RIMBUNAN SAWIT BERHAD

(Incorporated in Malaysia)

Company No: 691393 - U

FINANCIAL REPORT
for the financial year ended 31 December 2013

Contents

DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2013.

PRINCIPAL ACTIVITIES

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

RESULTS

	The Group RM	The Company RM
(Loss)/profit after taxation for the financial year	(1,892,385)	1,935,531
Attributable to:-		
Owners of the Company	2,195,484	1,935,531
Non-controlling interests	(4,087,869)	-
	(1,892,385)	1,935,531

DIVIDENDS

The following dividends totaling RM15,024,778 in respect of the financial year ended 31 December 2012 was approved by the shareholders at the Annual General Meeting held on 18 June 2013 and paid on 30 August 2013:-

(a) a final single tier dividend of 1.0 sen per ordinary share amounting to RM13,085,049; and

(b) a final single tier dividend of 1.0 sen per irredeemable convertible preference share amounting to RM1,939,729.

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

RESERVES AND PROVISIONS

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

ISSUES OF SHARES AND DEBENTURES

During the financial year:-

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

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

OPTIONS GRANTED OVER UNISSUED SHARES

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

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables, and satisfied themselves that all known bad debts had been written off and no allowance for impairment losses on receivables is required.

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

CURRENT ASSETS

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

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

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

The contingent liabilities are disclosed in Note 39 to the financial statements. At the date of this report, there does not exist:-

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

(b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

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

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

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

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

DIRECTORS

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

Diong Hiew King @ Tiong Hiew King
Tiong Chiong Ong
Tiong Kiong King
Tiong Chiong Ie
Bong Wei Leong
Tiong Ing Ming

DIRECTORS' INTERESTS

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

	< ----- Number of Ordinary Shares of RM0.50 Each ----- >			
	At 1.1.2013	Bought	Sold	At 31.12.2013
Direct Interests in the Company				
Diong Hiew King @ Tiong Hiew King	2,400,000	-	-	2,400,000
Tiong Chiong Ong	7,001,608	30,000	-	7,031,608
Tiong Kiong King	13,803,800	-	-	13,803,800
Tiong Chiong Ie	1,600,000	-	-	1,600,000
Tiong Ing Ming	200,000	-	-	200,000
Indirect Interests in the Company				
Diong Hiew King @ Tiong Hiew King	687,309,672	-	(440,000)	686,869,672
Tiong Chiong Ong	310,714	-	-	310,714
Tiong Kiong King	16,218,400	-	-	16,218,400
Tiong Chiong Ie	3,872,000	-	-	3,872,000

	Number of Irredeemable Convertible Preference Shares of RM0.50 Each			
	At 1.1.2013	Bought	Sold	At 31.12.2013
Indirect Interests in the Company				
Diong Hiew King @ Tiong Hiew King	193,972,857	-	-	193,972,857

By virtue of his shareholdings in the Company, Diong Hiew King @ Tiong Hiew King is deemed to have interests in shares in its related corporations during the financial year to the extent of the Company's interests, in accordance with Section 6A of the Companies Act 1965.

The other director holding office at the end of the financial year had no interest in shares of the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors as shown in the financial statements, or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 36 to the financial statements.

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

SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD

The significant events occurring after the reporting period are disclosed in Note 42 to the financial statements.

AUDITORS

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

Signed in accordance with a resolution of the directors dated 23 APR 2014

Tiong Kiong King

Tiong Chiong Ong

RIMBUNAN SAWIT BERHAD
(Incorporated in Malaysia)
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STATEMENT BY DIRECTORS

We, Tiong Kiong King and Tiong Chiong Ong, being two of the directors of Rimbunan Sawit Berhad, state that, in the opinion of the directors, the financial statements set out on pages 11 to 101 are drawn up in accordance with Financial Reporting Standards and the requirements of 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 at 31 December 2013 and of their financial performance and cash flows for the financial year ended on that date.

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

Signed in accordance with a resolution of the directors dated 23 APR 2014

Tiong Kiong King

Tiong Chiong Ong

STATUTORY DECLARATION

I, Ling Tong Ung, being the officer primarily responsible for the financial management of Rimbunan Sawit Berhad, do solemnly and sincerely declare that the financial statements set out on pages 11 to 101 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
Ling Tong Ung, at Sibu
on this 23 APR 2014

Ling Tong Ung

Before me

PESURUHJAYA SUMPAH
No. Q 111
THOMAS YU KIU HEE
SIBU SARAWAK
MALAYSIA

Crowe Horwath™

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RIMBUNAN SAWIT BERHAD

(Incorporated in Malaysia)
Company No: 691393 - U

Report on the Financial Statements

We have audited the financial statements of Rimbunan Sawit Berhad, which comprise statements of financial position as at 31 December 2013 of the Group and of the Company, and statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 11 to 101.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of 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 judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RIMBUNAN SAWIT BERHAD (CONT'D)
(Incorporated in Malaysia)
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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 2013 and of their financial performance and cash flows for the financial year then ended in accordance with Financial Reporting Standards 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:-

(i) 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.

(ii) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 5 to the financial statements.

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

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

Other Reporting Requirements

The supplementary information set out in Note 43 on page 102 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Crowe Horwath™

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RIMBUNAN SAWIT BERHAD (CONT'D)
(Incorporated in Malaysia)
Company No: 691393 - U

Other Matters

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

Crowe Horwath

Crowe Horwath
Firm No: AF 1018
Chartered Accountants

Hudson Chua Jain
Approval No: 2538/05/14(J)
Chartered Accountant

23 APR 2014

Sibu

STATEMENTS OF FINANCIAL POSITION AT 31 DECEMBER 2013

		The Group		The Company	
		2013	**2012**	**2013**	**2012**
	Note	RM	RM	RM	RM
ASSETS					
NON-CURRENT ASSETS					
Investments in subsidiaries	5	-	-	435,249,646	435,149,648
Investment in an associate	6	24,855,280	26,387,819	25,137,296	25,137,296
Property, plant and equipment	7	654,022,285	647,238,958	2,610,839	1,139,628
Intangible assets	8	24,364,041	23,142,919	2,105,226	438,032
Biological assets	9	762,247,211	716,004,232	-	-
Goodwill	10	64,740,461	64,740,461	-	-
Deferred tax assets	11	5,416,078	4,931,902	-	270,158
		1,535,645,356	1,482,446,291	465,103,007	462,134,762
CURRENT ASSETS					
Inventories	12	36,507,109	36,031,762	-	-
Trade receivables	13	16,185,887	11,405,756	-	-
Other receivables, deposits and prepayments	14	21,237,446	12,780,734	7,854,734	674,807
Amount owing by subsidiaries	15	-	-	405,060,476	412,519,907
Tax refundable		2,032,836	4,045,969	91,243	199,350
Short-term investments	16	-	17,573,451	-	17,573,451
Islamic deposits	17	-	1,020,694	-	-
Cash and bank balances	18	2,268,000	2,540,087	77,878	939,558
		78,231,278	85,398,453	413,084,331	431,907,073
TOTAL ASSETS		1,613,876,634	1,567,844,744	878,187,338	894,041,835

STATEMENTS OF FINANCIAL POSITION AT 31 DECEMBER 2013 (CONT'D)

		The Group		The Company	
		2013	2012	2013	2012
	Note	RM	RM	RM	RM
EQUITY AND LIABILITIES					
EQUITY					
Share capital	19	751,238,901	751,238,901	751,238,901	751,238,901
Reserves	20	118,301,999	131,131,293	103,999,823	117,089,070
Equity attributable to owners of the Company		869,540,900	882,370,194	855,238,724	868,327,971
Non-controlling interests	5	73,001,030	77,088,899	-	-
TOTAL EQUITY		942,541,930	959,459,093	855,238,724	868,327,971
NON-CURRENT LIABILITIES					
Borrowings	21	291,515,113	251,382,976	-	33,724
Deferred tax liabilities	11	149,709,194	155,301,141	332,218	-
		441,224,307	406,684,117	332,218	33,724
CURRENT LIABILITIES					
Trade payables	24	25,957,583	46,268,278	-	-
Other payables, deposits and accruals	25	39,998,955	41,869,479	6,954,620	5,403,719
Amount owing to subsidiaries	15	-	-	9,551,352	13,160,518
Borrowings:-	21				
- bank overdrafts		42,554,815	24,159,038	1,076,700	1,984,798
- other borrowings		121,554,615	88,155,604	5,033,724	5,131,105
Provision for taxation		44,429	1,249,135	-	-
		230,110,397	201,701,534	22,616,396	25,680,140
TOTAL LIABILITIES		671,334,704	608,385,651	22,948,614	25,713,864
TOTAL EQUITY AND LIABILITIES		1,613,876,634	1,567,844,744	878,187,338	894,041,835

RIMBUNAN SAWIT BERHAD
(Incorporated in Malaysia)
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STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

