacture, assembly and sale of motorcycles

10. Investments in associates (continued)

List of associates (continued):

	Group's effective interest 2012 %	Group's effective interest 2011 %	Principal activities
Incorporated in Singapore :			
Singapore Safety Driving Centre Ltd	27.5	27.5	Operation of a driving school
B.S. Kah Pte. Ltd	40.0	40.0	Property management
Bukit Batok Driving Centre Ltd	21.9	21.9	Operation of a driving school
Incorporated in Thailand :			
Held through a subsidiary of the Company, Teck See Plastic Sdn Bhd			
Kasai Teck See Co. Ltd.	15.0	15.0	Manufacture and sale of parts, mould and automotive equipment including automotive interior parts
Incorporated in the Republic of Indonesia :			
Held through subsidiaries of the Company, Teck See Plastic Sdn Bhd and Oriental International (Mauritius) Pte Ltd			
P.T. Oriental Manufacturing Indonesia	38.9	38.9	Manufacture and distribution of plastic articles and products in automotive and electrical sectors

The accounting year end of all the associates is 31 December except for Hicom Teck See Manufacturing Malaysia Sdn Bhd, Honda Autoparts Manufacturing (M) Sdn. Bhd., Hitachi Construction Machinery (Malaysia) Sdn. Bhd. and Boon Siew Honda Sdn. Bhd. whose accounting years end on 31 March.

10. Investments in associates (continued)

Summary financial information on associates :

	Revenues (100%) RM'000	Profit/(Loss) for the year (100%) RM'000	Total assets (100%) RM'000	Total liabilities (100%) RM'000
Group				
2012				
Chainferry Development Sdn. Berhad	**20,180**	**7,143**	**73,950**	**15,864**
Penang Wellesley Realty Sdn. Berhad	**-**	**338**	**10,341**	**377**
Southern Perak Plantations Sdn. Berhad	**59,149**	**15,983**	**179,661**	**16,171**
Penang Amusements Co. Sdn. Bhd.	**1,216**	**485**	**3,840**	**356**
Honda Autoparts Manufacturing (M) Sdn. Bhd.	**121,582**	**1,344**	**85,312**	**19,902**
Hicom Teck See Manufacturing Malaysia Sdn. Bhd.	**420,506**	**17,857**	**251,996**	**112,589**
Hitachi Construction Machinery (Malaysia) Sdn. Bhd.	**458,755**	**35,606**	**273,935**	**121,114**
Singapore Safety Driving Centre Ltd	**48,112**	**4,075**	**144,234**	**15,050**
B.S. Kah Pte. Ltd	**1,069**	**13**	**5,006**	**2,586**
Bukit Batok Driving Centre Ltd	**73,804**	**14,008**	**168,157**	**28,564**
Southern Oriental Sdn. Bhd.	**-**	**(1)**	**1**	**84**
Kasai Teck See Co. Ltd.	**161,987**	**7,739**	**158,962**	**136,232**
Boon Siew Honda Sdn. Bhd.	**805,719**	**59,988**	**506,309**	**332,660**
P.T. Oriental Manufacturing Indonesia	**43,720**	**6,775**	**39,244**	**6,786**
	2,215,799	**171,353**	**1,900,948**	**808,335**
Group				
2011				
Chainferry Development Sdn. Berhad	13,433	2,795	60,512	8,495
Penang Wellesley Realty Sdn. Berhad	-	(56)	10,177	377
Southern Perak Plantations Sdn. Berhad	74,512	28,211	156,462	17,412
Penang Amusements Co. Sdn. Bhd.	1,315	270	3,426	339
Honda Autoparts Manufacturing (M) Sdn. Bhd.	85,053	1,691	69,940	5,738
Hicom Teck See Manufacturing Malaysia Sdn. Bhd.	313,146	14,653	224,943	89,682
Hitachi Construction Machinery (Malaysia) Sdn. Bhd.	282,932	26,010	251,996	108,794
Singapore Safety Driving Centre Ltd	50,615	5,087	133,822	10,951
B.S. Kah Pte. Ltd	1,075	46	4,614	2,276
Bukit Batok Driving Centre Ltd	70,918	11,814	152,814	28,909
Southern Oriental Sdn. Bhd.	-	(1)	1	(83)
Kasai Teck See Co. Ltd.	91,608	(15,743)	81,917	66,859
Boon Siew Honda Sdn. Bhd.	869,660	(7,901)	321,395	219,379
P.T. Oriental Manufacturing Indonesia	29,763	5,679	35,851	3,153
	1,884,030	72,555	1,507,870	562,281

11. Other investments

	Unquoted shares RM'000	Quoted shares in Malaysia RM'000	Quoted shares outside Malaysia RM'000	Quoted bonds outside Malaysia RM'000	Quoted unit trusts and REITS RM'000	Others RM'000	Total RM'000
Group							
2012							
Non-current							
Available-for-sale financial assets	**28,187**	**495**	**165,346**	**83,086**	**16,791**	**1,096**	**295,001**
Less : Impairment loss	**(413)**	**-**	**(20,309)**	**-**	**-**	**(22)**	**(20,744)**
	27,774	**495**	**145,037**	**83,086**	**16,791**	**1,074**	**274,257**
Representing items :							
At cost	**27,774**	**-**	**-**	**-**	**-**	**1,074**	**28,848**
At fair value	**-**	**495**	**145,037**	**83,086**	**16,791**	**-**	**245,409**
	27,774	**495**	**145,037**	**83,086**	**16,791**	**1,074**	**274,257**
Market value of quoted investments	**-**	**495**	**145,037**	**83,086**	**16,791**	**-**	**245,409**
Company							
2012							
At cost	**33,113**	**-**	**-**	**-**	**-**	**-**	**33,113**
Representing items :							
At cost	**33,113**	**-**	**-**	**-**	**-**	**-**	**33,113**

11. Other investments (continued)

	Unquoted shares RM'000	Quoted shares in Malaysia RM'000	Quoted shares outside Malaysia RM'000	Quoted bonds outside Malaysia RM'000	Quoted unit trusts and REITS RM'000	Others RM'000	Total RM'000
Group							
2011							
Non-current							
Available-for-sale financial assets	28,187	479	132,374	80,507	8,049	1,088	250,684
Less : Impairment loss	(351)	-	(21,784)	-	-	(22)	(22,157)
	27,836	479	110,590	80,507	8,049	1,066	228,527
Representing items :							
At cost	27,836	-	-	-	-	1,066	28,902
At fair value	-	479	110,590	80,507	8,049	-	199,625
	27,836	479	110,590	80,507	8,049	1,066	228,527
Market value of quoted investments	-	479	110,590	80,507	8,049	-	199,625
Company							
2011							
At cost	33,113	-	-	-	-	-	33,113
Representing items :							
At cost	33,113	-	-	-	-	-	33,113

12. Deferred tax assets and (liabilities) - Group

Recognised deferred tax assets and (liabilities)

Deferred tax assets and (liabilities) are attributable to the following :

	Assets		Liabilities		Net	
	2012 RM'000	**2011 RM'000**	**2012 RM'000**	**2011 RM'000**	**2012 RM'000**	**2011 RM'000**
Property, plant and equipment						
- capital allowances	**1,062**	1,553	**(14,951)**	(17,705)	**(13,889)**	(16,152)
- revaluation	**-**	-	**(289)**	(291)	**(289)**	(291)
Prepaid land lease payments						
- fair value adjustment	**-**	-	**(7,214)**	(7,214)	**(7,214)**	(7,214)
Biological assets - capital allowances	**-**	-	**(3,537)**	(4,190)	**(3,537)**	(4,190)
Provisions	**3,302**	924	**1,983**	4,184	**5,285**	5,108
Capital allowances carry-forwards	**1,113**	770	**1,453**	1,516	**2,566**	2,286
Tax losses carry-forwards	**2,467**	2,990	**-**	-	**2,467**	2,990
Unutilised reinvestment allowances	**-**	47	**5,179**	5,752	**5,179**	5,799
Other investments	**-**	-	**(10,128)**	(5,672)	**(10,128)**	(5,672)
Others	**50**	50	**2,183**	2,854	**2,233**	2,904
	7,994	6,334	**(25,321)**	(20,766)	**(17,327)**	(14,432)

Deferred tax have not been recognised in respect of the following items (stated at gross) :

	2012 RM'000	**2011 RM'000**
Deductible temporary differences	**15,004**	15,039
Capital allowances carry-forwards	**3,898**	3,067
Tax losses carry-forwards	**26,672**	20,278
Unutilised reinvestment allowances	**4,755**	4,568
	50,329	42,952

The deductible temporary differences, capital allowances carry-forwards, tax losses carry-forwards, unutilised reinvestment allowances and provisions do not expire under the Malaysian tax legislation. Deferred tax assets have not been recognised in respect of these items as it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom.

The comparative figures have been restated to reflect the revised capital allowances carry-forwards, tax losses carry-forwards and temporary differences available to the Group.

12. Deferred tax assets and (liabilities) - Group (continued)

The components and movements of deferred tax assets/(liabilities) are as follows :

	At 1 January 2011 RM'000	Effect of movement in exchange rate RM'000	Recognised in profit or loss RM'000	Recognised in other comprehensive income RM'000	At 31 December 2011 RM'000	Effect of movement in exchange rate RM'000	Recognised in profit or loss RM'000	Recognised in other comprehensive income RM'000	At 31 December 2012 RM'000
Deferred tax assets									
Property, plant and equipment									
- capital allowances	(1,378)	(12)	2,943	-	1,553	**(5)**	**(486)**	-	**1,062**
Other items	5,130	10	(359)	-	4,781	**(310)**	**2,461**	-	**6,932**
	3,752	(2)	2,584	-	6,334	**(315)**	**1,975**	-	**7,994**
Deferred tax liabilities									
Property, plant and equipment									
- capital allowances	(20,883)	(38)	3,216	-	(17,705)	**(35)**	**2,789**	-	**(14,951)**
- revaluation	(294)	-	3	-	(291)	-	**2**	-	**(289)**
Prepaid land lease payments									
-fair value adjustment	(7,214)	-	-	-	(7,214)	-	-	-	**(7,214)**
Biological assets									
- capital allowances	(5,009)	(30)	849	-	(4,190)	**97**	**556**	-	**(3,537)**
Unutilised reinvestment									
allowances	5,815	-	(63)	-	5,752	-	**(573)**	-	**5,179**
Other items	3,249	59	(2,340)	1,914	2,882	**(35)**	**(3,006)**	**(4,350)**	**(4,509)**
	(24,336)	(9)	1,665	1,914	(20,766)	**27**	**(232)**	**(4,350)**	**(25,321)**
	(20,584)	(11)	4,249	1,914	(14,432)	**(288)**	**1,743**	**(4,350)**	**(17,327)**
			Note 25				**Note 25**		

13. Property development costs – Group

	2012 RM'000	2011 RM'000
Balance at 1 January	**14,339**	14,693
Add :		
Development costs incurred during the year	**7,535**	15,567
Less:		
Costs charged to profit or loss	**(8,864)**	(7,414)
Transfer to property, plant and equipment (Note 3)	**-**	(8,507)
Transfer to completed development properties	**(10,342)**	-
Balance at 31 December *	**2,668**	14,339

* This amount comprises :

	2012 RM'000	2011 RM'000
Freehold land, at cost	**1,615**	1,615
Development costs	**1,053**	21,936
Accumulated costs charged to profit or loss	**-**	(9,212)
	2,668	14,339

14. Trade and other receivables

		Group		Company	
	Note	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Trade					
Amount due :					
- within 1 year		**250,502**	224,135	-	-
- after 1 year		**-**	160	-	-
		250,502	224,295	-	-
Unearned income		**(651)**	(847)	-	-
		249,851	223,448	-	-
Amount due from associates	14.1	**56,808**	39,967	-	-
		306,659	263,415	-	-

14. Trade and other receivables (continued)

	Note	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Non-trade					
Amount due from subsidiaries	14.2	**-**	-	**130,794**	356,908
Other receivables	14.3	**46,420**	53,184	**17**	5
Deposits		**5,110**	5,983	**19**	19
Prepayments	14.3	**7,149**	5,841	**-**	-
		58,679	65,008	**130,830**	356,932
		365,338	328,423	**130,830**	356,932

14.1 Amount due from associates

The trade receivables due from associates are subject to normal trade terms.