		The Group		The Company	
		2013	2012	2013	2012
	Note	RM	RM	RM	RM
REVENUE	26	282,233,941	313,866,522	18,000,000	31,198,500
COST OF SALES		(243,996,707)	(248,509,554)	-	-
GROSS PROFIT		38,237,234	65,356,968	18,000,000	31,198,500
OTHER INCOME		1,022,510	6,037,677	106,509	3,305,900
DISTRIBUTION COSTS		(11,217,152)	(10,447,384)	-	-
ADMINISTRATIVE AND OTHER EXPENSES		(18,780,673)	(19,344,630)	(15,101,893)	(14,768,913)
SHARE OF RESULTS IN AN ASSOCIATE, NET OF TAX		(1,532,539)	597,927	-	-
FINANCE COSTS	27	(10,622,529)	(11,478,084)	(297,032)	(11,097)
(LOSS)/PROFIT BEFORE TAXATION	28	(2,893,149)	30,722,474	2,707,584	19,724,390
INCOME TAX EXPENSE	29	1,000,764	(10,740,782)	(772,053)	20,107
(LOSS)/PROFIT AFTER TAXATION		(1,892,385)	19,981,692	1,935,531	19,744,497
OTHER COMPREHENSIVE INCOME					
Items that may be reclassified subsequently to profit or loss					
Available-for-sale financial assets:-					
- fair value changes		102,055	2,197,825	102,055	2,197,825
- transfer to profit or loss upon reinvestment		(102,055)	(2,912,351)	(102,055)	(2,912,351)
		-	(714,526)	-	(714,526)
TOTAL COMPREHESIVE INCOME FOR THE FINANCIAL YEAR		(1,892,385)	19,267,166	1,935,531	19,029,971

RIMBUNAN SAWIT BERHAD
(Incorporated in Malaysia)
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STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

		The Group		The Company	
		2013	**2012**	**2013**	**2012**
	Note	RM	RM	RM	RM
(LOSS)/PROFIT AFTER TAXATION ATTRIBUTABLE TO:-					
Owners of the Company		2,195,484	21,326,710	1,935,531	19,744,497
Non-controlling interests		(4,087,869)	(1,345,018)	-	-
		(1,892,385)	19,981,692	1,935,531	19,744,497
TOTAL COMPREHESIVE INCOME ATTRIBUTABLE TO:-					
Owners of the Company		2,195,484	20,612,184	1,935,531	19,029,971
Non-controlling interests		(4,087,869)	(1,345,018)	-	-
		(1,892,385)	19,267,166	1,935,531	19,029,971
EARNINGS PER SHARE (SEN)	30				
Basic		0.11	1.04		
Diluted		Not applicable	Not applicable		

RIMBUNAN SAWIT BERHAD
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STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

	< -----	Non-distributable			----- >				
	Share Capital					Distributable	Attributable to	Non-	
	Ordinary Shares	Preference Shares	Share Premium	Merger Reserve	Fair Value Reserve	Retained Profits	Owners of the Company	controlling Interests	Total Equity
The Group	RM	RM	RM	RM	RM	RM	RM	RM	RM
Balance at 1.1.2012	654,252,472	96,986,429	15,446,950	(53,065,553)	714,526	169,960,353	884,295,177	81,233,917	965,529,094
Profit after taxation for the financial year	-	-	-	-	-	21,326,710	21,326,710	(1,345,018)	19,981,692
Other comprehensive income for the financial year:-									
- fair value changes of available-for-sale financial assets	-	-	-	-	2,197,825	-	2,197,825	-	2,197,825
- transfer to profit or loss upon reinvestment	-	-	-	-	(2,912,351)	-	(2,912,351)	-	(2,912,351)
Total comprehensive income for the financial year	-	-	-	-	(714,526)	21,326,710	20,612,184	(1,345,018)	19,267,166
Balance carried forward	654,252,472	96,986,429	15,446,950	(53,065,553)	-	191,287,063	904,907,361	79,888,899	984,796,260

RIMBUNAN SAWIT BERHAD
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STATEMENTS OF CHANGES IN EQUITY (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

		< ---- Non-distributable ---- >								
		Share Capital								
The Group	Note	Ordinary Shares RM	Preference Shares RM	Share Premium RM	Merger Reserve RM	Fair Value Reserve RM	Distributable Retained Profits RM	Attributable to Owners of the Company RM	Non-controlling Interests RM	Total Equity RM
Balance brought forward		654,252,472	96,986,429	15,446,950	(53,065,553)	-	191,287,063	904,907,361	79,888,899	984,796,260
Distributions to owners of the Company:-										
- dividends:-										
- by the Company	31	-	-	-	-	-	(22,537,167)	(22,537,167)	-	(22,537,167)
- by subsidiaries to non-controlling interests		-	-	-	-	-	-	-	(2,800,000)	(2,800,000)
Total transactions with owners		-	-	-	-	-	(22,537,167)	(22,537,167)	(2,800,000)	(25,337,167)
Balance at 31.12.2012		654,252,472	96,986,429	15,446,950	(53,065,553)	-	168,749,896	882,370,194	77,088,899	959,459,093

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STATEMENTS OF CHANGES IN EQUITY (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

		< ---- Non-distributable			---- >				
		Share Capital							
		Ordinary Shares RM	Preference Shares RM	Share Premium RM	Merger Reserve RM	Fair Value Reserve RM	Distributable Retained Profits RM	Attributable to Owners of the Company RM	Non-controlling Interests RM	Total Equity RM
The Group										
Balance at 31.12.2012/ 1.1.2013		654,252,472	96,986,429	15,446,950	(53,065,553)	-	168,749,896	882,370,194	77,088,899	959,459,093
Loss after taxation for the financial year		-	-	-	-	-	2,195,484	2,195,484	(4,087,869)	(1,892,385)
Other comprehensive income for the financial year:-										
- fair value changes of available-for-sale financial assets		-	-	-	-	102,055	-	102,055	-	102,055
- transfer to profit or loss upon reinvestment		-	-	-	-	(102,055)	-	(102,055)	-	(102,055)
Total comprehensive income for the financial year		-	-	-	-	-	2,195,484	2,195,484	(4,087,869)	(1,892,385)
Distributions to owners of the Company:-										
- dividends	31	-	-	-	-	-	(15,024,778)	(15,024,778)	-	(15,024,778)
Balance at 31.12.2013		654,252,472	96,986,429	15,446,950	(53,065,553)	-	155,920,602	869,540,900	73,001,030	942,541,930

RIMBUNAN SAWIT BERHAD
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STATEMENTS OF CHANGES IN EQUITY (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

		< ------------------------ Non-distributable		------------------------ >			
		Share Capital				Distributable	
		Ordinary	Preference	Share	Fair Value	Retained	Total
		Shares	Shares	Premium	Reserve	Profits	Equity
The Company	Note	RM	RM	RM	RM	RM	RM
Balance at 1.1.2012		654,252,472	96,986,429	15,446,950	714,526	104,434,790	871,835,167
Profit after taxation for the financial year		-	-	-	-	19,744,497	19,744,497
Other comprehensive income for the financial year:-							
- fair value changes of available-for-sale financial assets		-	-	-	2,197,825	-	2,197,825
- transfer to profit or loss upon reinvestment		-	-	-	(2,912,351)	-	(2,912,351)
Total comprehensive income for the financial year		-	-	-	(714,526)	19,744,497	19,029,971
Distributions to owners of the Company:-							
- dividends	31	-	-	-	-	(22,537,167)	(22,537,167)
Balance at 31.12.2012		654,252,472	96,986,429	15,446,950	-	101,642,120	868,327,971

STATEMENTS OF CHANGES IN EQUITY (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

		< ---------- Non-distributable	----------	----------	---------- >		
		Share Capital				Distributable	
		Ordinary	Preference	Share	Fair Value	Retained	Total
		Shares	Shares	Premium	Reserve	Profits	Equity
The Company	Note	RM	RM	RM	RM	RM	RM
Balance at 31.12.2012/1.1.2013		654,252,472	96,986,429	15,446,950	-	101,642,120	868,327,971
Profit after taxation for the financial year		-	-	-	-	1,935,531	1,935,531
Other comprehensive income for the financial year:-							
- fair value changes of available-for-sale financial assets		-	-	-	102,055	-	102,055
- transfer to profit or loss upon reinvestment		-	-	-	(102,055)	-	(102,055)
Total comprehensive income for the financial year		-	-	-	-	1,935,531	1,935,531
Distributions to owners of the Company:-							
- dividends	31	-	-	-	-	(15,024,778)	(15,024,778)
Balance at 31.12.2013		654,252,472	96,986,429	15,446,950	-	88,552,873	855,238,724

RIMBUNAN SAWIT BERHAD
(Incorporated in Malaysia)
Company No: 691393 - U

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

	The Group		The Company	
	2013	**2012**	**2013**	**2012**
	RM	RM	RM	RM
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES				
(Loss)/profit before taxation	(2,893,149)	30,722,474	2,707,584	19,724,390
Adjustments for:-				
Amortisation of biological assets	27,093,043	25,940,650	-	-
Amortisation of intangible assets	200,415	128,579	115,410	17,851
Bad debts written off	846,229	-	-	-
Depreciation of property, plant and equipment	27,916,319	27,291,953	438,533	328,015
Dividend income	-	-	-	(19,198,500)
Interest expense	10,622,529	11,478,084	297,032	11,097
Interest income	(331,128)	(3,548,015)	(106,509)	(3,126,375)
Loss/(gain) on disposal of property, plant and equipment	569,878	(92,207)	2,653	703
Share of results in an associate	1,532,539	(597,927)	-	-
Operating profit/(loss) before working capital changes	65,556,675	91,323,591	3,454,703	(2,242,819)
Increase in inventories	(475,347)	(10,798,317)	-	-
(Increase)/decrease in trade and other receivables	(14,083,072)	2,091,846	(7,179,927)	282,859
(Decrease)/increase in trade and other payables	(17,081,219)	(31,397,358)	1,550,901	1,918,436
CASH FROM/(FOR) OPERATIONS	33,917,037	51,219,762	(2,174,323)	(41,524)
Income tax paid	(6,706,446)	(11,631,915)	(103,920)	(178,727)
Income tax refunded	2,439,514	-	42,350	-
Interest paid	(4,231,971)	(2,097,957)	(62,759)	-
Interest received	331,128	3,548,015	106,509	3,126,375
NET CASH FROM/(FOR) OPERATING ACTIVITIES/ BALANCE CARRIED FORWARD	25,749,262	41,037,905	(2,192,143)	2,906,124

STATEMENTS OF CASH FLOWS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

		The Group		The Company	
		2013	**2012**	**2013**	**2012**
	Note	RM	RM	RM	RM
NET CASH FROM/(FOR) OPERATING ACTIVITIES/ BALANCE BROUGHT FORWARD		25,749,262	41,037,905	(2,192,143)	2,906,124
CASH FLOWS FOR INVESTING ACTIVITIES					
Acquisition of subsidiaries, net of cash and cash equivalents acquired	32	-	(35,832,561)	-	(2)
Costs incurred on biological assets		(57,770,072)	(57,749,397)	-	-
Proceeds from disposal of intangible assets		-	21,308	-	-
Proceeds from disposal of property, plant and equipment		205,672	890,146	1,100	-
Purchase of intangible assets		(1,782,604)	(436,698)	(1,782,604)	(436,698)
Purchase of property, plant and equipment	33	(40,339,159)	(72,072,075)	(1,913,497)	(879,222)
Subscription of shares in subsidiaries		-	-	(99,998)	(1,500,000)
NET CASH FOR INVESTING ACTIVITIES		(99,686,163)	(165,179,277)	(3,794,999)	(2,815,922)
BALANCE CARRIED FORWARD		(73,936,901)	(124,141,372)	(5,987,142)	90,202

STATEMENTS OF CASH FLOWS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

		The Group		The Company	
		2013	**2012**	**2013**	**2012**
	Note	RM	RM	RM	RM
BALANCE BROUGHT FORWARD		(73,936,901)	(124,141,372)	(5,987,142)	90,202
CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES					
Net decrease/(increase) in amount owing by subsidiaries		-	-	3,850,265	(124,297,608)
Deposits and bank balances held on trust for Islamic securities investors		1,022,631	3,143,281	-	-
Dividend paid:-					
- by the Company	31	(15,024,778)	(22,537,167)	(15,024,778)	(22,537,167)
- by subsidiaries to non-controlling interests		-	(2,800,000)	-	-
Drawdown of term loans		70,369,563	76,961,460	-	-
Net of drawdown/(repayment) of bankers' acceptance		2,585,000	702,000	-	-
Net of drawdown/(repayment) of revolving credit		46,287,357	10,194,031	-	5,000,000
Net of drawdown/(repayment) of unsecured loans		-	(50,000,000)	-	-
Payment of interests on long-term borrowings		(15,918,917)	(15,535,665)	(234,273)	(11,097)
Repayment of advances from related parties		(5,100,000)	(1,250,000)	-	-
Repayment of hire purchase obligations		(3,461,425)	(2,586,309)	(131,105)	(124,911)
Repayment of Islamic securities		(30,650,000)	(31,950,000)	-	-
Repayment of term loans		(12,411,908)	(40,600,000)	-	-
NET CASH FROM/(FOR) FINANCING ACTIVITIES		37,697,523	(76,258,369)	(11,539,891)	(141,970,783)
NET DECREASE IN CASH AND CASH EQUIVALENTS/ BALANCE CARRIED FORWARD		(36,239,378)	(200,399,741)	(17,527,033)	(141,880,581)

STATEMENTS OF CASH FLOWS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

		The Group		The Company	
		2013	**2012**	**2013**	**2012**
	Note	RM	RM	RM	RM
NET DECREASE IN CASH AND CASH EQUIVALENTS/ BALANCE BROUGHT FORWARD		(36,239,378)	(200,399,741)	(17,527,033)	(141,880,581)
EFFECTS OF FAIR VALUE CHANGES IN SHORT-TERM INVESTMENTS		-	(714,526)	-	(714,526)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		(4,047,437)	197,066,830	16,528,211	159,123,318
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	34	(40,286,815)	(4,047,437)	(998,822)	16,528,211

1. GENERAL INFORMATION

The Company is a public company limited by shares and is incorporated under the Companies Act 1965 in Malaysia. The domicile of the Company is Malaysia. The registered office, which is also the principal place of business, is No. 85 & 86, Pusat Suria Permata, Jalan Upper Lanang 12A, 96000 Sibu, Sarawak.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 23 April 2014.

2. PRINCIPAL ACTIVITIES

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

3. BASIS OF PREPARATION

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

3. BASIS OF PREPARATION (CONT'D)

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

FRSs and IC Interpretations (Including the Consequential Amendments)

FRS 10 Consolidated Financial Statements

FRS 11 Joint Arrangements

FRS 12 Disclosure of Interests in Other Entities

FRS 13 Fair Value Measurement

FRS 119 (2011) Employee Benefits

FRS 127 (2011) Separate Financial Statements

FRS 128 (2011) Investments in Associates and Joint Ventures

Amendments to FRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities

Amendments to FRS 10, FRS 11 and FRS 12: Transition Guidance

Amendments to FRS 101: Presentation of Items of Other Comprehensive Income

IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine

Annual Improvements to FRSs (2012)

The adoption of the above accounting standards and interpretations (including the consequential amendments) did not have any material impact on the Group's financial statements except as follows:-

(a) FRS 12 is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. FRS 12 is a disclosure standard and requires extensive disclosures of which the additional disclosures are disclosed in Notes 5 and 6 to the financial statements.

(b) The amendments to FRS 101 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. In addition, items presented in other comprehensive income section are to be grouped based on whether they are potentially re-classifiable to profit or loss subsequently i.e. those that might be reclassified and those that will not be reclassified. Income tax on items of other comprehensive income is required to be allocated on the same basis. There is no financial impact on the financial statements of the Group upon its initial application other than the presentation format of the statements of profit or loss and other comprehensive income.

3. BASIS OF PREPARATION (CONT'D)

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

FRSs and IC Interpretations (Including the Consequential Amendments)	Effective Date
FRS 9 (2009) Financial Instruments	)
FRS 9 (2010) Financial Instruments	)
FRS 9 Financial Instruments (Hedge Accounting and Amendments to FRS 7, FRS 9 and FRS 139)	) To be announced) by MASB
Amendments to FRS 9 and FRS 7: Mandatory Effective Date of FRS 9 and Transition Disclosures	))
Amendments to FRS 10, FRS 12 and FRS 127 (2011): Investment Entities	1 January 2014
Amendments to FRS 119: Defined Benefit Plans – Employee Contributions	1 July 2014
Amendments to FRS 132: Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to FRS 136: Recoverable Amount Disclosures for Non-financial Assets	1 January 2014
Amendments to FRS 139: Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
IC Interpretation 21 Levies	1 January 2014
Annual Improvements to FRSs 2010 – 2012 Cycle	1 July 2014
Annual Improvements to FRSs 2011 – 2013 Cycle	1 July 2014

3. BASIS OF PREPARATION (CONT'D)

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

(a) FRS 9 (2009) introduces new requirements for the classification and measurement of financial assets. Subsequently, this FRS 9 was amended in year 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition (known as FRS 9 (2010)). Generally, FRS 9 replaces the parts of FRS 139 that relate to the classification and measurement of financial instruments. FRS 9 divides all financial assets into 2 categories – those measured at amortised cost and those measured at fair value, based on the entity's business model for managing its financial assets and the contractual cash flow characteristics of the instruments. For financial liabilities, the standard retains most of the FRS 139 requirement. An entity choosing to measure a financial liability at fair value will present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income rather than within profit or loss. There will be no material impact on the financial statements of the Group upon its initial application.

(b) The amendments to FRS 132 provide the application guidance for criteria to offset financial assets and financial liabilities. There will be no material impact on the financial statements of the Group upon its initial application.

(c) The amendments to FRS 136 remove the requirement to disclose the recoverable amount when a cash-generating unit contains goodwill or intangible assets with indefinite useful lives but there has been no impairment. Therefore, there will be no financial impact on the financial statements of the Group upon its initial application but may impact its future disclosures.

3.3 On 19 November 2011, MASB issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRSs") that are equivalent to International Financial Reporting Standards ("IFRS").

The MFRSs are to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 *Agriculture* and IC Interpretation 15 *Agreements for Construction of Real Estate*, including its parent, significant investor and venturer (herein called "Transitioning Entities"). The Group falls within the definition of Transitioning Entities and has elected to present its first MFRSs financial statements when the MFRS framework becomes mandatory. Currently, the MASB has not announced as to when the Transitioning Entities are mandated to comply with the MFRS framework. This is because of the revision in the project timeline on the issuance of new IFRS on Revenue and the proposed limited amendments to IAS 41 *Agriculture* by the International Accounting Standards Board. Accordingly, the Group is unable to assess the potential financial effects of the differences between the accounting standards under FRSs and the MFRSs.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

(a) Depreciation of Property, Plant and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(b) Income Taxes

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

(c) Impairment of Non-financial Assets

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

(d) Impairment of Trade and Other Receivables

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its loans and receivables financial assets and analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgement to evaluate the adequacy of the allowance for impairment losses. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation, such difference will impact the carrying value of receivables.

(e) Classification of Leasehold Land

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

(f) Impairment of Goodwill

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 December 2013.

Subsidiaries are entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

At the end of each reporting period, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity of the Group.