14.2 Amount due from subsidiaries

Company

The amount due from subsidiaries for an amount of **RM130,718,000** (2011 : RM161,138,500) is subject to interest at the rates ranging from **0.86% to 3.10%** (2011 : 0.87% and 3.50%) per annum.

14.3 Other receivables and prepayments

Included in other receivables of the previous year is an amount of RM20.9 million representing proceeds receivable from the sale of property, plant and equipment in China.

15. Inventories - Group

	2012 RM'000	2011 RM'000
Completed development properties	**16,396**	7,641
Finished products		
Manufactured goods	**50,120**	68,134
Assembled motor vehicles	**35,512**	20,578
Trading inventories	**59,009**	47,215
	144,641	135,927
Work-in-progress	**13,287**	16,077
Raw materials	**54,868**	54,441
Consumable stores and spares	**40,300**	42,544
Hotel stocks	**2,672**	2,968
	272,164	259,598

16. Cash and cash equivalents

	Note	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Fixed deposits :					
With licensed banks		**1,793,366**	2,372,313	**121,658**	257,809
With licensed finance companies		**63,729**	77,891	**-**	-
	16.1	**1,857,095**	2,450,204	**121,658**	257,809
Cash and bank balances	16.2	**597,717**	430,126	**3,610**	1,777
Unit trust money market funds		**169,204**	-	**93,855**	-
		2,624,016	2,880,330	**219,123**	259,586

16.1 Deposits placed with licensed banks pledged for banking/financing facilities

Included in the fixed deposits of the Group is an amount of **RM73,000** (2011: RM42,527,000) which is pledged for banking/financing facilities granted to certain subsidiaries (see Note 18).

16.2 Cash and bank balances

Included in cash and bank balances of the Group is an amount of **RM4,202,000** (2011 : RM1,235,000) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966 and are restricted from use in other operations.

17. Capital and reserves

17.1 Share capital

	Group/Company 2012 RM'000	Group/Company 2011 RM'000
Authorised :		
1,000,000,000 stocks of RM1 each	**1,000,000**	1,000,000
Issued and fully paid :		
620,393,638 stocks of RM1 each	**620,394**	620,394

17. Capital and reserves (continued)

17.2 Reserves

	Note	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Non-distributable:					
Share premium		**1,099**	1,099	**-**	-
Capital reserves	17.3	**1,073**	1,073	**-**	-
Foreign currency translation reserves	17.4	**478,589**	460,226	**-**	-
Capital redemption reserve		**68**	68	**68**	68
Asset revaluation reserve	17.5	**474**	474	**-**	-
Treasury stocks	17.7	**(249)**	(249)	**(249)**	(249)
Fair value reserve	17.6	**74,334**	39,073	**-**	-
		555,388	501,764	**(181)**	(181)
Distributable:					
Retained earnings	17.8	**3,381,095**	3,236,295	**290,944**	247,723
Capital reserve		**40,248**	40,248	**29,992**	29,992
		3,421,343	3,276,543	**320,936**	277,715
		3,976,731	3,778,307	**320,755**	277,534
Total equity attributable to stockholders of the Company		**4,597,125**	4,398,701	**941,149**	897,928

17.3 Capital reserves

The capital reserve comprises :

a) surplus on sale of land and building and long term investments; and

b) reserve fund provided at 10% of net profit of a subsidiary in China.

17.4 Foreign currency translation reserves

The foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

17.5 Asset revaluation reserve

The asset revaluation reserve relates to the revaluation of property, plant and equipment.

17.6 Fair value reserve

The fair value reserve includes the cumulative net change in the fair value of available-for-sale investments until the investment is derecognised.

17. Capital and reserves (continued)

17.7 Treasury stocks

In year 2000, the Company purchased 100,000 of its issued stocks from the open market. The average price paid for the stocks purchased was RM7.84 per stock. The repurchased stocks are held as treasury stocks and carried at cost.

On 2 March 2001, 68,192 of the treasury stocks were cancelled and an amount equivalent to their nominal value was transferred to Capital Redemption Reserve. Treasury stocks have no rights to voting, dividends and participation in other distribution.

17.8 Retained earnings

The Company has opted for the single tier system and as such, the Company is able to distribute dividends out of its entire retained earnings as at 31 December 2012.

18. Borrowings

This note provides information about the contractual terms of the Group's and the Company's interest-bearing borrowings. For more information about the Group's and the Company's exposure to interest rate and foreign currency risk, see Note 32.

	Note	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Current					
Secured :					
Other bank borrowings		**83,359**	46,275	**-**	-
Lease obligations	18.1	**1,724**	835	**-**	-
		85,083	47,110	**-**	-
Unsecured :					
Bank overdrafts		**5,212**	6,125	**-**	-
Other bank borrowings		**361,492**	472,527	**70,523**	199,355
		366,704	478,652	**70,523**	199,355
		451,787	525,762	**70,523**	199,355
Non-current					
Secured :					
Lease obligations	18.1	**2,561**	651	**-**	-
Other bank borrowings		**6,419**	8,476	**-**	-
		8,980	9,127	**-**	-
Unsecured :					
Other bank borrowings		**17,500**	-	**-**	-
		26,480	9,127	**-**	-
		478,267	534,889	**70,523**	199,355

18. Borrowings (continued)

18.1 Lease obligations

Lease obligations are payable as follows :

	2012 Future minimum lease payment RM'000	2012 Interest RM'000	2012 Present value of minimum lease payments RM'000	2011 Future minimum lease payment RM'000	2011 Interest RM'000	2011 Present value of minimum lease payments RM'000
Less than 1 year	**1,812**	**88**	**1,724**	905	70	835
Between 1 and 5 years	**2,617**	**56**	**2,561**	678	27	651
	4,429	**144**	**4,285**	1,583	97	1,486

18.2 Terms and debts repayment schedule

	Year of maturity	Carrying amount RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	Over 5 years RM'000
Group 2012						
Bankers' acceptances	2013	**19,607**	**19,607**	-	-	-
Bank overdrafts		**5,212**	**5,212**	-	-	-
Revolving credits	2013	**337,505**	**337,505**	-	-	-
Term loans	2013-2017	**98,855**	**74,937**	**8,685**	**8,233**	**7,000**
Trust receipts	2013	**9,057**	**9,057**	-	-	-
Promissory notes		**3,746**	**3,746**	-	-	-
		473,982	**450,064**	**8,685**	**8,233**	**7,000**
Group 2011						
Bankers' acceptances	2012	15,369	15,369	-	-	-
Bank overdrafts		6,125	6,125	-	-	-
Revolving credits	2012	141,115	141,115	-	-	-
Term loans	2012- 2016	357,570	349,094	4,365	4,111	-
Trust receipts	2012	13,224	13,224	-	-	-
		533,403	524,927	4,365	4,111	-

Company

The other bank borrowings of the Company represent short term loans with maturity within a year.

18.3 Interest rates

The bank borrowings carry interest at rates which vary according to prevailing base lending rates.

18.4 Security

The secured bank borrowings are secured by way of charge over certain properties of the Group (see Note 3) and fixed deposit pledged (see Note 16).

19. Provision - Group

	Free servicing RM'000	Extended warranties RM'000	Total RM'000
Non-current			
At 1 January 2011	384	1,511	1,895
Provision made	524	782	1,306
Provision used	(205)	-	(205)
Exchange differences	9	31	40
At 31 December 2011	712	2,324	3,036
Provision made	**165**	**986**	**1,151**
Provision used	**(263)**	**(5)**	**(268)**
Exchange differences	**9**	**61**	**70**
At 31 December 2012	**623**	**3,366**	**3,989**

The provision for extended warranties is based on estimates made from historical warranty costs of the first 3 years with an added premium.

20. Deferred income

	Group	
	2012 RM'000	2011 RM'000
Extended warranty income	**4,333**	4,665
Service package income	**8,821**	3,466
	13,154	8,131

21. Trade and other payables

	Note	Group		Company	
		2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Trade					
Trade payables		**133,498**	154,704	**-**	-
Non-trade					
Amount due to associates	21.1	**1,264**	341	**-**	-
Amount due to subsidiaries	21.1	**-**	-	**-**	19,931
Other payables		**127,332**	104,421	**33**	72
Accrued expenses		**20,407**	48,426	**1,070**	1,036
		149,003	153,188	**1,103**	21,039
		282,501	307,892	**1,103**	21,039

21.1 Amount due to associates and subsidiaries

The amount due to associates and subsidiaries are unsecured, interest-free and repayable on demand.

22. Operating profit

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Revenue				
- Sale of goods and services	**2,692,992**	2,944,241	**158**	151
- Interest income	**68,660**	59,823	**11,463**	9,137
- Rental income	**32,302**	47,486	**960**	659
- Dividend income	**13,095**	57,448	**91,304**	73,184
	2,807,049	3,108,998	**103,885**	83,131

Operating profit is arrived at :

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM'000	**RM'000**	**RM'000**	**RM'000**
After charging :				
Auditors' remuneration				
Audit fees				
- KPMG Malaysia	**455**	400	**60**	60
- Overseas affiliates of KPMG Malaysia	**468**	489	**-**	-
- Other auditors	**835**	646	**-**	-
Non-audit fees				
- KPMG Malaysia	**5**	95	**5**	5
- Local affiliates of KPMG Malaysia	**241**	191	**130**	78
- Overseas affiliates of KPMG Malaysia	**41**	55	**-**	-
- Other auditors	**48**	103	**-**	-
Amortisation of :				
- biological assets (Note 5)	**11,728**	12,217	**-**	-
- prepaid land lease payments (Note 7)	**278**	414	**-**	-
- development cost (Note 4)	**182**	162	**-**	-
Depreciation :				
- property, plant and equipment (Note 3)	**90,919**	89,051	**104**	85
- investment properties (Note 8)	**3,451**	2,018	**4**	4
Direct operating expenses of investment properties :				
- Non-income generating	**608**	1,369	**239**	240
- Income generating	**16,459**	14,965	**115**	84
Directors' emoluments				
Directors of the Company :				
- Fees				
- current year	**1,173**	1,146	**600**	577
- prior year	**-**	3	**-**	-
- Remuneration				
- current year	**10,524**	11,740	**326**	288
- prior year	**649**	1,344	**15**	230
- Benefits-in-kind	**21**	23	**-**	-
Past Directors of the Company				
- Fees				
- current year	**-**	38	**-**	23
- prior year	**-**	1	**-**	-
Bad and doubtful debts	**1,539**	296	**-**	-
Hire of equipment	**1,183**	1,652	**-**	-