Upon the loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:-

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and

(ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 BASIS OF CONSOLIDATION (CONT'D)

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 139 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Business combinations from 1 January 2011 onwards

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

Business combinations before 1 January 2011

The acquisitions of Baram Trading Sdn Bhd and Nescaya Palma Sdn Bhd by the Company have been accounted for as a business combination among entities under common control. Accordingly, the financial statements of the Group have been consolidated using the merger method of accounting.

Under the merger method of accounting, the results of the subsidiaries are presented as if the merger had been effected throughout the current and previous financial years. The assets and liabilities combined are accounted based on the carrying amounts from the perspective of common control shareholders at the date of transfer. On consolidation, the cost of the merger is cancelled with the values of the shares received. Any resulting debit or credit difference is classified as a non-distributable reserve.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 BASIS OF CONSOLIDATION (CONT'D)

Business combinations before 1 January 2011 (cont'd)

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

Non-controlling interests are initially measured at their share of the fair values of the identifiable assets and liabilities of the acquiree at the date of acquisition.

4.3 GOODWILL

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

Business combinations from 1 January 2011 onwards

Under the acquisition method, any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interests recognised and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities at the date of acquisition is recorded as goodwill.

Where the latter amount exceeds the former, after reassessment, the excess represents a bargain purchase gain and is recognised as a gain in profit or loss.

Business combinations before 1 January 2011

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 FUNCTIONAL AND PRESENTATION CURRENCY

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

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

4.5 FINANCIAL INSTRUMENTS

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Assets

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

(i) Financial Assets at Fair Value through Profit or Loss

Financial assets are classified as financial assets at fair value through profit or loss when the financial asset is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established.

(ii) Held-to-maturity Investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the management has the positive intention and ability to hold to maturity. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment loss, with interest income recognised in profit or loss on an effective yield basis.

(iii) Loans and Receivables Financial Assets

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Assets (Cont'd)

(iv) Available-for-sale Financial Assets

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

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

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

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

(b) Financial Liabilities

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

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

(c) Equity Instruments

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

Ordinary Shares and Irredeemable Convertible Preference Shares ("ICPSs")

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 FINANCIAL INSTRUMENTS (CONT'D)

(d) 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.

(e) 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 specific debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

The Company designates corporate guarantees given to financial institutions for credit facilities granted to subsidiaries as insurance contracts as defined in FRS 4 *Insurance Contracts*. The Company recognises these corporate guarantees as liabilities when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

4.6 INVESTMENTS IN SUBSIDIARIES

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.7 INVESTMENTS IN ASSOCIATES

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

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

The investment in an associate is accounted for in the consolidated statement of financial position using the equity method, based on the financial statements of the associate made up to 31 December 2013. The Group's share of the post-acquisition profits and other comprehensive income of the associate is included in the consolidated statement of profit or loss and other comprehensive income, after adjustment if any, to align the accounting policies with those of the Group, from the date that significant influence commences up to the effective date on which significant influence ceases or when the investment is classified as held for sale. The Group's interest in the associate is carried in the consolidated statement of financial position at cost plus the Group's share of the post-acquisition retained profits and reserves. The cost of investment includes transaction costs.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation.

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

When the Group ceases to have significant influence over an associate and the retained interest in the former associate is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as the initial carrying amount of the financial asset in accordance with FRS 139. Furthermore, the Group also reclassifies its share of the gain or loss previously recognised in other comprehensive income of that associate to profit or loss when the equity method is discontinued. However, the Group will continue to use the equity method if the dilution does not result in a loss of significant influence or when an investment in a joint venture becomes an investment in an associate. Under such changes in ownership interest, the retained investment is not remeasured to fair value but a proportionate share of the amounts previously recognised in other comprehensive income of the associate will be reclassified to profit or loss where appropriate. All dilution gains or losses arising in investments in associates are recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.8 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation is charged to profit or loss (unless it is included in the carrying amount of another asset) on the straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Land and buildings	Over the lease period of 60 years and 5%
Leasehold land	Over the lease periods of 43 to 86 years
Buildings, drainage and roads	4% - 20%
Nursery irrigation systems	7½ - 10%
Motor vehicles, plant and machinery	7½ - 25%
Equipment and furniture	10% - 100%

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

Capital work-in-progress represents assets under construction, and which are not ready for commercial use at the end of the reporting period. Capital work-in-progress is stated at cost, and is transferred to the relevant category of assets and depreciated accordingly when the assets are completed and ready for commercial use.

Cost of capital work-in-progress includes direct cost, related expenditure and interest cost on borrowings taken to finance the acquisition of the assets to the date that the assets are completed and put into use.

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.9 INTANGIBLE ASSETS

(a) Computer Software

Computer software is initially capitalised at cost which includes the purchase price (net of any discounts and rebates) and other directly attributable cost of preparing the asset for its intended use. Direct expenditure, which enhances or extends the performance of computer software beyond its specifications and which can be reliably measured, is recognised as capital improvement and added to the original cost of the software. Costs associated with maintaining the computer software are recognised as an expense as incurred.

Capitalised computer software is subsequently carried at cost less accumulated amortisation and impairment losses, if any. These costs are amortised on a straight-line basis over their estimated useful lives of 5 to 10 years.

Gains or losses arising from derecognition of computer software are measured as the difference between the net disposal proceeds and the carrying amount of the assets and are recognised in profit or loss when the assets are derecognised.

(b) Commercial Rights on Licence for Planted Forest ("LPF")

Commercial rights on LPF represents rights granted to the Group to plant trees on licensed area, which will expire in March 2064.

The rights acquired by the Group are stated at cost less accumulated amortisation and impairment losses, if any. The cost is amortised on a straight-line basis over the remaining term of the licence of 55 years at the date of acquisition.

4.10 BIOLOGICAL ASSETS

Biological assets are stated at cost less accumulated amortisation and impairment losses, if any.

Planting expenditure incurred on land clearing, upkeep of immature trees, administrative expenses directly attributable to tree planting and interest incurred during the pre-cropping period is capitalised at cost as biological assets. Upon maturity, all subsequent maintenance expenditure is recognised in profit or loss. Pre-cropping cost is accounted for as follows:-

(a) Oil palm and rubber plantation – amortised on a straight-line basis over 25 years, the expected useful life of oil palm and rubber trees, upon maturity.

(b) Gaharu plantation – recognised in profit or loss upon harvesting of gaharu trees.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.11 IMPAIRMENT

(a) Impairment of Financial Assets

All financial assets (other than those categorised at fair value through profit or loss), are assessed at the end of each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. For an equity instrument, a significant or prolonged decline in the fair value below its cost is considered to be objective evidence of impairment.

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

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

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. In respect of available-for-sale equity instruments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss made is recognised in other comprehensive income.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.11 IMPAIRMENT (CONT'D)

(b) Impairment of Non-Financial Assets

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

An impairment loss is recognised in profit or loss.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately.

4.12 ASSETS UNDER HIRE PURCHASE AND OBLIGATIONS UNDER IJARAH ARRANGEMENTS

Assets acquired under hire purchase are capitalised in the financial statements at the lower of the fair value of the leased assets and the present value of the minimum lease payments and, are depreciated in accordance with the policy set out in Note 4.8 above. Each hire purchase payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. Finance charges are recognised in profit or loss over the period of the respective hire purchase agreements.

Obligations under Ijarah arrangements are treated as a sale and leaseback finance lease, where under the Ijarah arrangements, the Group sells the beneficial interest of an underlying asset, while retaining the bare ownership. At the same time, the Group contracts to Ijarah the beneficial interest back from the other party. The net effect is that the Group retains ownership of the underlying asset; the usufruct, initially sold, is immediately re-acquired by the Group.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.13 INVENTORIES

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

(a) Processed inventories – cost of raw materials, direct labour, and an appropriate proportion of production overheads, determined on a first-in first-out basis.

(b) Nursery inventories – all costs that are directly attributable to the nursery development activities.

(c) Sundry stores and consumables – original cost of purchase, determined on a weighted average basis.

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

4.14 INCOME TAXES

Income tax for the year comprises current and deferred tax.

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

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

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.14 INCOME TAXES (CONT'D)

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

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity and deferred tax arising from a business combination is included in the resulting goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs.

4.15 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, bank overdrafts and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturities period three months or less.

4.16 PROVISIONS

Provisions are recognised when the Group has a present obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation. The unwinding of the discount is recognised as interest expense in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.17 EMPLOYEE BENEFITS

(a) Short-term Benefits

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are measured on an undiscounted basis and are recognised in profit or loss and included in the biological assets, where appropriate, in the period in which the associated services are rendered by employees of the Group.

(b) Defined Contribution Plans

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

4.18 RELATED PARTIES

A party is related to an entity (referred to as the "reporting entity") if:-

(a) A person or a close member of that person's family is related to a reporting entity if that person:-

- (i) has control or joint control over the reporting entity;
- (ii) has significant influence over the reporting entity; or
- (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(b) An entity is related to a reporting entity if any of the following conditions applies:-

- (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
- (vi) The entity is controlled or jointly controlled by a person identified in (a) above.
- (vii) A person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.19 CONTINGENT LIABILITIES

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

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

4.20 FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;

Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.21 REVENUE AND OTHER INCOME

(a) Sale of Goods

Revenue is measured at fair value of the consideration received or receivable and is recognised upon delivery of goods and customers' acceptance and where applicable, net of returns and trade discounts.

(b) Services

Revenue is recognised upon the rendering of services and when the outcome of the transaction can be estimated reliably. In the event the outcome of the transaction could not be estimated reliably, revenue is recognised to the extent of the expenses incurred that are recoverable.

(c) Interest Income

Interest income is recognised on an accrual basis using the effective interest method.

(d) Dividend Income

Dividend income from investment is recognised when the right to receive dividend payment is established.

(e) Rental Income

Rental income is recognised on an accrual basis.

4.22 OPERATING SEGMENTS

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.23 CONTINGENT ASSETS

A contingent asset is a probable asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group.

4.24 BORROWING COSTS

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

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

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

5. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2013 RM	**2012** RM
Unquoted shares, at cost	435,249,646	435,149,648

The details of the subsidiaries are as follows:-

Name of Subsidiary	Country of Incorporation	Effective Equity Interest 2013 %	2012 %	Principal Activities
Baram Trading Sdn Bhd	Malaysia	85	85	Cultivation of oil palm
Burung Tiong Helicopter Sdn Bhd	Malaysia	85	85	Aircraft operations and services
Formasi Abadi Sdn Bhd^	Malaysia	100	100	Cultivation of oil palm
Jayamax Plantation Sdn Bhd	Malaysia	100	100	Cultivation of oil palm
Lumiera Enterprise Sdn Bhd	Malaysia	100	100	Cultivation of oil palm
Midas Plantation Sdn Bhd*	Malaysia	100	100	Special purpose vehicle to facilitate the issuance of Islamic securities
Nescaya Palma Sdn Bhd	Malaysia	100	100	Cultivation of oil palm
Novelpac-Puncakdana Plantation Sdn Bhd	Malaysia	100	100	Cultivation of oil palm
Pelita-Splendid Plantation Sdn Bhd#	Malaysia	70	70	Cultivation of oil palm
PJP Pelita Biawak Plantation Sdn Bhd#	Malaysia	85	85	Cultivation of oil palm
PJP Pelita Ekang-Banyok Plantation Sdn Bhd	Malaysia	60	60	Cultivation of oil palm
PJP Pelita Lundu Plantation Sdn Bhd	Malaysia	60	60	Cultivation of oil palm

5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

The details of the subsidiaries are as follows (cont'd):-

Name of Company	Country of Incorporation	Effective Equity Interest 2013 %	Effective Equity Interest 2012 %	Principal Activities
PJP Pelita Selangau Plantation Sdn Bhd#	Malaysia	60	60	Cultivation of oil palm
PJP Pelita Ulu Teru Plantation Sdn Bhd#	Malaysia	60	60	Cultivation of oil palm
R.H. Plantation Sdn Bhd	Malaysia	100	100	Cultivation of oil palm and operation of palm oil mill
Rimbunan Sawit Holdings Sdn Bhd (formerly known as Rimbunan Sawit Holdings Berhad)	Malaysia	100	100	Investment holding
RSB Palm Oil Mill Sdn Bhd	Malaysia	100	100	Dormant
Timrest Sdn Bhd	Malaysia	100	100	Cultivation of oil palm
Woodijaya Sdn Bhd	Malaysia	100	100	Cultivation of oil palm

^ *This subsidiary is held through Nescaya Palma Sdn Bhd.*

* *This subsidiary is held through Rimbunan Sawit Holdings Sdn Bhd (formerly known as Rimbunan Sawit Holdings Berhad).*

These subsidiaries were audited by other firms of chartered accountants.

5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(a) The non-controlling interests at the end of the reporting period comprise the following:-

	The Group	
	2013 RM	**2012** RM
PJP Pelita Biawak Plantation Sdn Bhd ("Biawak")	9,841,831	10,009,655
PJP Pelita Lundu Plantation Sdn Bhd ("Lundu")	44,874,534	44,821,384
PJP Pelita Selangau Plantation Sdn Bhd ("Selangau")	5,566,386	7,191,165
PJP Pelita Ulu Teru Plantation Sdn Bhd ("Ulu Teru")	8,266,683	10,089,408
Other individually immaterial subsidiaries	4,451,596	4,977,287
	73,001,030	77,088,899

(b) The summarised financial information (before intra-group elimination) for each subsidiary that has non-controlling interests that are material to the Group is as follows:-

	Biawak	
	2013 RM	**2012** RM
<u>At 31 December</u>		
Non-current assets	97,849,952	101,473,200
Current assets	2,499,251	2,250,653
Non-current liabilities	(20,599,056)	(26,132,825)
Current liabilities	(14,137,941)	(10,859,996)
Net assets	65,612,206	66,731,032
<u>Financial year ended 31 December</u>		
Revenue	13,721,369	16,991,418
(Loss)/profit for the financial year	(1,118,826)	214,185
Total comprehensive income	(1,118,826)	214,185
Total comprehensive income attributable to non-controlling interests	(167,824)	32,128
Dividends paid to non-controlling interests	-	-
Net cash flows from operating activities	2,869,058	5,944,837
Net cash flows for investing activities	(1,284,668)	(2,237,782)
Net cash flows for financing activities	(1,565,594)	(3,684,948)

5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(b) The summarised financial information (before intra-group elimination) for each subsidiary that has non-controlling interests that are material to the Group is as follows (cont'd):-

	Lundu	
	2013	**2012**
	RM	RM
At 31 December		
Non-current assets	147,869,820	156,610,983
Current assets	6,629,333	4,504,923
Non-current liabilities	(34,546,004)	(37,480,676)
Current liabilities	(7,766,817)	(11,581,772)
Net assets	112,186,332	112,053,458
Financial year ended 31 December		
Revenue	30,565,531	37,525,655
Profit for the financial year	132,874	3,119,929
Total comprehensive income	132,874	3,119,929
Total comprehensive income attributable to non-controlling interests	53,150	1,247,972
Dividends paid to non-controlling interests	-	(2,800,000)
Net cash flows from operating activities	1,032,969	8,002,114
Net cash flows for investing activities	(1,012,824)	(3,669,223)
Net cash flows for financing activities	(61,441)	(4,195,508)

5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(b) The summarised financial information (before intra-group elimination) for each subsidiary that has non-controlling interests that are material to the Group is as follows (cont'd):-

	Selangau	
	2013	**2012**
	RM	RM
<u>At 31 December</u>		
Non-current assets	85,205,425	86,382,828
Current assets	3,581,745	2,252,372
Non-current liabilities	(2,625,557)	(3,639,372)
Current liabilities	(72,245,649)	(67,017,917)
Net assets	13,915,964	17,977,911
<u>Financial year ended 31 December</u>		
Revenue	9,445,038	13,745,901
Loss for the financial year	(4,061,947)	(2,742,841)
Total comprehensive income	(4,061,947)	(2,742,841)
Total comprehensive income attributable to non-controlling interests	(1,624,779)	(1,097,136)
Dividends paid to non-controlling interests	-	-
Net cash flows for operating activities	(2,344,498)	(3,555,332)
Net cash flows for investing activities	(3,909,759)	(2,391,492)
Net cash flows from financing activities	6,331,403	5,963,793

5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(b) The summarised financial information (before intra-group elimination) for each subsidiary that has non-controlling interests that are material to the Group is as follows (cont'd):-

	Ulu Teru	
	2013	**2012**
	RM	RM
<u>At 31 December</u>		
Non-current assets	122,591,651	109,246,451
Current assets	4,686,261	3,356,697
Non-current liabilities	(45,493,548)	(19,807,342)
Current liabilities	(61,117,657)	(67,572,287)
Net assets	20,666,707	25,223,519
<u>Financial year ended 31 December</u>		
Revenue	4,676,048	4,407,072
Loss for the financial year	(4,556,812)	(3,433,248)
Total comprehensive income	(4,556,812)	(3,433,248)
Total comprehensive income attributable to non-controlling interests	(1,822,725)	(1,373,299)
Dividends paid to non-controlling interests	-	-
Net cash flows for operating activities	(8,012,717)	(348,985)
Net cash flows for investing activities	(14,092,558)	(20,322,153)
Net cash flows from financing activities	22,068,934	16,345,774

6. INVESTMENT IN AN ASSOCIATE

	The Group		The Company	
	2013 RM	**2012** RM	**2013** RM	**2012** RM
Unquoted shares, at cost	25,137,296	25,137,296	25,137,296	25,137,296
Share of post-acquisition reserves	(282,016)	1,250,523	-	-
	24,855,280	26,387,819	25,137,296	25,137,296

The details of the associate are as follows:-

Name of Associate	Country of Incorporation	Effective Equity Interest 2013 %	Effective Equity Interest 2012 %	Principal Activities
Lubuk Tiara Sdn Bhd#	Malaysia	44	44	Cultivation of oil palm

\# *The associate was audited by other firms of chartered accountants.*

(a) The Group recognised its share of results in the associate based on the unaudited financial statements drawn up to 31 December 2013.