22. Operating profit (continued)

	Group		Company	
	2012 RM'000	**2011 RM'000**	**2012 RM'000**	**2011 RM'000**
After charging :				
Interest expense on :				
- Bank overdraft	**296**	63	**-**	-
- Other bank borrowings	**9,794**	10,312	**2,660**	2,052
- Subsidiaries	**-**	-	**67**	-
Asset written off				
- Property, plant and equipment	**1,273**	4,939	**-**	29
- Biological assets	**193**	-	**-**	-
Rental of land and buildings	**7,668**	7,411	**21**	31
Unrealised loss on foreign exchange (net)	**-**	25,113	**-**	8,925
Impairment loss on :				
- other investments	**-**	12,791	**-**	-
- intangible assets (Note 4)	**5,359**	11,413	**-**	-
Loss on disposal of :				
- other investment	**293**	-	**-**	-
- subsidiary	**-**	2	**-**	-
- associates	**-**	26	**-**	-
Loss on liquidation of a subsidiary	**-**	524	**-**	-
Loss on other investment - realised	**-**	-	**94**	-
- unrealised	**-**	-	**67**	-
and crediting :				
Dividends (gross) received from :				
- Unquoted investments	**8,881**	37,682	**8,940**	38,578
- Unquoted subsidiaries	-	-	**72,352**	29,953
- Unquoted associates	-	-	**8,985**	4,653
- Unit trust	-	-	**1,027**	-
- Investments quoted in Malaysia	**-**	15,570	**-**	-
- Investments quoted outside Malaysia	**4,214**	4,196	**-**	-
Gain on disposal of :				
- property, plant and equipment	**3,132**	1,787	**-**	57
- prepaid land lease payments	**-**	25,003	**-**	-
- associates	**-**	-	**1,067**	1,704
- other investments	**-**	1,958	**-**	-
Reversal of impairment loss on:				
- property, plant and equipment (Note 3)	**-**	4,800	**-**	-
- other investment	**885**	-	**-**	-
- investments in subsidiaries	**-**	-		827
- amount due from subsidiary	**-**	-	**-**	627
Reversal of write down of inventories (net)	**6,924**	21,887	**-**	-
Interest received from subsidiaries	-	-	**3,445**	2,817
Other interest income	**68,660**	59,823	**8,018**	6,320
Rental income	**32,302**	47,486	**960**	659
Gain on foreign exchange (net)				
- Realised	**10,612**	1,237	**13,591**	814
- Unrealised	**15,628**	-	**6,754**	-
Gain on liquidation of a subsidiary	**5,297**	-	**-**	-
Bad debts recovered	**209**	871	**-**	-

23. Employee information

	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Staff costs	**301,806**	287,406	**1,651**	1,539

Included in staff costs of the Group and of the Company is an amount of **RM21,115,000** (2011 : RM20,206,000) and **RM228,000** (2011 : RM211,000) respectively representing contributions made to the Employees' Provident Fund.

24. Key management personnel compensation

Key management personnel include all the Executive Directors of the Group and their compensations are as disclosed in Note 22.

25. Income tax expense

Recognised in profit or loss

	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Income tax expense on continuing operations	**73,191**	91,808	**19,166**	9,112
Share of tax of equity accounted associates	**14,980**	12,966	**-**	-
Total income tax expense	**88,171**	104,774	**19,166**	9,112

Major components of tax expense include :

		Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Current tax expense					
Malaysian	- current year	**26,557**	24,702	**19,161**	9,924
	- prior years	**(286)**	(38)	**5**	(812)
		26,271	24,664	**19,166**	9,112
Overseas	- current year	**48,965**	71,446	**-**	-
	- prior years	**(302)**	(53)	**-**	-
		48,663	71,393	**-**	-
Total current tax		**74,934**	96,057	**19,166**	9,112

25. Income tax expense (continued)

Major components of tax expense include (continued):

	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Deferred tax expense				
Origination and reversal of temporary differences	**(2,177)**	(2,131)	**-**	-
Prior year	**434**	(2,118)	**-**	-
Total deferred tax	**(1,743)**	(4,249)	**-**	-
Share of tax of equity accounted associates	**14,980**	12,966	**-**	-
Total tax expense	**88,171**	104,774	**19,166**	9,112

Reconciliation of effective tax expense

	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Profit for the year	**302,554**	369,247	**99,054**	63,101
Total tax expense	**88,171**	104,774	**19,166**	9,112
Profit excluding tax	**390,725**	474,021	**118,220**	72,213
Income tax at Malaysian tax rate of 25%	**97,681**	118,505	**29,555**	18,053
Effect of tax rates in foreign jurisdictions *	**(4,734)**	(4,047)	**-**	-
Non-deductible expenses	**15,588**	16,968	**641**	2,807
Income not subject to tax	**(23,830)**	(20,159)	**(11,030)**	(10,930)
Tax incentives	**(1,050)**	(3,498)	**-**	-
Deferred tax assets not recognised	**1,844**	-	**-**	-
Recognition of previously unrecognised deferred tax asset	**-**	(1,422)	**-**	-
Losses not available for set-off	**1,215**	2,075	**-**	-
Others	**1,611**	(1,439)	**(5)**	(6)
Under/(Over) provision in prior years	**(154)**	(2,209)	**5**	(812)
	88,171	104,774	**19,166**	9,112

The corporate tax rate is 25% for years of assessment 2009 onwards. Consequently, deferred tax assets and liabilities are measured using these tax rates.

* The tax rates in several foreign jurisdictions are different from that of the Malaysian tax rate as the subsidiaries operate in tax jurisdictions with lower or higher tax rates as the case may be.

26. Basic earnings per ordinary stock

The basic earnings per ordinary stock have been calculated based on the profit attributable to the owners of the Company and the number of stocks in issue of **620,361,830** (2011 : 620,361,830), after deducting the Treasury Stocks of **31,808** (2011 : 31,808).

27. Dividends

Dividends recognised by the Group and the Company are :

	Group/Company	
	2012	**2011**
	RM'000	**RM'000**
In respect of financial year 2011:		
- Single tier interim dividend	**18,611**	-
- Final single tier dividend	**37,222**	-
	55,833	-
In respect of financial year 2010:		
- Second single tier interim dividend	**-**	18,611
- Final single tier dividend	**-**	18,611
	-	37,222
Gross dividend per ordinary stock (sen)	**8.0**	9.0

A single tier interim dividend of 4% totalling RM24,814,473 in respect of the year ended 31 December 2012 was declared by the Directors on 28 February 2013 and payable on 10 May 2013.

The Directors proposed a single tier final dividend of 4% totalling RM24,814,473 in respect of the year ended 31 December 2012, subject to approval of the stockholders at the forthcoming Annual General Meeting.

The financial statements do not reflect these single tier interim and final dividends in relation to the financial year ended 31 December 2012, which will be accounted for as an appropriation of retained earnings in the year ending 31 December 2013.

The gross dividends per ordinary stock as disclosed above take into account the total interim and final dividend declared for the financial year.

28. Commitments

	Group	
	2012	**2011**
	RM'000	**RM'000**
(i) Non-cancellable operating lease commitments		
Within 1 year	**1,926**	2,044
Between 1 to 5 years	**3,143**	3,370
Above 5 years	**2,170**	2,691
	7,239	8,105
(ii) Operating lease income commitments		
Receivables:		
Within 1 year	**3,417**	3,951
Between 1 to 5 years	**1,324**	3,846
	4,741	7,797

28. Commitments (continued)

	Group	
	2012	**2011**
	RM'000	**RM'000**
(iii) Capital expenditure		
- approved and contracted for	**1,297**	-
- approved but not contracted for	**164,358**	160,994
- contracted but not provided for	**180,407**	25,806
	346,062	186,800

29. Operating segments

For management purposes, the Group is organised into business units based on their products and services, and has the following main reportable segments :

Automotive and related products	Retailer, assembly and distributor of motor vehicles; manufacture of engines, seats and other related parts as well as traders of spare parts, accessories and related component parts
Plastic products	Manufacture, assembly and distribution of plastic component parts; manufacture of plastic technical and industrial goods and equipment
Hotels and resorts	Hotelier
Investment holding and financial services	Investment in shares and bonds, letting of properties and leasing companies
Plantation	Cultivation of oil palm
Others including property development	a) Development of residential and commercial properties; b) provision of management, marketing, advertisement and central reservation services; c) commission agents; d) manufacture of wire netting, wire mesh, barbed wire, weld mesh, nails and building materials; e) distributor of cement and manufacturer and dealer of concrete products; and f) medical centre

Except as indicated above, no operating segments has been aggregated to form the above reportable operating segments.

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

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

29. Operating segments (continued)

2012	Automotive and related products RM'000	Plastic products RM'000	Hotels and resorts RM'000	Plantation RM'000	Investment holding and financial services RM'000	Others including property development RM'000	Total of all segments RM'000	Reconciliation/ Elimination RM'000	Notes	Total per consolidated financial statements RM'000
Revenue from external customers	1,289,060	309,347	222,297	425,679	114,436	446,230	2,807,049	-		2,807,049
Inter-segment revenue	753	6,214	750	-	9,699	6,630	24,046	(24,046)	A	-
Total revenue	1,289,813	315,561	223,047	425,679	124,135	452,860	2,831,095	(24,046)		2,807,049
Results										
Interest income	18,767	5,673	903	32,343	8,932	2,042	68,660	-		68,660
Dividend income	4,030	-	-	517	8,517	31	13,095	-		13,095
Depreciation and amortisation	23,749	25,478	29,252	23,080	109	4,890	106,558	-		106,558
Share of results of associates	5,613	8,814	-	5,143	52,484	4,641	76,695	-		76,695
Other non-cash expenses	14,243	412	415	378	1,259	1,464	18,171	-	B	18,171
Segment profit	(817)	8,184	23,971	151,910	125,794	98	309,140	66,605	C	375,745
Assets										
Investment in associates	66,269	74,662	-	24,252	214,712	16,094	395,989	-		395,989
Additions to non-current assets	38,987	10,093	240,909	92,996	10	21,756	404,751	-	D	404,751
Segment assets	2,300,006	463,257	878,278	1,131,845	363,807	574,024	5,711,217	426,623	E	6,137,840

29. Operating segments (continued)

2011	Automotive and related products RM'000	Plastic products RM'000	Hotels and resorts RM'000	Plantation RM'000	Investment holding and financial services RM'000	Others including property development RM'000	Total of all segments RM'000	Reconciliation/ Elimination RM'000	Notes	Total per consolidated financial statements RM'000
Revenue from external customers	1,417,883	376,465	193,217	533,003	165,077	423,353	3,108,998	-		3,108,998
Inter-segment revenue	1,953	3,482	-	-	6,833	4,686	16,954	(16,954)	A	-
Total revenue	1,419,836	379,947	193,217	533,003	171,910	428,039	3,125,952	(16,954)		3,108,998
Results										
Interest income	15,445	2,579	963	32,035	7,093	1,708	59,823	-		59,823
Dividend income	4,121	-	-	16,720	35,535	1,072	57,448	-		57,448
Depreciation and amortisation	25,595	28,177	23,965	21,448	792	3,885	103,862	-		103,862
Share of results of associates	5,670	13,046	-	3,884	10,347	4,242	37,189	-		37,189
Other non-cash expenses	4,847	73	107	18,945	25,556	6,189	55,717	-	B	55,717
Segment profit	49,541	37,739	30,256	212,098	105,765	(1,158)	434,241	26,814	C	461,055
Assets										
Investment in associates	61,777	80,536	-	20,332	158,823	13,054	334,522	-		334,522
Additions to non-current assets	34,804	22,864	3,116	64,791	11,333	27,167	164,075	-	D	164,075
Segment assets	2,390,511	463,203	652,297	1,143,440	396,937	572,330	5,618,718	346,848	E	5,965,566

29. Operating segments (continued)

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

A Inter-segment revenue are eliminated on consolidation.

B Other material non-cash expenses consist of the following items as presented in the respective notes to the financial statements

	Note	2012 RM'000	2011 RM'000
Unrealised loss on foreign exchange, gross		**8,387**	25,492
Write-down of inventories, gross		**960**	114
Bad and doubtful debts, gross		**1,999**	968
Property, plant and equipment written off	22	**1,273**	4,939
Biological assets written off	22	**193**	-
Impairment loss on intangible assets	22	**5,359**	11,413
Impairment loss on other investments	22	**-**	12,791
		18,171	55,717

C The following items are added to/(deducted from) segment profit to arrive at "Profit before tax from continuing operations" presented in the consolidated statement of comprehensive income

	2012 RM'000	2011 RM'000
Share of results of associates	**76,695**	37,189
Interest expense	**(10,090)**	(10,375)
	66,605	26,814

D Additions to non-current asset other than financial instruments and deferred tax assets consist of :

	Note	2012 RM'000	2011 RM'000
Property, plant and equipment	3	**315,749**	95,147
Biological assets	5	**76,709**	31,911
Prepaid land lease payments	7	**-**	810
Intangible assets	4	**303**	961
Land held for property development	6	**396**	35,246
Investment Properties	8	**11,594**	-
		404,751	164,075

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

	2012 RM'000	2011 RM'000
Investment in associates	**395,989**	334,522
Current tax assets	**45,507**	28,859
Deferred tax assets	**7,994**	6,334
Investment in a non-consolidated subsidiary	**(22,867)**	(22,867)
	426,623	346,848

29. Operating segments (continued)

Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively. The amounts of non-current assets do not include investments in subsidiaries, investments in associates, other investments and deferred tax assets.