6. INVESTMENT IN AN ASSOCIATE

(b) The summarised unaudited financial information (after any fair value adjustment at acquisition date) for the associate is as follows:-

	Lubuk Tiara Sdn Bhd	
	2013	**2012**
	RM	RM
At 31 December		
Non-current assets	120,787,186	120,030,816
Current assets	5,538,575	2,002,279
Non-current liabilities	(74,384,632)	(79,651,348)
Current liabilities	(33,220,070)	(20,177,644)
Net assets	18,721,059	22,204,103
Financial year ended 31 December		
Revenue	17,729,419	17,745,517
(Loss)/profit for the financial year	(3,483,044)	1,358,925
Total comprehensive income	(3,483,044)	1,358,925
Group's share of (loss)/profit for the financial year	(1,532,539)	597,927
Group's share of other comprehensive income	-	-
Dividend received	-	-
Reconciliation of net assets to carrying amount		
Group's share of net assets	8,237,266	9,769,805
Goodwill	16,618,014	16,618,014
Carrying amount of the Group's interests in the associate	24,855,280	26,387,819

7. PROPERTY, PLANT AND EQUIPMENT

The Group	At 1.1.2013 RM	Additions RM	Disposals RM	Reclassifi-cations RM	Depreciation Charge RM	At 31.12.2013 RM
Net Book Value						
Land and buildings	2,894,551	-	-	-	(194,547)	2,700,004
Leasehold land	207,301,826	-	-	-	(4,208,502)	203,093,324
Buildings, drainage and roads	385,630,335	18,889,517	(351,857)	6,998,657	(18,463,782)	392,702,870
Nursery irrigation systems	19,411	-	(6,096)	177,033	(12,237)	178,111
Motor vehicles, plant and machinery	28,708,501	1,834,657	(350,257)	1,644,814	(9,353,643)	22,484,072
Equipment and furniture	4,613,598	2,079,871	(64,877)	4,730	(1,360,132)	5,273,190
Capital work-in-progress	18,070,736	18,347,675	(2,463)	(8,825,234)	-	27,590,714
	647,238,958	41,151,720	(775,550)	-	(33,592,843)	654,022,285

7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Group	At 1.1.2012 RM	Acquisition of Subsidiaries (Note 32) RM	Additions RM	Disposals RM	Reclassifi-cations RM	Depreciation Charge RM	At 31.12.2012 RM
Net Book Value							
Land and buildings	2,962,128	-	20,280	-	-	(87,857)	2,894,551
Leasehold land	175,986,322	35,000,000	-	-	-	(3,684,496)	207,301,826
Buildings, drainage and roads	350,394,211	-	44,728,635	(5,757)	7,548,625	(17,035,379)	385,630,335
Nursery irrigation systems	59,265	-	-	(1,005)	-	(38,849)	19,411
Motor vehicles, plant and machinery	26,696,651	-	10,692,169	(344,402)	1,302,110	(9,638,027)	28,708,501
Equipment and furniture	4,990,807	-	2,262,597	(446,775)	(537,172)	(1,655,859)	4,613,598
Capital work-in-progress	8,639,485	-	17,744,814	-	(8,313,563)	-	18,070,736
	569,728,869	35,000,000	75,448,495	(797,939)	-	(32,140,467)	647,238,958

7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Group	At Cost RM	Accumulated Depreciation RM	Net Book Value RM
2013			
Land and buildings	3,406,273	(706,269)	2,700,004
Leasehold land	220,999,483	(17,906,159)	203,093,324
Buildings, drainage and roads	501,635,732	(108,932,862)	392,702,870
Nursery irrigation systems	661,340	(483,229)	178,111
Motor vehicles, plant and machinery	91,546,542	(69,062,470)	22,484,072
Equipment and furniture	14,468,414	(9,195,224)	5,273,190
Capital work-in-progress	27,590,714	-	27,590,714
	860,308,498	(206,286,213)	654,022,285
2012			
Land and buildings	3,406,273	(511,722)	2,894,551
Leasehold land	220,999,483	(13,697,657)	207,301,826
Buildings, drainage and roads	476,237,553	(90,607,218)	385,630,335
Nursery irrigation systems	497,607	(478,196)	19,411
Motor vehicles, plant and machinery	90,066,881	(61,358,380)	28,708,501
Equipment and furniture	12,798,046	(8,184,448)	4,613,598
Capital work-in-progress	18,070,736	-	18,070,736
	822,076,579	(174,837,621)	647,238,958

7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Company	At 1.1.2013 RM	Additions RM	Disposals RM	Depreciation Charge RM	At 31.12.2013 RM
Net Book Value					
Buildings	47,994	-	-	(5,097)	42,897
Motor vehicles	415,766	266,901	-	(170,666)	512,001
Equipment and furniture	675,868	846,704	(3,753)	(262,770)	1,256,049
Capital work-in-progress	-	799,892	-	-	799,892
	1,139,628	1,913,497	(3,753)	(438,533)	2,610,839

The Company	At 1.1.2012 RM	Additions RM	Disposals RM	Depreciation Charge RM	At 31.12.2012 RM
Net Book Value					
Buildings	-	50,967	-	(2,973)	47,994
Motor vehicles	495,355	130,355	-	(209,944)	415,766
Equipment and furniture	93,769	697,900	(703)	(115,098)	675,868
	589,124	879,222	(703)	(328,015)	1,139,628

The Company	At Cost RM	Accumulated Depreciation RM	Net Book Value RM
2013			
Buildings	50,967	(8,070)	42,897
Motor vehicles	1,557,617	(1,045,616)	512,001
Equipment and furniture	1,699,742	(443,693)	1,256,049
Capital work-in-progress	799,892	-	799,892
	4,108,218	(1,497,379)	2,610,839
2012			
Buildings	50,967	(2,973)	47,994
Motor vehicles	1,290,716	(874,950)	415,766
Equipment and furniture	857,368	(181,500)	675,868
	2,199,051	(1,059,423)	1,139,628

7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(a) Included in the depreciation charge of the Group for the financial year is an amount of RM5,676,524 (2012: RM4,848,514), which is capitalised under biological assets.

(b) Included in the property, plant and equipment of the Group and of the Company at the end of the reporting period are motor vehicles, plant and machinery with a total net book value of RM4,530,134 (2012:RM7,178,078) and RM194,667 (2012: RM267,667) respectively, which are acquired under hire purchase terms.

(c) The net book value of property, plant and equipment pledged to licensed banks as security for banking facilities granted to the Group (Note 21) is as follows:-

	The Group	
	2013	**2012**
	RM	RM
Leasehold land	123,200,367	123,518,078
Buildings, drainage and roads	248,261,163	215,865,580
Nursery irrigation systems	2,554	-
Capital work-in-progress	13,659,896	10,314,546
	385,123,980	349,698,204

(d) The net book value of property, plant and equipment held under Ijarah arrangements (Note 23) is as follows:-

	The Group	
	2013	**2012**
	RM	RM
Leasehold land	15,112,002	25,487,619
Buildings, drainage and roads	33,598,860	67,003,425
Nursery irrigation systems	-	6,539
Capital work-in-progress	3,361,173	5,891,857
	52,072,035	98,389,440

7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(e) The leasehold land of the Group at the end of the reporting period is analysed as follows:-

	The Group	
	2013	**2012**
	RM	RM
Unexpired period of less than 50 years	135,738,334	138,688,118
Unexpired period of more than 50 years	67,354,990	68,613,708
	203,093,324	207,301,826

8. INTANGIBLE ASSETS

The Group	At 1.1.2013 RM	Additions RM	Amortisation Charge RM	At 31.12.2013 RM
Net Book Value				
Computer software	512,032	1,234,031	(149,387)	1,596,676
Commercial rights on LPF	22,630,887	-	(412,095)	22,218,792
Capital work-in-progress	-	548,573	-	548,573
	23,142,919	1,782,604	(561,482)	24,364,041

The Group	At 1.1.2012 RM	Additions RM	Disposals RM	Amortisation Charge RM	At 31.12.2012 RM
Net Book Value					
Computer software	219,105	436,698	(21,308)	(122,463)	512,032
Commercial rights on LPF	23,042,982	-	-	(412,095)	22,630,887
	23,262,087	436,698	(21,308)	(534,558)	23,142,919

8. INTANGIBLE ASSETS (CONT'D)

The Group	At Cost RM	Accumulated Amortisation RM	Net Book Value RM
2013			
Computer software	2,317,023	(720,347)	1,596,676
Commercial rights on LPF	23,592,442	(1,373,650)	22,218,792
Capital work-in-progress	548,573	-	548,573
	26,458,038	(2,093,997)	24,364,041
2012			
Computer software	1,082,992	(570,960)	512,032
Commercial rights on LPF	23,592,442	(961,555)	22,630,887
	24,675,434	(1,532,515)	23,142,919

The Company	At 1.1.2013 RM	Additions RM	Amortisation Charge RM	At 31.12.2013 RM
Net Book Value				
Computer software	438,032	1,234,031	(115,410)	1,556,653
Capital work-in-progress	-	548,573	-	548,573
	438,032	1,782,604	(115,410)	2,105,226

The Company	At 1.1.2012 RM	Additions RM	Amortisation Charge RM	At 31.12.2012 RM
Net Book Value				
Computer software	19,185	436,698	(17,851)	438,032

The Company	At Cost RM	Accumulated Amortisation RM	Net Book Value RM
2013			
Computer software	1,716,467	(159,814)	1,556,653
Capital work-in-progress	548,573	-	548,573
	2,265,040	(159,814)	2,105,226

8. INTANGIBLE ASSETS (CONT'D)

The Company	At Cost RM	Accumulated Amortisation RM	Net Book Value RM
2012			
Computer software	482,436	(44,404)	438,032

(a) Included in the amortisation charge of the Group for the financial year is an amount of RM361,067 (2012: RM405,979), which is capitalised under biological assets.

(b) Commercial rights on LPF are rights conferred upon the Group to plant trees under the Tree Planting Plan. The licence will expire in March 2064.

The Tree Planting Plan has been approved and incorporated the planting of oil palm for a maximum period of 25 years (with 17 years remaining at the end of the reporting period). Upon expiry of the said period of 25 years, the licensed area where oil palm is permitted to be cultivated shall be planted with trees other than oil palm.

9. BIOLOGICAL ASSETS

The Group	At 1.1.2013 RM	Additions RM	Amortisation Charge RM	At 31.12.2013 RM
Net Book Value				
Oil palm plantation	712,687,670	68,649,715	(27,093,043)	754,244,342
Gaharu plantation	1,916,769	2,429,511	-	4,346,280
Rubber plantation	1,399,793	2,256,796	-	3,656,589
	716,004,232	73,336,022	(27,093,043)	762,247,211

The Group	At 1.1.2012 RM	Additions RM	Amortisation Charge RM	At 31.12.2012 RM
Net Book Value				
Oil palm plantation	672,252,699	66,375,621	(25,940,650)	712,687,670
Gaharu plantation	396,196	1,520,573	-	1,916,769
Rubber plantation	136,559	1,263,234	-	1,399,793
	672,785,454	69,159,428	(25,940,650)	716,004,232

9. BIOLOGICAL ASSETS (CONT'D)

The Group	At Cost RM	Accumulated Amortisation RM	Net Book Value RM
2013			
Oil palm plantation	903,586,069	(149,341,727)	754,244,342
Gaharu plantation	4,346,280	-	4,346,280
Rubber plantation	3,656,589	-	3,656,589
	911,588,938	(149,341,727)	762,247,211
2012			
Oil palm plantation	834,936,354	(122,248,684)	712,687,670
Gaharu plantation	1,916,769	-	1,916,769
Rubber plantation	1,399,793	-	1,399,793
	838,252,916	(122,248,684)	716,004,232

(a) The biological assets include the following expenses:-

	The Group	
	2013 RM	**2012** RM
Amortisation of intangible assets	361,067	405,979
Depreciation of property, plant and equipment	5,676,524	4,848,514
Finance costs:-		
- bank overdrafts	945,739	684,939
- hire purchase obligations	84,694	84,592
- revolving credit	601,357	-
- term loans	7,159,638	4,453,648
- unsecured loans	592,192	762,025
- others	144,739	170,334
Hiring of equipment and machinery	22,711	31,455
Rental of premises	92,796	68,535
Staff costs:-		
- short-term benefits	5,371,444	4,913,490
- defined contribution plans	667,090	586,732

(b) The net book value of biological assets pledged to licensed banks as security for banking facilities granted to the Group (Note 21) is RM492,607,712 (2012: RM441,684,597).

(c) The net book value of biological assets held under Ijarah arrangements (Note 23) is RM103,200,432 (2012: RM125,393,716).

10. GOODWILL

	The Group	
	2013	**2012**
	RM	RM
At 1 January	64,740,461	54,044,698
Acquisition of subsidiaries (Note 32)	-	10,695,763
At 31 December	64,740,461	64,740,461

Goodwill acquired through business combination has been allocated to the Group's oil palm plantation cash-generating unit.

The Group has assessed the recoverable amount of goodwill allocated and determined that no impairment is required. The recoverable amount of the cash-generating unit is determined using the value-in-use approach, and this is derived from the present value of the future cash flows from the cash-generating unit computed based on the projections of financial budgets approved by the management covering a period of 5 years. The key assumptions used in the determination of the recoverable amount are as follows:-

(a) Discount rate (pre-tax) – an estimate of pre-tax rate that reflects specific risks relating to oil palm plantation, which is 10.50% (2012: 10.50%) per annum.

(b) Growth rate – management's estimate of commodity prices, oil palm yields and oil extraction rates.

(c) Selling prices of fresh fruit bunches – an estimate based on expectations of future changes in the market.

(d) Development and direct costs – an estimate based on past practices and experience.

11. DEFERRED TAX

	The Group		The Company	
	2013 RM	**2012** RM	**2013** RM	**2012** RM
At 1 January	150,369,239	139,732,282	(270,158)	(227,324)
Acquisition of subsidiaries (Note 32)	-	8,040,862	-	-
Recognised in profit or loss (Note 29)	(6,076,123)	2,596,095	602,376	(42,834)
At 31 December	144,293,116	150,369,239	332,218	(270,158)

The deferred tax is attributable to the following:-

	The Group		The Company	
	2013 RM	**2012** RM	**2013** RM	**2012** RM
Property, plant and equipment, intangible and biological assets	269,174,832	261,466,567	332,218	166,444
Unused tax losses	(42,602,635)	(38,989,617)	-	(354,189)
Unabsorbed agriculture/capital allowance	(82,279,081)	(72,107,711)	-	(82,413)
At 31 December	144,293,116	150,369,239	332,218	(270,158)

Deferred tax liabilities and assets are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred tax relates to the same taxation authority. The amounts determined after appropriate offsetting are included in the statements of financial position as follows:-

	The Group		The Company	
	2013 RM	**2012** RM	**2013** RM	**2012** RM
Deferred tax liabilities	149,709,194	155,301,141	332,218	-
Deferred tax assets	(5,416,078)	(4,931,902)	-	(270,158)
	144,293,116	150,369,239	332,218	(270,158)

11. DEFERRED TAX (CONT'D)

No deferred tax assets are recognised in respect of the following items as it is not probable that taxable profits of the subsidiaries will be available against which the carryforward tax losses and tax credits can be utilised:-

	The Group	
	2013	**2012**
	RM	RM
Unused tax losses	-	45,362
Unabsorbed capital allowance	138,886	103,970
	138,886	149,332

12. INVENTORIES

	The Group	
	2013	**2012**
	RM	RM
At cost:-		
Processed inventories	8,687,585	10,908,008
Nursery inventories	16,970,927	12,870,431
Sundry stores and consumables	10,848,597	12,253,323
	36,507,109	36,031,762

13. TRADE RECEIVABLES

	The Group	
	2013	**2012**
	RM	RM
Trade receivables:-		
- third parties	8,979,970	4,401,634
- related parties	7,205,917	7,004,122
	16,185,887	11,405,756

The Group's normal trade credit term is 45 (2012: 45) days.

14. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2013	**2012**	**2013**	**2012**
	RM	RM	RM	RM
Other receivables:-				
- third parties	1,534,491	2,175,963	2,317	3,313
- related parties	13,765,732	4,153,142	7,635,516	98,722
	15,300,223	6,329,105	7,637,833	102,035
Deposits	377,884	534,836	77,020	205,340
Prepayments	5,559,339	5,916,793	139,881	367,432
	21,237,446	12,780,734	7,854,734	674,807

The amount owing by related parties of the Group includes:-

(a) an amount of RM1,443,158 (2012: RM1,797,586), which is retention amount receivable under Ijarah arrangements; and

(b) an amount of RM39,903 (2012: RM45,129), which is repo profits receivable on the retention amount.

All other amounts are unsecured, interest-free and repayable on demand.

15. AMOUNT OWING BY/(TO) SUBSIDIARIES

The amount owing represents unsecured interest-free advances and payments made on behalf. The amounts owing are repayable on demand and are to be settled in cash.

16. SHORT-TERM INVESTMENTS

	The Group/The Company	
	2013	**2012**
	RM	RM
At fair value:-		
Unquoted money market fund unit trusts in Malaysia	-	17,573,451

Short-term investments were designated as available-for-sale financial assets and were measured at fair value.

17. ISLAMIC DEPOSITS

The Islamic deposits of the Group at the end of the reporting period were held on trust for the benefits of the Islamic securities investors.

The deposits earned interest at rates ranging from 2.90% to 3.20% (2012: 3.10% to 3.20%) per annum and had maturity period of 188 (2012: 183 to 188) days.

18. CASH AND BANK BALANCES

Included in the cash and bank balances of the Group at the end of the reporting period was an amount of NIL (2012: RM1,937), which was held on trust for the benefits of the Islamic securities investors.

19. SHARE CAPITAL

The movements in the authorised and paid-up share capital of the Company are as follows:-

	The Group/The Company			
	2013	**2012**	**2013**	**2012**
	Number of Shares		RM	RM
Authorised				
Ordinary shares of RM0.50 each	2,200,000,000	2,200,000,000	1,100,000,000	1,100,000,000
ICPS of RM0.50 each	300,000,000	300,000,000	150,000,000	150,000,000
	2,500,000,000	2,500,000,000	1,250,000,000	1,250,000,000
Issued and Fully Paid-up				
Ordinary shares of RM0.50 each	1,308,504,944	1,308,504,944	654,252,472	654,252,472
ICPS of RM0.50 each	193,972,857	193,972,857	96,986,429	96,986,429
	1,502,477,801	1,502,477,801	751,238,901	751,238,901

19. SHARE CAPITAL (CONT'D)

The salient features of the ICPS are as follows:-

(i)	Dividend	The ICPS holders are entitled to any dividend declared or paid ranking pari passu with ordinary shares, payable on the date dividends are paid on the ordinary shares. The ICPS holders shall not be entitled to any other rights, allotments, and/or other distributions that may be declared by the Company.
(ii)	Maturity	The maturity date is the tenth anniversary date of the issue date of the ICPS. The ICPS were issued on 1 October 2010.
(iii)	Conversion	The ICPS shall be converted at the option of the ICPS holders into ordinary shares of the Company at any time up to the maturity date. The ICPS are not redeemable for cash. All outstanding ICPS are mandatorily converted into new ordinary shares upon maturity. One ICPS shall be converted into 3.78 new ordinary shares.
(iv)	Ranking	All new ordinary shares issued upon conversion of the ICPS shall rank pari passu with all existing ordinary shares of the Company except that they shall not be entitled to any dividends, rights, allotments and/or other distributions that may be declared, the entitlement date of which is prior to the date of allotment of the said new ordinary shares.
(v)	Voting right	The ICPS holders shall have no right to vote at any general meeting of the Company except on resolutions to amend the ICPS holders' rights, to commence dissolution of the Company, or when dividend on the ICPS is in arrears for more than six months.
(vi)	Further participation	The ICPS holders shall not be entitled to participate in the profit or surplus assets of the Company.