	Malaysia RM'000	Singapore RM'000	Indonesia RM'000	Australia RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
2012							
Revenue from external customers by location of customers	**1,857,510**	**319,004**	**397,504**	**129,865**	**103,166**	**-**	**2,807,049**
Non-current assets by location of assets	**863,471**	**206,863**	**345,232**	**285,170**	**472,038**	**-**	**2,172,774**
2011							
Revenue from external customers by location of customers	2,003,953	396,262	488,041	152,125	68,617	-	3,108,998
Non-current assets by location of assets	855,652	239,562	259,465	290,835	261,987	-	1,907,501

Major customers

There are no customers with revenue equal or more than 10% of the group's total revenue.

30. Contingent liabilities, unsecured - Company

i) The Company has issued corporate guarantees to financial institutions for banking facilities granted to certain subsidiaries up to a limit of **RM321.4 million** (2011 : RM333.9 million) of which **RM183.9 million** (2011 : RM210.4 million) was utilised as at the end of the reporting date.

ii) The Company has also issued corporate guarantees to certain non-financial institutions for the supply of goods and services provided to certain subsidiaries up to a limit of **RM62.5 million** (2011 : RM44.5 million) of which **RM6.2 million** (2011 : RM6.5 million) was utilised as at the end of the reporting date.

iii) The Company also undertakes to provide financial support for certain subsidiaries to enable them to continue as a going concern.

31. Related parties

31.1 For the purposes of these financial statements, parties are considered to be related to the Group or the Company if the Group or the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities. Related parties include the following :

a) The Company has a controlling related party relationship with its direct and indirect subsidiaries and the associates of the Group as disclosed in the financial statements;

b) The Company also has a related party relationship with :

i) the substantial shareholder, Boon Siew Sdn Berhad which holds a 43% interest in the Company and presumed to exercise significant influence over the Company;

ii) the subsidiaries of Boon Siew Sdn Berhad and the direct and indirect associates of Boon Siew Sdn Berhad

(hereinafter referred as “Boon Siew Group of Companies”); and

iii) The key Directors and key management personnel of the Group

- Dato’ Seri Loh Cheng Yean, DGPN, DSPN
- Dato’ Robert Wong Lum Kong, DSSA, JP
- Dato’ Seri Lim Su Tong, DGPN, DSPN
- Dato’ Dr. Tan Chong Siang, DSPN, DJN, PKT
- Datuk Loh Kian Chong, DMSM

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly.

31. Related parties (continued)

31.2 Significant transactions with related parties other than those disclosed elsewhere in the financial statements are as follows :

a) With subsidiaries

	Company 2012 RM'000	Company 2011 RM'000
i) Rental receivables	**370**	60
ii) Interest income	**3,445**	2,817
iii) Interest expenses	**67**	-

b) With associates of the Group

	Group 2012 RM'000	Group 2011 RM'000
i) Sale of goods	**268,899**	253,365
ii) Rental receivable (net)	**1,439**	1,931
iii) Management fee and commission payable	**276**	297
iv) Purchase of goods	**10,501**	46,763

	Company 2012 RM'000	Company 2011 RM'000
i) Rental receivable	**581**	48

c) With Boon Siew Group of Companies

	Group 2012 RM'000	Group 2011 RM'000
i) Commission receivable in respect of advertising, marketing and hotel reservation services	**1,370**	1,120
ii) Sale of goods	**2,303**	1,806
iii) Purchase of goods	**289**	832
iv) Rental charges payables (net)	**(451)**	(701)
v) Management fees received	**15**	15

31. Related parties (continued)

c) With Boon Siew Group of Companies (continued)

	Company 2012 RM'000	Company 2011 RM'000
i) Rental payables	**31**	31

d) There were no transactions with the Directors and key management personnel other than the remuneration package paid to them in accordance with the terms and conditions of their appointment as disclosed in Note 22.

The Directors of the Company are of the opinion that the above transactions were entered in the normal course of business and the terms of which have been established on a negotiated basis.

31.3 Significant non-trade related party balances

The significant non-trade balances with related parties at end of reporting period are as disclosed in Note 14 and Note 21 to the financial statements.

32. Financial instruments

32.1 Net gains and losses arising from financial instruments

	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Net gains/(losses) on:				
Available-for-sale financial assets				
- recognised in other comprehensive income	**32,013**	(30,163)	**-**	-
- recognised in profit or loss	**13,687**	46,615	**92,371**	74,888
Loans and receivables	**67,355**	60,398	**11,463**	9,764
Financial liabilities measured at amortised cost	**(10,090)**	(10,375)	**(2,727)**	(2,052)
	102,965	66,475	**101,107**	82,600

32. Financial instruments (continued)

32.2 Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

32.3 Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers and investment in debt securities. The Company's exposure to credit risk arises principally from loans and advances to subsidiaries and financial guarantees given to banks for credit facilities granted to subsidiaries.

Receivables

Risk management objectives, policies and processes for managing the risk

The Group controls its credit risk by the application of credit approvals, limits and monitoring procedures. Credit evaluations are performed on all customers requiring credit over a certain amount and strictly limiting the Group's associations to business partners with high credit worthiness. Trade receivables are monitored on an ongoing basis.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statement of financial position.

Management has taken reasonable steps to ascertain that receivables that are neither past due nor impaired are measured at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables.

Impairment losses

The ageing of receivables as at the end of the reporting period was :

	Gross RM'000	Individual impairment RM'000	Collective impairment RM'000	Net RM'000
Group				
2012				
Not past due	**315,546**	**50**	**-**	**315,496**
Past due < 3 months	**24,452**	**299**	**-**	**24,153**
Past due 3-6 months	**7,149**	**144**	**10**	**6,995**
Past due 6-12 months	**4,835**	**1,576**	**-**	**3,259**
Past due more than 1 year	**12,864**	**9,688**	**-**	**3,176**
	364,846	**11,757**	**10**	**353,079**

32. Financial instruments (continued)

32.3 Credit risk (continued)

Receivables (continued)

Impairment losses (continued)

	Gross RM'000	Individual impairment RM'000	Collective impairment RM'000	Net RM'000
Group				
2011				
Not past due	283,423	-	-	283,423
Past due < 3 months	18,087	12	-	18,075
Past due 3-6 months	10,908	76	-	10,832
Past due 6-12 months	2,326	92	16	2,218
Past due more than 1 year	12,090	10,039	-	2,051
	326,834	10,219	16	316,599
Company				
2012				
Not past due	**130,811**	**-**	**-**	**130,811**
2011				
Not past due	356,913	-	-	356,913

The movements in the allowance for impairment losses of receivables during the financial year were :

	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
At 1 January	**10,235**	12,108	**-**	21,300
Effect of movement in exchange rate	**(1)**	11	**-**	-
Impairment loss recognised	**1,829**	755	**-**	-
Impairment loss reversed	**(290)**	(459)	**-**	(627)
Impairment loss written off	**(6)**	(2,180)	**-**	(20,673)
At 31 December	**11,767**	10,235	**-**	-

Although some of the receivables are secured by third party financial guarantees, it is impracticable to estimate the fair values of the guarantees obtained.

The allowance account in respect of receivables is used to record impairment losses. Unless the Group is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

32. Financial instruments (continued)

32.3 Credit risk (continued)

Investments and other financial assets

Risk management objectives, policies and processes for managing the risk

Investments are allowed only in liquid securities and only with counterparties that have a credit rating equal to or better than the Group.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the Group has invested in domestic and overseas securities. The maximum exposure to credit risk is represented by the carrying amounts in the statement of financial position.

In view of the sound credit rating of counterparties, management does not expect any counterparty to fail to meet its obligations.

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company also provides guarantees to certain non-financial institutions for the supply of goods and services to certain subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to **RM383.9 million** (2011: RM216.9 million) representing the outstanding banking facilities and guarantees granted to certain non-financial institution for the supply of goods and services to certain subsidiaries as at the end of the reporting period.

As at the end of the reporting period, there was no indication that any subsidiary would default on repayment.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

32. Financial instruments (continued)

32.3 Credit risk (continued)

Inter company balances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured loans and advances to subsidiaries. The Company monitors the results of the subsidiaries regularly.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Impairment losses

As at the end of the reporting period, there was no indication that the loans and advances to the subsidiaries are not recoverable. The Company does not specifically monitor the ageing of the current advances to the subsidiaries. Nevertheless, these advances are not considered to be overdue and are repayable on demand.

32.4 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group’s exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding to ascertain that all funding needs are met. As part of its overall prudent liquidity management, the Group endeavours to maintain sufficient level of cash or cash convertible investments to meet its working capital requirements.

32. Financial instrument (continued)

32.4 Liquidity risk (continued)

Maturity analysis

The table below summarises the maturity profile of the Group's and Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments :

	Carrying amount RM'000	Contractual interest rate/coupon %	Contractual cash flows RM'000	Under 1 year RM'000	1-2 years RM'000	2-5 years RM'000	More than 5 years RM'000
Group							
2012							
Non-derivative financial liabilities							
Secured revolving credit	**81,046**	**1.00 - 5.12**	**81,046**	**81,046**	**-**	**-**	**-**
Secured term loans	**8,732**	**4.65 - 7.84**	**9,508**	**2,658**	**4,877**	**1,973**	**-**
Finance lease liabilities	**4,285**	**2.80 - 7.20**	**4,429**	**1,812**	**2,277**	**340**	**-**
Unsecured bank facilities	**378,992**	**1.12 - 15.30**	**383,340**	**361,377**	**5,668**	**7,747**	**7,548**
Bank overdrafts	**5,212**	**4.65 - 8.30**	**5,212**	**5,212**	**-**	**-**	**-**
Trade and other payables	**282,501**	**-**	**282,501**	**282,501**	**-**	**-**	**-**
	760,768		**766,036**	**735,606**	**12,822**	**10,060**	**7,548**
Company							
2012							
Non-derivative financial liabilities							
Other borrowings	**70,523**	**1.35**	**70,523**	**70,523**	**-**	**-**	**-**
Trade and other payables	**1,103**	**-**	**1,103**	**1,103**	**-**	**-**	**-**
	71,626		**71,626**	**71,626**	**-**	**-**	**-**

32. Financial instrument (continued)

32.4 Liquidity risk (continued)

Maturity analysis (continued)

The table below summarises the maturity profile of the Group's and Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments :

	Carrying amount RM'000	Contractual interest rate/coupon %	Contractual cash flows RM'000	Under 1 year RM'000	1-2 years RM'000	2-5 years RM'000	More than 5 years RM'000
Group							
2011							
Non-derivative financial liabilities							
Secured revolving credit	43,283	1.17 - 6.64	43,283	43,283	-	-	-
Secured term loans	11,468	4.07 - 9.84	12,516	3,375	4,877	4,264	-
Finance lease liabilities	1,486	2.80 - 9.00	1,583	905	528	150	-
Unsecured bank facilities	472,527	1.14 - 7.20	472,527	472,527	-	-	-
Bank overdrafts	6,125	7.10 - 8.30	6,125	6,125	-	-	-
Trade and other payables	307,892	-	307,892	307,892	-	-	-
	842,781		843,926	834,107	5,405	4,414	-
Company							
2011							
Non-derivative financial liabilities							
Other borrowings	199,355	1.22 – 1.40	199,355	199,355	-	-	-
Trade and other payables	21,039	-	21,039	21,039	-	-	-
	220,394		220,394	220,394	-	-	-

32. Financial instruments (continued)

32.5 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices will affect the Group's financial position or cash flows.

32.5.1 Currency risk

The Group is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily U.S. Dollar, Singapore Dollar, Australian Dollar, New Zealand Dollar, Japanese Yen, Thai Baht and Great Britain Pound.

Exposure to foreign currency risk

The Group's exposure to foreign currency (a currency which is other than the currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period was:

32. Financial instrument (continued)

32.5.1 Currency risk (continued)

Exposure to foreign currency risk (continued)

	US Dollar RM'000	Japanese Yen RM'000	Australian Dollar RM'000	Thai Baht RM'000	Great Britain Pound RM'000	Singapore Dollar RM'000	New Zealand Dollar RM'000
Group							
2012							
Trade and other receivables	**4,519**	**440**	**783**	**-**	**-**	**-**	**172**
Borrowings	**-**	**(393,992)**	**-**	**-**	**-**	**-**	**-**
Trade and other payables	**(15,511)**	**(4,901)**	**-**	**(5,195)**	**-**	**(38)**	**-**
Cash and cash equivalents	**96,995**	**1,630**	**157,199**	**-**	**2,795**	**288**	**30,616**
Exposure in the statement of financial position	**86,003**	**(396,823)**	**157,982**	**(5,195)**	**2,795**	**250**	**30,788**
Company							
2012							
Cash and cash equivalents	**31,624**	**360**	**-**	**-**	**-**	**232**	**-**
Borrowings	**-**	**(70,523)**	**-**	**-**	**-**	**-**	**-**
Intra-group balances	**64,218**	**-**	**-**	**-**	**-**	**-**	**-**
Exposure in the statement of financial position	**95,842**	**(70,163)**	**-**	**-**	**-**	**232**	**-**

32. Financial instrument (continued)

32.5.1 Currency risk (continued)

Exposure to foreign currency risk (continued)

	US Dollar RM'000	Japanese Yen RM'000	Australian Dollar RM'000	Thai Baht RM'000	Great Britain Pound RM'000	Singapore Dollar RM'000	New Zealand Dollar RM'000
Group							
2011							
Trade and other receivables	4,881	974	810	-	49	76	224
Borrowings	(5,867)	(480,999)	-	-	-	-	-
Trade and other payables	(14,383)	(2,759)	-	(5,690)	-	(10)	-
Cash and cash equivalents	158,668	25,454	147,308	-	2,520	32	28,297
Exposure in the statement of financial position	143,299	(457,330)	148,118	(5,690)	2,569	98	28,521
Company							
2011							
Cash and cash equivalents	47,913	-	-	-	-	32	-
Borrowings	-	(199,355)	-	-	-	-	-
Intra-group balances	72,346	-	-	-	-	17,080	-
Exposure in the statement of financial position	120,259	(199,355)	-	-	-	17,112	-

32. Financial instruments (continued)

32.5 Market risk (continued)

32.5.1 Currency risk (continued)

Currency risk sensitivity analysis

A 5% (2011: 5%) strengthening of the Ringgit Malaysia ("RM") against the following currencies at the end of the reporting period would have increased (decreased) the post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

	Profit or loss	
	RM'000	**RM'000**
Group	**2012**	**2011**
US dollar	**(3,225)**	(5,374)
Japanese yen	**14,881**	17,150
Australian dollar	**(5,924)**	(5,554)
Thai baht	**195**	213
Great Britain pound	**(105)**	96
Singapore dollar	**(9)**	(4)
New Zealand dollar	**(1,155)**	(1,070)
Company		
US dollar	**(3,594)**	(4,510)
Japanese yen	**2,631**	7,476
Singapore dollar	**(9)**	(642)

A 5% (2011 : 5%) weakening of RM against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

32.5.2 Interest rate risk

The Group's investments in fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Investments in equity securities and short term receivables and payables are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risks that the value of a financial instrument will fluctuate due to changes in market interest rates. The Company's income and operating cash flows are substantially independent of changes in market interest rates. The Company's interest-earning financial assets are mainly short term in nature and are mostly placed in fixed deposits.

32. Financial instruments (continued)

32.5 Market risk (continued)

32.5.2 Interest rate risk (continued)

Exposure to interest rate risk

The interest rate profile of the Group's and the Company's significant interest-earning and interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	Group		Company	
	2012 RM'000	**2011 RM'000**	**2012 RM'000**	**2011 RM'000**
Fixed rate instruments				
Financial assets				
- Quoted bonds	**83,086**	80,507	**-**	-
- Fixed deposits	**1,928,537**	2,450,204	**121,658**	257,809
	2,011,623	2,530,711	**121,658**	257,809
Financial liabilities				
- Lease obligations	**4,285**	1,486	**-**	-
- Other borrowings	**80,463**	41,676	**-**	-
	84,748	43,162	**-**	-
Floating rate instruments				
Financial liabilities				
- Bank overdrafts	**5,212**	6,125	**-**	-
- Other borrowings	**388,307**	485,602	**70,523**	199,355
	393,519	491,727	**70,523**	199,355

Interest rate risk sensitivity analysis

(a) Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

32. Financial instruments (continued)

32.5 Market risk (continued)

32.5.2 Interest rate risk (continued)

Interest rate risk sensitivity analysis (continued)

(b) Cash flow sensitivity analysis for variable rate instruments

A change of 50 basis points (bp) in interest rates at the end of the reporting period would have increased (decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remained constant.

	Profit or loss	
	50bp increase RM'000	**50bp decrease RM'000**
Group		
2012		
Floating rate instruments		
- Bank overdrafts	**(19)**	**19**
- Other borrowings	**(1,456)**	**1,456**
	(1,475)	**1,475**
Company		
2012		
Floating rate instruments		
- Other borrowings	**(264)**	**264**
Group		
2011		
Floating rate instruments		
- Bank overdrafts	(23)	23
- Other borrowings	(1,821)	1,821
	(1,844)	1,844
Company		
2011		
Floating rate instruments		
- Other borrowings	(748)	748

32.5.3 Other price risk

Equity price risk arises from the Group's investments in equity securities.

Risk management objectives, policies and processes for managing the risk

Management of the Group monitors the equity investments on a portfolio basis. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Group Executive Directors, as appropriate.

32. Financial instruments (continued)

32.5 Market risk (continued)

32.5.3 Other price risk (continued)

Equity price risk sensitivity analysis

This analysis assumes that all other variables remain constant and the Group's equity investments moved in correlation with the Singapore Stock Exchange (SGX).

A 10% strengthening in SGX index at the end of the reporting period would have increased equity by **RM16,232,000** (2011: RM11,912,000). A 10% weakening in SGX index would have had equal but opposite effect on equity respectively.

Impairment losses

An impairment loss in respect of quoted shares of **RM20,744,000** (2011 : RM 22,157,000) of the Group was recognised as at the end of the reporting period owing to the significant and prolonged decline in market value.

Investments and other financial assets

The movements in the allowance for impairment loss during the financial year were

	Group		Company	
	2012 RM'000	**2011 RM'000**	**2012 RM'000**	**2011 RM'000**
At 1 January	**22,157**	9,413	**-**	-
Effect of movement in exchange rate	**(528)**	263	**-**	-
Impairment loss (reversed)/recognised	**(885)**	12,791	**-**	-
Impairment loss written off	**-**	(310)	**-**	-
At 31 December	**20,744**	22,157	**-**	-

32.6 Fair value of financial instruments

The carrying amounts of cash and cash equivalents, short term receivables and payables and short term borrowings approximate fair values due to the relatively short term nature of these financial instruments.

32. Financial instruments (continued)

32.6 Fair value of financial instruments (continued)

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statements of financial position, are as follows:

	2012 Carrying amount RM '000	2012 Fair value RM '000	2011 Carrying amount RM '000	2011 Fair value RM '000
Group				
Financial assets categorised as available-for-sale				
Other investments				
- *Quoted shares*	**145,532**	**145,532**	111,069	111,069
- *Quoted bonds, unit trusts & REITS*	**99,877**	**99,877**	88,556	88,556
- *Unquoted shares*	**27,774**	***Note a***	27,836	*Note a*
- Others	**1,074**	**1,074**	1,066	1,066
	274,257		228,527	
Financial assets categorised as loans and receivables				
Trade and other receivables (excluding deposits and prepayments)	**353,079**	***Note b***	316,599	*Note b*
Cash and cash equivalents	**2,624,016**	***Note b***	2,880,330	*Note b*
	3,251,352		3,425,456	
Financial liabilities carried at amortised cost				
Trade and other payables	**282,501**	***Note b***	307,892	*Note b*
Borrowings				
- Fixed rate borrowings	**84,748**	**84,374**	43,162	41,008
- Floating rate borrowings	**393,519**	**393,519**	491,727	491,727
	478,267		534,889	
	760,768		842,781	

32. Financial instruments (continued)

32.6 Fair value of financial instruments (continued)

	2012		2011	
	Carrying amount RM '000	Fair value RM '000	Carrying amount RM '000	Fair value RM '000
Company				
Financial assets categorised as available-for-sale				
Other investments				
- *Unquoted shares*	**33,113**	***Note a***	33,113	*Note a*
Financial assets categorised as loans and receivables				
Trade and other receivables (excluding deposits and prepayments)	**130,811**	***Note b***	356,913	*Note b*
Cash and cash equivalents	**219,123**	***Note b***	259,586	*Note b*
	349,934		616,499	
Financial liabilities carried at amortised cost				
Trade and other payables	**1,103**	***Note b***	21,039	*Note b*
Floating rate borrowings	**70,523**	**70,523**	199,355	199,355
	71,626		220,394	

Notes :

(a) Fair value information has not been disclosed for the Group's investment in unquoted equity instruments that are carried at cost because fair value cannot be measured reliably. These equity instruments represent interests held in companies that are not quoted on any market. The Group does not intend to dispose of these investments in the foreseeable future.

(b) The carrying amounts of cash and cash equivalents, trade and other receivables as well as trade and other payables approximate fair values due to the relatively short term nature of these financial instruments.

32. Financial instruments (continued)

32.6 Fair value of financial instruments (continued)

The following summarises the methods used in determining the fair value of financial instruments reflected in the above table.

Investments in equity and debt securities

The fair values of financial assets that are quoted in an active market are determined by reference to their quoted closing bid price at the end of the reporting period.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. For finance leases, the market rate of interest is determined by reference to similar lease agreements.

32.6.1 Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows :

- Level 1 : Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 : Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market date (unobservable inputs).

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Group				
2012				
Financial assets				
Quoted bonds	**83,086**	**-**	**-**	**83,086**
Quoted shares	**145,532**	**-**	**-**	**145,532**
Quoted unit trust and REITS	**12,151**	**4,640**	**-**	**16,791**
	240,769	**4,640**	**-**	**245,409**
2011				
Financial assets				
Quoted bonds	80,507	-	-	80,507
Quoted shares	111,069	-	-	111,069
Quoted unit trust and REITS	3,636	4,413	-	8,049
	195,212	4,413	-	199,625

33. Capital management

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors monitor and determine to maintain an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholders returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected strategic investment opportunities. To maintain or adjust capital structure, the Group may adjust the dividend payment to stockholders.

The Group monitors capital on the basis of the Group's consolidated gearing ratio, calculated as net debt divided by total equity. Net debt is calculated as total borrowings less bank balances and other liquid funds. The ratio is monitored by corporate management. The Group does not have a defined gearing benchmark or range.

	Group	
	2012	**2011**
	RM'000	**RM'000**
Total borrowings (Note 18)	**478,267**	534,889
Less : Cash and cash equivalents (Note 16)	**2,624,016**	2,880,330
Net cash	**2,145,749**	2,345,441
Total equity	**5,325,401**	5,068,295
Debt-to-equity ratios	**#**	#

 # Not applicable due to net cash position

There were no changes in the Group's approach to capital management during the financial year.

34. Significant events

(a) Kah Motor Company Sdn. Berhad ("Kah Motor"), a wholly owned subsidiary of the Company, incorporated the following three offshore wholly-owned subsidiary companies:

(i) Silver Beech Holdings Limited ("SBHL"), a limited liability company was incorporated in Jersey, United Kingdom on 22 November 2011 with an authorized share capital of £10,000 divided into 10,000 shares of £1.00 each. A total of 102 shares of £1.00 each was issued to Kah Motor. SBHL is principally engaged as an investment holding company.

(ii) Silver Beech Operations UK Limited ("SBO"), a limited liability company was incorporated in London, United Kingdom on 28 November 2011 with an authorized share capital of £10,000 divided into 10,000 share of £1.00 each. A total of 102 shares of £1.00 each was issued to Kah Motor. SBO is principally engaged in managing and operating of hotels.

(iii) Silver Beech (IOM) Limited ("SBL"), a limited liability company was incorporated in the Isle of Man, United Kingdom on 20 December 2011 with an authorized share capital of £2,000 divided into 2,000 shares £1.00 each. A total of 102 shares of £1.00 each was issued to Silver Beech Holdings Limited, owned by Kah Motor. SBL is principally engaged as an investment holding company.

34. Significant events (continued)

SBO and SBL subsequently entered into a Sale and Purchase Agreement on 3 February 2012 with Curzon Hotel Properties (GP) Limited, The Curzon Hotel Properties Limited Partnership and Curzon Hotel (Operator) Limited for the acquisition of the business, lease of assets of Kingsley Hotel in London, United Kingdom for a total cash consideration of GBP42.712 million (approximately RM205 million).

(b) Oriental Boon Siew (Mauritius) Pte. Ltd. ("OBSM"), a 50.5% subsidiary of the Company had incorporated a wholly-owned subsidiary, known as OAM Asia (Singapore) Pte. Ltd. ("OAMS") in Singapore on 6 March 2012 with an initial issued and paid up share capital of SGD2. OAMS is principally engaged as an investment holding company.

(c) The Company entered into a Share Purchase Agreement ("SPA") to dispose of its 1% equity interest in Boon Siew Honda Sdn. Bhd. for 25,000 ordinary shares of RM1.00 each for a total cash consideration of RM1,079,080 to Honda Motor Co. Ltd.. The disposal was completed on 10 February 2012.

(d) Teck See Plastic Sdn. Bhd. ("TSP"), a 60% owned subsidiary of the Company, had on 20 April 2012 entered into a Joint Venture Agreement with Kasai Kogyo Co. Ltd ("Kasai") to establish a new Joint Venture Company to be named Kasai Teck See (Malaysia) Sdn. Bhd. ("KTSM"). TSP holds 75% interests in KTSM while Kasai holds the remaining 25%. KTSM is principally engaged in the business of designing, research and development, manufacturing, sale of plastic and automotive interior parts as well as to streamline the operations of TSP.

(e) Unique Mix (Penang) Sdn. Bhd. ("U Mix"), a 70% owned subsidiary of Simen Utara Sdn. Bhd. ("SU"), which in turn is a 91% owned subsidiary of Kwong Wah Enterprise Sdn. Bhd. ("KWE"), a wholly-owned subsidiary of the Company, acquired the remaining 21,000 ordinary shares of RM1.00 each, representing 7% of the total issued and paid-up share capital in Konkrit Utara Sdn. Bhd. ("K Utara") for a cash consideration of RM2,100. Upon completion of the said acquisition on 21 November 2012, K Utara became the wholly owned subsidiary of U Mix.

(f) AT-TS Marketing Sdn. Bhd. ("AT-TS"), a wholly-owned subsidiary of Teck See Plastic Sdn. Bhd. ("TSP") which in turn is a 60% owned subsidiary of the Company, had on 18 December 2012 commenced member's voluntary winding up proceedings. AT-TS was incorporated in Malaysia on 9 April 1994. AT-TS had ceased operations and is currently dormant.

35. Subsequent events

Subsequent to the end of the reporting period, Hymold (Su Zhou) Co., Ltd. ("Hymold"), an 88.99% owned subsidiary of Oriental International (Mauritius) Pte. Ltd. ("OIM") which in turn, is a 100% owned subsidiary of the Company, had on 1 January 2013 resolved to voluntarily wind up Hymold. Hymold was incorporated in Suzhou New District, China on 17 December 1993 with a registered capital of USD9 million. Hymold had ceased operations and is currently dormant.

36. Details of subsidiaries

Name of subsidiaries and principal activities	Group's effective interest 2012 %	2011 %
Oriental Realty Sdn. Berhad *Property development and investment holding*	**100.0**	100.0
Subsidiary company of Oriental Realty Sdn. Berhad.		
- **Kenanga Mekar Sdn. Bhd.** *Property development*	**100.0**	100.0

36. Details of subsidiaries (continued)

Name of subsidiaries and principal activities (continued)	Group's effective interest 2012 %	2011 %
Syarikat Oriental Credit Berhad *Money lending*	**100.0**	100.0
Dragon Frontier Sdn. Bhd. *Manufacture of plastic moulded parts for electrical, electronics and automotive industries*	**100.0**	100.0
Bayview International Sdn. Bhd. *Provision of management, marketing, advertisement and central reservation services*	**100.0**	100.0
Oriental Rubber & Palm Oil Sdn. Berhad *Cultivation of oil palm, investment holding and letting of parking lots*	**100.0**	100.0
Subsidiary of Oriental Rubber & Palm Oil Sdn. Berhad - **Oriental Boon Siew (M) Sdn. Bhd.** *Housing developer, building contractor, property development and investment holding*	**51.0**	51.0
Compounding and Colouring Sdn. Bhd. *Manufacture and sale of polypropylene compounds*	**70.0**	70.0
Oriental Assemblers Sdn. Bhd. *Assembly of motor vehicles and manufacture and sale of engines and transmissions*	**97.2**	97.2
Oriental Nichinan Design Engineering Sdn. Bhd. *Design, manufacture and sale of prototype plastic models*	**88.0**	88.0
Oriental San Industries Sdn. Bhd. *Letting of properties and manufacturing and trading of plastic articles and products*	**100.0**	100.0
Armstrong Cycle Parts (Sdn.) Berhad * *Manufacture of automotive control cables and spokes, nipples and control cables for motor cycles and bicycles*	**57.1**	57.1
Onward Leasing & Credit Sdn. Bhd. *Leasing company*	**51.2**	51.2
Kah Bintang Auto Sdn. Bhd. *Retailer of motor vehicles and trader of spare parts, accessories and related component parts*	**100.0**	100.0
Subsidiary of Kah Bintang Auto Sdn. Bhd. - **Kah Classic Auto Sdn. Bhd.** *Dormant*	**100.0**	100.0
Oriental Boon Siew (Mauritius) Pte. Ltd. # *Investment holding*	**50.5**	50.5

36. Details of subsidiaries (continued)

Name of subsidiaries and principal activities (continued)	Group's effective interest 2012 %	2011 %
Subsidiary of Oriental Boon Siew (Mauritius) Pte. Ltd.		
- **OAM Asia (Singapore) Pte. Ltd. #** *Investment Holding*	**50.5**	-
- **OBS (Singapore) Pte. Ltd. #** *Investment holding and granting of loans*	**50.5**	50.5
Subsidiary of OBS (Singapore) Pte. Ltd.		
- **PT. Bumi Sawit Sukses Pratama *** *Oil palm plantation*	**45.5**	45.5
- **PT. Gunung Sawit Selatan Lestari *** *Oil palm plantation*	**45.5**	45.5
- **PT. Pratama Palm Abadi *** *Oil palm plantation*	**45.5**	45.5
- **PT. Dapo Agro Makmur *** *Oil palm plantation*	**45.5**	45.5
Teck See Plastic Sdn. Bhd. *Manufacture and distribution of plastic articles and products*	**60.0**	60.0
Subsidiaries of Teck See Plastic Sdn. Bhd.		
- **Lipro Electrical Manufacturing Sdn. Bhd.** *Manufacture of electrical items*	**60.0**	60.0
- **Lipro Mold Engineering Sdn. Bhd.** *Manufacture and repair of moulds, jigs and fixtures*	**51.0**	51.0
- **AT-TS Marketing Sdn. Bhd.** *Dormant. Commenced members' voluntary liquidation during the year.*	**60.0**	60.0
- **Armstrong Industries Sdn. Bhd.** *Investment holding company*	**60.0**	60.0
- **Kasai Teck See (Malaysia) Sdn. Bhd.** *Manufacturing and distribution of plastic articles and products*	**45.0**	**-**
Oriental International (Mauritius) Pte. Ltd. # *Investment holding*	**100.0**	100.0
Subsidiaries of Oriental International (Mauritius) Pte. Ltd.		
- **Hymold (Su Zhou) Co., Ltd. *** *Dormant. Commenced members' voluntary liquidation on 1 January 2013*	**89.0**	89.0
- **Oriental Industries (Wuxi) Co. Ltd. *** *Dormant*	**95.0**	95.0

36. Details of subsidiaries (continued)

Name of subsidiaries and principal activities (continued)	Group's effective interest 2012 %	2011 %
Kah Motor Company Sdn. Berhad *Distribution and retailing of motor vehicles and spare parts, servicing, rental and leasing of motor vehicles; investment holding as well as hotelier*	**100.0**	100.0
Subsidiaries of Kah Motor Company Sdn. Berhad		
- **Boon Siew (Borneo) Sendirian Berhad *** *Distribution of Honda motor cars and motor cycles and the related spare parts*	**99.0**	99.0
- **Ultra Green Sdn. Bhd.** *Land reclamation*	**100.0**	100.0
- **Happy Motoring Company Sdn. Bhd. *** *Distribution of Honda motor cars and motor cycles and sale of spare parts*	**51.0**	51.0
- **Kah New Zealand Limited #** *Hotelier (with golf course)*	**100.0**	100.0
- **Kah Australia Pty. Limited *** *Hotelier and Investment holding*	**100.0**	100.0
Subsidiary of Kah Australia Pty. Limited		
- **Geographe Bay Motel Unit Trust *** *Hotelier*	**51.0**	51.0
- **Kah Power Products Pte. Ltd. #** *Distribution of motor power products*	**100.0**	100.0
- **KM Agency Sdn. Bhd.** *Insurance services for motor vehicles including cars*	**100.0**	100.0
- **Kingdom Properties Co. Limited** *Investment holding*	**100.0**	100.0
Subsidiaries of Kingdom Properties Co. Limited		
- **Park Suanplu Holdings Co., Ltd. *** *Hotelier*	**89.5**	89.5
- **Suanplu Bhiman Limited *** *Investment holding*	**79.4**	79.4
- **Silver Beech Operations UK Limited *** *Managing and operating of hotels*	**100.0**	100.0
- **Silver Beech Holdings Limited *** *Investment holding*	**100.0**	100.0
Subsidiaries of Silver Beech Holdings Limited		
- **Silver Beech (IOM) Limited *** *Investment holding*	**100.0**	100.0

36. Details of subsidiaries (continued)

Name of subsidiaries and principal activities (continued)	Group's effective interest 2012 %	2011 %
Armstrong Auto Parts Sdn. Berhad *Manufacture of seats, press, diecasts parts, shock absorbers, suspension and electrical components for motor cycles and motor vehicles*	**60.3**	60.3
Subsidiaries of Armstrong Auto Parts Sdn. Berhad		
- **Armstrong Realty Sdn. Bhd.** *Dormant*	**60.3**	60.3
- **Armstrong Trading & Supplies Sdn. Bhd.** *General trading of related automotive parts*	**60.3**	60.3
- **Armstrong Component Parts (Vietnam) Co., Ltd *** *Manufacturing and assembly of parts and components for automobiles, motorcycle and others*	**60.3**	60.3
Jutajati Sdn. Bhd. *Investment holding*	**100.0**	100.0
Subsidiaries of Jutajati Sdn. Bhd.		
- **Kwong Wah Enterprise Sdn. Bhd.** *Investment holding*	**100.0**	100.0
Subsidiaries of Kwong Wah Enterprise Sdn. Bhd.		
- **North Malaya Engineers Trading Company Sdn. Berhad*** *Manufacture of wire netting, wire mesh, barbed wire, weld mesh, nails and building materials*	**100.0**	100.0
- **Lipro Trading Sdn. Bhd.** *Distributor of cement*	**100.0**	100.0
- Simen Utara Sdn. Bhd. * *Distributor of cement, concrete products and building materials*	**91.0**	91.0
Subsidiaries of Simen Utara Sdn. Bhd.		
- Unique Pave Sdn. Bhd. * *Manufacturer of and dealer of concrete products*	**74.9**	74.9
- Unique Mix (Penang) Sdn. Bhd. * *Manufacturer and dealer of concrete products*	**63.7**	63.7
Subsidiary of Unique Mix (Penang) Sdn. Bhd.		
- **Konkrit Utara Sdn. Bhd. *** *Dealer of concrete products*	**63.7**	59.2
- Unique Mix Sdn. Bhd. * *Sale and distribution at ready-mixed concreate*	**63.7**	63.7

36. Details of subsidiaries (continued)

Name of subsidiaries and principal activities (continued)	Group's effective interest 2012 %	2011 %
North Malaya Engineers Overseas Sdn. Bhd. *Investment holding*	**100.0**	100.0
Subsidiary of North Malaya Engineers Overseas Sdn. Bhd. **- North Malaya (Xiamen) Steel Co. Ltd. *** *Production of steel wire and its related product, and automobile spare parts*	**100.0**	100.0
Selasih Permata Sdn. Bhd. *Investment holding*	**50.5**	50.5
Subsidiaries of Selasih Permata Sdn. Bhd. **- PT Gunung Maras Lestari *** *Oil palm plantation*	**46.7**	46.7
- PT Gunungsawit Binalestari * *Oil palm plantation*	**46.7**	46.7
- PT Oriental Kyowa Industries * *Manufacture of plastic technical and industrial goods and equipment. Under members' voluntary liquidation.*	**72.8**	72.8
- Oriental Kyowa Plastic Industries (Shanghai Pudong New Area) Co. Ltd. * *Manufacture of plastic technical and industrial goods and equipment. Ceased operations in August 2011.*	**71.2**	71.2
- Oriental Asia (Mauritius) Pte. Ltd. # *Investment holding*	**50.5**	50.5
Subsidiary of Oriental Asia (Mauritius) Pte. Ltd. **- Unique Mix (Singapore) Pte. Ltd. #** *Investment holding*	**50.5**	50.5
Melaka Straits Medical Centre Sdn. Bhd. *Intended activity is to operate a medical centre and nursing college*	**51.0**	51.0
Loh Boon Siew Education Sdn. Bhd. *Dormant*	**70.0**	70.0
Subsidiary of Loh Boon Siew Education Sdn. Bhd. **- Nilam Healthcare Education Centre Sdn. Bhd.** *Institution of providing nursing program*	**70.0**	70.0

* *not audited by KPMG.*

\# *audited by member firms of KPMG International.*

36. Details of subsidiaries (continued)

All the subsidiaries are incorporated in Malaysia except for :

	Country of incorporation
- Happy Motoring Company Sdn. Bhd.	Brunei Darulsalam
- Kah Australia Pty Ltd	Australia
- Geographe Bay Motel Unit Trust	Australia
- Kah New Zealand Limited	New Zealand
- PT Oriental Kyowa Industries	Republic of Indonesia
- PT Gunung Maras Lestari	Republic of Indonesia
- PT Gunungsawit Binalestari	Republic of Indonesia
- PT Bumi Sawit Sukses Pratama	Republic of Indonesia
- Oriental Kyowa Plastic Industries (Shanghai Pudong New Area) Co Ltd	China
- North Malaya (Xiamen) Steel Co Ltd	China
- Oriental International (Mauritius) Pte Ltd	Mauritius
- Oriental Boon Siew (Mauritius) Pte Ltd	Mauritius
- Hymold (Su Zhou) Co., Ltd	China
- Armstrong Component Parts (Vietnam) Co., Ltd	Vietnam
- Oriental Industries (Wuxi) Co. Ltd	China
- Oriental Asia (Mauritius) Pte Ltd	Mauritius
- Kah Power Products Pte Ltd	Singapore
- OBS (Singapore) Pte Ltd	Singapore
- Unique Mix (Singapore) Pte Ltd	Singapore
- OAM Asia (Singapore) Pte. Ltd.	Singapore
- PT. Gunung Sawit Selatan Lestari	Republic of Indonesia
- PT. Pratama Palm Abadi	Republic of Indonesia
- P.T Dapo Agro Makmur	Republic of Indonesia
- Park Suanplu Holdings Co. Ltd	Thailand
- Suanplu Bhiman Limited	Thailand
- Silver Beech Holdings Limited	United Kingdom
- Silver Beech Operations UK Limited	United Kingdom
- Silver Beech (IOM) Limited	United Kingdom

37. Supplementary financial information on the breakdown of realised and unrealised profits or losses

The breakdown of the retained earnings of the Group and of the Company as at 31 December, into realised and unrealised profits, pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements, are as follows :

	Group		Company	
	2012 RM'000	**2011 RM'000**	**2012 RM'000**	**2011 RM'000**
Total retained earnings of the Company and its subsidiaries :				
- realised	**4,539,086**	4,326,404	**284,190**	256,648
- unrealised	**(14,039)**	(50,419)	**6,754**	(8,925)
	4,525,047	4,275,985	**290,944**	247,723
Total share of retained earnings of associates				
- realised	**291,291**	242,429	**-**	-
- unrealised	**(5,607)**	1,491	**-**	-
	4,810,731	4,519,905	**290,944**	247,723
Less : Consolidation adjustments	**(1,429,636)**	(1,283,610)	**-**	-
Total retained earnings	**3,381,095**	3,236,295	**290,944**	247,723

The determination of realised and unrealised profits is based on the Guidance of Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants on 20 December 2010.

Statement by Directors pursuant to Section 169(15) of the Companies Act, 1965

In the opinion of the Directors, the financial statements set out on pages 61 to 160 are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2012 and of their financial performance and cash flows for the financial year then ended.

In the opinion of Directors, the information set out in Note 37 on page 161 to the financial statements has been compiled in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

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

Dato' Seri Lim Su Tong, DGPN, DSPN
Director

Datuk Loh Kian Chong, DMSM
Director

Penang,

Date : 23 April 2013

Statutory declaration pursuant to Section 169(16) of the Companies Act, 1965

I, Wong Tet Look, the officer primarily responsible for the financial management of Oriental Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 61 to 161 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the above named at Georgetown in the State of Penang on 23 April 2013.

………………………………………………
Wong Tet Look

Before me :

GOH SUAN BEE (No. P.125)
Pesuruhjaya Sumpah
(Commissioner for Oaths)
Penang

Independent auditors' report to the stockholders of Oriental Holdings Berhad

(Company No. 5286-U)
(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of Oriental Holdings Berhad, which comprise the statements of financial position as at 31 December 2012 of the Group and of the Company, and the statements of comprehensive income, changes in equity and cash flows of the Group and of the Company for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information, as set out on pages 61 to 160.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 December 2012 and of their financial performance and cash flows for the year then ended in accordance with financial reporting standard and the requirements of the Companies Act, 1965 in Malaysia.

Report on Other Legal and Regulatory Requirements

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

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

b) We have considered the accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 36 to the financial statements.

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

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

Other Reporting Responsibilities

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The information set out in Note 37 on page 161 to the financial statements has been compiled by the Company as required by the Bursa Malaysia Securities Berhad Listing Requirements and is not required by the Financial Reporting Standards. We have extended our audit procedures to report on the process of compilation of such information. In our opinion, the information has been properly compiled, in all material respects, in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Other Matters

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

KPMG
AF 0758
Chartered Accountants

Lee Kean Teong
1857/02/14 (J)
Chartered Accountant

Date : 23 April 2013

Penang

Ten Largest Properties of the Group as at 31 December 2012

Location	Description	Land Area (sq.metres)	Tenure	Age of Building (Years)	Date of Acquisition	Net Book Value (RM million)
The Thistle Bloomsbury Hotel Bloomsbury Way London WC1A 2SD	Hotel	8,027	Freehold	113	13 Feb 2012	202.9
Somerset Park Suanplu No 39 Soi Suanplu South Sathorn Road Bangkok 10120 Thailand	Service Apartment	6,555	Freehold	16	15 Sep 2011	108.2
Kecamatan Bakem Kecamatan Pemali Kecamatan Puding Besar Kabupaten Bangka Induk Pulau Bangka Propinsi Kepulauan Bangka Belitung Republic of Indonesia	Oil palm plantation, crude palm oil mill and administrative office	12,704 (hectare)	Leasehold (30 years Expiring 2028)	17	13 Sep 1994	82.4
90, William Street Sydney, NSW 2011 Australia	Hotel	1,300	Freehold	40	6 Jun 1993	79.3
100 William Street Sydney NSW 2011 Australia	Land and office building	1,300	Freehold	40	20 Sep 1994	61.0
Kecamatan Simpang Rimba dan Payung, Kabupaten Bangka Selatan, Pulau Bangka Propinsi Kepulauan Bangka Belitung Republic of Indonesia	New development area for oil palm	16,000 (hectares)	Rights Concession	6	17 Nov 2006	58.4
Lot No. MK1-2639X 255 Alexandra Road Singapore	Showroom, workshop and office	9,636	Leasehold (99 years expiring 2051)	13	4 May 1999	56.2
Lot 402 T.S. II Bencoolen Street, Singapore	Hotel	1,039	Freehold	26	3 Dec 1982	51.0
6, 8 & 9, Queens Road South Melbourne Victoria 3004 Australia	Hotel and vacant land	6,900	Freehold	24	21 Apr 1993	48.3

Ten Largest Properties of the Group as at 31 December 2012 (cont'd)

Location	Description	Land Area (sq.metres)	Tenure	Age of Building (Years)	Date of Acquisition	Net Book Value (RM million)
Desa Mayang & Desa Simpang Gong, Kecamatan Simpang Tertip Desa Belo Laut & Desa Air Belo, Kecamatan Mentok Kabupaten Bangka Barat Pulau Bangka Propinsi Kepulauan Bangka Belitung Republic of Indonesia	Oil palm plantation, crude palm oil mill and administrative office	9,098 (hectares)	Leasehold (30 years expiring 2031)	15	11 May 1995	42.1

Stockholding Statistics

STOCKHOLDING STATISTICS AS AT 25 APRIL 2013

AUTHORISED STOCK CAPITAL	:	RM1,000,000,000/=
ISSUED AND FULLY PAID-UP CAPITAL	:	RM620,393,638/= (including 31,808 treasury stocks)
CLASS OF STOCK	:	Ordinary Stocks of RM1/= each
VOTING RIGHTS	:	On a show of hands - One vote for every stockholder On a poll - One vote for every ordinary stock held

ANALYSIS OF STOCKHOLDINGS

Size of Stockholding	No of Stockholders/ Depositors	No. of Stocks	% of Issued Capital
1 - 99	331	12,438	0.00
100 - 1,000	898	603,568	0.10
1,001 - 10,000	3,396	13,428,344	2.16
10,001 - 100,000	1,125	32,558,572	5.25
100,001 to less than 5% of issued stocks	225	181,042,561	29.18
5% and above of issued stocks	5	392,748,155	63.31
Total	5,980	620,393,638	100.00

SUBSTANTIAL STOCKHOLDERS

	Name	*No of stocks Direct*	*% of Issued Capital*	*No of stocks Deemed*	*% of Issued Capital*
1.	Boon Siew Sdn Bhd	266,729,662	43.00	69,569,757 (a)	11.21
2.	Employees Provident Fund Board	54,547,016	8.79	-	-
3.	Penang Yellow Bus Company Bhd	32,848,477	5.30	-	-
4.	Datuk Loh Kian Chong	1,200	-	346,964,026 (b)	55.93
5.	Aberdeen Asset Management PLC and its Subsidiaries	64,120,100	10.34	-	-
6.	Mitsubishi UFJ Financial Group, Inc.	-	-	64,120,100 (c)	10.34

(a) *Deemed interested via Penang Yellow Bus Company Bhd, Bayview Hotel Sdn Bhd, Boon Siew Development Sdn Bhd, Boontong Estates Sdn Bhd and Southern Perak Plantation Sdn Bhd.*

(b) *Deemed interested via Boon Siew Sdn Bhd, Penang Yellow Bus Company Bhd, Bayview Hotel Sdn Bhd, Loh Boon Siew Holdings Sdn Bhd, Loh Kar Bee Holdings Sdn Bhd, Boon Siew Development Sdn Bhd, Boontong Estates Sdn Bhd and Southern Perak Plantations Sdn Bhd.*

(c) *Deemed interested via Aberdeen Asset Management PLC and its subsidiaries.*

THIRTY LARGEST STOCKHOLDERS AS AT 25 APRIL 2013

	Name	No. of Stocks	% of Issued Capital
1	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD BOON SIEW SDN BERHAD (00-00198-000)	133,365,188	21.50
2	CITIGROUP NOMINEES (TEMPATAN) SDN BHD BOON SIEW SDN BHD	133,364,474	21.50
3	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD	47,447,016	7.65
4	HSBC NOMINEES (ASING) SDN BHD BNP PARIBAS SECS SVS LUX FOR ABERDEEN GLOBAL	45,723,000	7.37
5	CITIGROUP NOMINEES (TEMPATAN) SDN BHD PENANG YELLOW BUS COMPANY BHD	32,848,477	5.30
6	CITIGROUP NOMINEES (ASING) SDN BHD HONDA MOTOR COMPANY LTD	25,119,424	4.05
7	CITIGROUP NOMINEES (TEMPATAN) SDN BHD BAYVIEW HOTEL SDN BHD	21,848,407	3.52
8	MAYBANK NOMINEES (TEMPATAN) SDN BHD MAYBANK TRUSTEES BERHAD FOR PUBLIC ITTIKAL FUND (N14011970240)	9,500,000	1.53
9	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR SOUTHERN PERAK PLANTATIONS SENDIRIAN BERHAD (PB)	8,000,000	1.29
10	CITIGROUP NOMINEES (TEMPATAN) SDN BHD LOH BOON SIEW HOLDINGS SDN BHD	7,568,031	1.22
11	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (ABERDEEN)	5,300,000	0.85
12	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD BOONTONG ESTATES SDN BERHAD (00-00200-000)	4,432,966	0.72
13	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR DIMENSIONAL EMERGING MARKETS VALUE FUND	3,680,879	0.59
14	CHINCHOO INVESTMENT SDN.BERHAD	3,369,960	0.54
15	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (ABERDEEN)	3,200,000	0.52
16	CITIGROUP NOMINEES (TEMPATAN) SDN BHD LOH KAR BEE HOLDINGS SDN BHD	3,096,576	0.50
17	CITIGROUP NOMINEES (TEMPATAN) SDN BHD LIM SU TONG	2,966,906	0.48
18	CARTABAN NOMINEES (ASING) SDN BHD SSBT FUND AM4N FOR ABERDEEN INSTITUTIONAL COMMINGLED FUNDS LLC	2,907,000	0.47
19	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR AMERICAN INTERNATIONAL ASSURANCE BERHAD	2,851,200	0.46
20	KEY DEVELOPMENT SDN. BERHAD	2,736,000	0.44

	Name	No. of Stocks	% of Issued Capital
21	GOLDEN FRESH SDN BHD	2,700,000	0.44
22	HSBC NOMINEES (ASING) SDN BHD BNP PARIBAS SECS SVS PARIS FOR HI-KABL-FONDS	2,140,000	0.35
23	CARTABAN NOMINEES (ASING) SDN BHD RBC INVESTOR SERVICES BANK FOR GLOBAL EMERGING MARKETS SMALLCAP (DANSKE INVEST)	2,130,000	0.34
24	CITIGROUP NOMINEES (TEMPATAN) SDN BHD ING INSURANCE BERHAD (INV-IL PAR)	1,919,300	0.31
25	TOKIO MARINE LIFE INSURANCE MALAYSIA BHD AS BENEFICIAL OWNER (PF)	1,870,000	0.30
26	EMPLOYEES PROVIDENT FUND BOARD	1,800,000	0.29
27	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD TONG YEN SDN BHD (00-00203-000)	1,708,278	0.28
28	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR DANSKE BANK A/S (CLIENT HOLDINGS)	1,500,000	0.24
29	CITIGROUP NOMINEES (TEMPATAN) SDN BHD BOON SIEW DEVELOPMENT SDN BHD	1,439,907	0.23
30	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR BNP PARIBAS SECURITIES SERVICES (SINGAPORE - SGD)	1,390,000	0.22
		517,922,989	**83.50**

DIRECTORS' STOCKHOLDINGS AS AT 25 APRIL 2013

	Name of Directors	Direct Interest	%	Indirect Interest	%
1.	Dato' Seri Loh Cheng Yean	486,755	0.08	457,724 [(a)]	0.07
2.	Dato' Robert Wong Lum Kong, DSSA, JP	181,149	0.03	161,872 [(a)]	0.03
3.	Dato' Seri Lim Su Tong	2,966,906	0.48	3,872,626 [(a)]	0.62
4.	YM Tengku Tan Sri Dato' Seri Ahmad Rithauddeen Bin Tengku Ismail	-	-	-	-
5.	Dato' Dr Tan Chong Siang	38,307	0.01	25,804 [(a)]	0.00
6.	Sharifah Intan Binti S. M. Aidid (*)	18,000	0.00	-	-
7.	Datuk Loh Kian Chong	1,200	0.00	346,964,026 [(b)]	55.93
8.	Mary Geraldine Phipps	-	-	5,161 [(c)]	0.00
9.	Dato' Ghazi Bin Ishak	-	-	-	-
10.	Satoshi Okada	-	-	-	-
11.	Datin Loh Ean *(alternate director to Dato' Robert Wong Lum Kong, DSSA, JP)*	161,872	0.03	181,149 [(a)]	0.03
12.	Tan Kheng Hwee *(alternate director to Dato' Seri Loh Cheng Yean)*	172,032	0.03	-	-
13.	Dato' Sri Tan Hui Jing *(alternate director to Dato' Dr Tan Chong Siang)*	-	-	-	-

(a) These are stocks held in the name of the spouses and children and are regarded as interests of the Directors in accordance with Section 134(12)(c) of the Companies Act, 1965.

(b) Deemed interested via Boon Siew Sdn Bhd, Penang Yellow Bus Company Bhd, Bayview Hotel Sdn Bhd, Loh Boon Siew Holdings Sdn Bhd, Loh Kar Bee Holdings Sdn Bhd, Boon Siew Development Sdn Bhd, Boontong Estates Sdn Bhd and Southern Perak Plantations Sdn Bhd.

(c) Deemed interest via Phipps Holdings Sdn. Bhd.

* *She also holds 227,318 shares and 100,000 shares in Armstrong Auto Parts Sdn Bhd and Teck See Plastic Sdn Bhd respectively.*

This page has been intentionally left blank

This page has been intentionally left blank

This page has been intentionally left blank

PROXY FORM

Number of Stocks ______ CDS Account No. ___-___-______

I/We, ______________________________
NRIC No ______________________________
of ______________________________
being a stockholder/stockholders of Oriental Holdings Berhad hereby appoint ______________________________
of ______________________________
or failing him/her ______________________________
of ______________________________
or failing him/her, the CHAIRMAN OF THE MEETING as my/our proxy, to vote for me/us and on my/our behalf at the FIFTY-FIRST ANNUAL GENERAL MEETING of the Company to be held on Wednesday, 12 June 2013 at 2:30 p.m. at Sri Mas Ballroom, Level 4, Bayview Hotel Georgetown Penang, 25A Farquhar Street, 10200 Penang or at any adjournment thereof.

My/our proxy is to vote on either on a show of hands or on a poll as indicated below with an "X"

ORDINARY RESOLUTIONS		FOR	AGAINST
1.	To receive the audited Financial Statements for the year ended 31 December 2012		
2.	To declare a Final Single Tier Dividend		
3.	To re-elect Dato' Robert Wong Lum Kong, DSSA, JP		
4.	To re-elect Dato' Dr Tan Chong Siang		
5.	To re-elect YM Tengku Tan Sri Dato' Seri Ahmad Rithauddeen Bin Tengku Ismail		
6.	To re-elect Puan Sharifah Intan Binti S M Aidid		
7.	To re-elect Ms Mary Geraldine Phipps		
8.	To re-elect Mr Satoshi Okada		
9.	To approve the Directors' Fees		
10.	To re-appoint Messrs KPMG		
	To approve Recurrent Related Party Transactions with:-		
11.	a) Boon Siew Sdn Bhd Group		
12.	b) Dato' Syed Mohamad Bin Syed Murtaza and family		
13.	c) Honda Motor Co., Ltd.		
14.	d) Karli Boenjamin		
15.	e) Ooi Soo Pheng		
16.	f) Tan Liang Chye		
17.	g) Datuk Loh Kian Chong		
18.	To approve the Proposed Renewal of Stock Buy-Back		
19.	To approve the Retention as Independent Director		

Signed this ________day of _______________2013.

____
Signature of Stockholder

Notes :

1. A member entitled to attend and vote at this meeting may appoint a proxy to attend and, on a poll, to vote on his behalf. A Member may appoint 2 proxies to attend on the same occasion. A proxy may but need not be a Member and the provisions of Section 149(1)(b) of the Act shall not, apply to the Company. If a Member appoints 2 proxies, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.

2. Where a Member of the Company is an exempt authorised nominee which hold ordinary stocks in the Company for multiple beneficial owner in one (1) securities account ("omnibus account"), there shall be no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

   An exempt authorised nominee refers to an authorized nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of subsection 25A(1) of Central Depositories Act.

3. If the appointer is a corporation, the Proxy Form must be executed under the Common Seal of the Company or under the hand of its attorney duly authorised in writing.

4. For a proxy to be valid, the Form of Proxy duly completed must be deposited at the Registered Office of the Company, Suite 2-1, 2nd Floor, Menara Penang Garden, 42A Jalan Sultan Ahmad Shah, 10050 Penang, Malaysia not less than forty-eight (48) hours before the time appointed for holding the meeting or at any adjournment thereof.

5. Should you desire your Proxy to vote on the Resolutions set out in the Notice of Meeting, please indicate with an "X" in the appropriate space. If no specific direction as to voting is given, the Proxy will vote or abstain at his discretion.

6. For purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company pursuant to Article 80(3) of the Articles of Association of the Company and Paragraph 7.16(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, a Record of Depositors ("ROD") as at 5 June 2013 and only a Depositor whose name appears on such ROD shall be entitled to attend this meeting or appoint proxy to attend and/or vote in his/her behalf.

....……......…… *Fold Along this line*..……………..

AFFIX
POSTAGE
STAMP

The Company Secretaries
Oriental Holdings Berhad

Suite 2-1, 2nd Floor
Menara Penang Garden
42A Jalan Sultan Ahmad Shah
10050 Penang

....……......…… *Fold Along this line*..……………