20. RESERVES

	The Group		The Company	
	2013 RM	**2012** RM	**2013** RM	**2012** RM
Non-distributable reserves:-				
- share premium	15,446,950	15,446,950	15,446,950	15,446,950
- merger reserve	(53,065,553)	(53,065,553)	-	-
	(37,618,603)	(37,618,603)	15,446,950	15,446,950
Distributable reserves:-				
- retained profits	155,920,602	168,749,896	88,552,873	101,642,120
	118,301,999	131,131,293	103,999,823	117,089,070

(a) The share premium is not distributable by way of dividends and may be utilised in the manner set out in Section 60(3) of the Companies Act 1965.

(b) The merger reserve arose from the difference between the fair value of the consideration paid for the purchase of subsidiaries under common control and the nominal value of shares of the subsidiaries upon consolidation using merger accounting principles.

(c) Under the single tier tax system, tax on the Company's profits is the final tax and accordingly, any dividends to the shareholders are not subject to tax.

21. BORROWINGS

	The Group		The Company	
	2013	**2012**	**2013**	**2012**
	RM	RM	RM	RM
Long-term borrowings:-				
- hire purchase obligations (Note 22)	489,989	1,921,227	-	33,724
- Islamic securities and obligations under Ijarah arrangements (Note 23)	-	7,650,000	-	-
- term loans, secured	291,025,124	241,811,749	-	-
	291,515,113	251,382,976	-	33,724
Short-term borrowings:-				
- bank overdrafts, secured	22,802,434	12,587,981	-	-
- bank overdrafts, unsecured	19,752,381	11,571,057	1,076,700	1,984,798
- bankers' acceptance, unsecured	12,229,000	9,644,000	-	-
- hire purchase obligations (Note 22)	1,966,833	3,184,459	33,724	131,105
- Islamic securities and obligations under Ijarah arrangements (Note 23)	7,650,000	30,650,000	-	-
- revolving credit, secured	51,481,388	5,194,031	-	-
- revolving credit, unsecured	5,000,000	5,000,000	5,000,000	5,000,000
- term loans, secured	20,707,394	11,963,114	-	-
- unsecured loans	22,520,000	22,520,000	-	-
	164,109,430	112,314,642	6,110,424	7,115,903
Total borrowings	455,624,543	363,697,618	6,110,424	7,149,627

The term loans are repayable as follows:-

	The Group	
	2013	**2012**
	RM	RM
<u>Current</u>		
- not later than one year	20,707,394	11,963,114
<u>Non-current</u>		
- later than one year and not later than two years	29,451,562	20,712,924
- later than two years and not later than five years	155,870,604	121,723,851
- later than five years	105,702,958	99,374,974
	291,025,124	241,811,749
	311,732,518	253,774,863

21. BORROWINGS (CONT'D)

The unsecured bank overdrafts, bankers' acceptance and revolving credit of the Group are supported by the corporate guarantee provided by the Company.

The secured bank overdrafts, revolving credit and term loans of the Group are supported by:-

(a) fixed charges over certain subsidiaries' landed properties;

(b) debenture over certain subsidiaries' fixed and floating assets, both present and in the future;

(c) corporate guarantee provided by the Company; and

(d) joint and several guarantee provided by certain directors of the Company.

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

Term loan 1 at COF + 0.50% per annum	Repayable in 96 monthly instalments, effective from January 2012, as follows:- 2012 – 12 monthly instalments of RM324,583 each 2013 onwards – 83 monthly instalments of RM1,302,914 each with a final payment of RM1,302,915
Term loan 2 at COF + 1.25% per annum	Repayable in 20 quarterly instalments, effective from March 2014, as follows:- 2014/2015 – 4 quarterly instalments of RM2.25 million each 2015/2016 – 4 quarterly instalments of RM3.375 million each 2016/2017 – 4 quarterly instalments of RM4.50 million each 2017/2018 – 4 quarterly instalments of RM5.625 million each 2018/2019 – 4 quarterly instalments of RM6.75 million each
Term loan 3 at COF + 1.00% per annum	Repayable in 24 quarterly instalments, effective from June 2014, as follows:- 2014/2015 – 4 quarterly instalments of RM0.50 million each 2015/2016 – 4 quarterly instalments of RM1.00 million each 2016/2017 – 4 quarterly instalments of RM1.50 million each 2017/2018 – 4 quarterly instalments of RM2.00 million each 2018/2019 – 4 quarterly instalments of RM2.00 million each 2019/2020 – 4 quarterly instalments of RM2.50 million each

21. BORROWINGS (CONT'D)

The repayment terms of the term loans are as follows (cont'd):-

Term loan 4 at COF + 1.25% per annum	Repayable in 24 quarterly instalments, effective from March 2015, as follows:- 2015/2016 – 4 quarterly instalments of RM0.20 million each 2016/2017 – 4 quarterly instalments of RM0.40 million each 2017/2018 – 4 quarterly instalments of RM0.60 million each 2018/2019 – 4 quarterly instalments of RM0.65 million each 2019/2020 – 4 quarterly instalments of RM0.70 million each 2020/2021 – 4 quarterly instalments of RM0.95 million each
Term loan 5 at COF + 1.25% per annum	Repayable in 23 quarterly instalments of RM833,000 each with a final payment of RM841,000, effective from June 2016
Term loan 6 at COF + 1.25% per annum	Repayable in 60 monthly instalments, effective from July 2016, as follows:- 2016/2017 – 12 monthly instalments of RM0.15 million each 2017/2018 – 12 monthly instalments of RM0.40 million each 2018/2019 – 12 monthly instalments of RM0.70 million each 2019/2020 – 12 monthly instalments of RM1.10 million each 2020/2021 – 12 monthly instalments of RM1.65 million each
Term loan 7 at COF + 1.00% per annum	Repayable in 60 monthly instalments, effective from August 2017, as follows:- 2017/2018 – 12 monthly instalments of RM0.10 million each 2018/2019 – 12 monthly instalments of RM0.15 million each 2019/2020 – 12 monthly instalments of RM0.40 million each 2020/2021 – 12 monthly instalments of RM0.55 million each 2021/2022 – 12 monthly instalments of RM0.675 million each
Term loan 8 at COF + 1.25% per annum	Repayable in 24 quarterly instalments, effective from September 2017, as follows:- 2017/2018 – 4 quarterly instalments of RM0.20 million each 2018/2019 – 4 quarterly instalments of RM0.40 million each 2019/2020 – 4 quarterly instalments of RM0.60 million each 2020/2021 – 4 quarterly instalments of RM0.65 million each 2021/2022 – 4 quarterly instalments of RM0.70 million each 2022/2023 – 4 quarterly instalments of RM0.95 million each

21. BORROWINGS (CONT'D)

The repayment terms of the term loans are as follows (cont'd):-

Term loan 9 at COF + 1.25% per annum	Repayable in 24 quarterly instalments, effective from September 2018, as follows:- 2018/2019 – 4 quarterly instalments of RM0.20 million each 2019/2020 – 4 quarterly instalments of RM0.40 million each 2020/2021 – 4 quarterly instalments of RM0.60 million each 2021/2022 – 4 quarterly instalments of RM0.65 million each 2022/2023 – 4 quarterly instalments of RM0.70 million each 2023/2024 – 4 quarterly instalments of RM0.95 million each

The unsecured loans are granted by a company in which certain directors of the Company have substantial financial interests. The loans bear interest at rate of 5.00% (2012: 5.00%) per annum and are repayable on demand.

22. HIRE PURCHASE OBLIGATIONS

	The Group		The Company	
	2013 RM	**2012** RM	**2013** RM	**2012** RM
Minimum hire purchase payments:-				
- not later than one year	2,044,835	3,377,392	33,982	136,008
- later than one year and not later than two years	480,043	1,744,088	-	33,982
- later than two years and not later than five years	16,589	231,181	-	-
	2,541,467	5,352,661	33,982	169,990
Less: future finance charges	(84,645)	(246,975)	(258)	(5,161)
Present value of hire purchase obligations	2,456,822	5,105,686	33,724	164,829
<u>Current</u>				
- not later than one year	1,966,833	3,184,459	33,724	131,105
<u>Non-current</u>				
- later than one year and not later than two years	473,617	1,692,623	-	33,724
- later than two years and not later than five years	16,372	228,604	-	-
	489,989	1,921,227	-	33,724
	2,456,822	5,105,686	33,724	164,829

23. ISLAMIC SECURITIES AND OBLIGATIONS UNDER IJARAH ARRANGEMENTS

					The Group	
				Effective	Amount Outstanding	
	Class	Rating	Maturity Date	Interest Rate	**2013**	**2012**
				% pa	RM	RM
Islamic Securities						
Sukuk Ijarah	Class A	AAA	27 June 2013	6.40	-	23,736,000
Less: Future finance charges					-	(736,000)
					-	23,000,000
Obligations under Ijarah Arrangements						
Sukuk Ijarah	Class A	AAA	23 December 2014	6.70	8,162,100	8,152,100
	Class A	AAA	23 December 2013	6.40	-	8,662,300
					8,162,100	16,814,400
Less: Future finance charges					(512,100)	(1,514,400)
					7,650,000	15,300,000
Total					7,650,000	38,300,000

23. ISLAMIC SECURITIES AND OBLIGATIONS UNDER IJARAH ARRANGEMENTS (CONT'D)

The maturity structure of Islamic securities and obligations under Ijarah arrangements is as follows:-

	The Group	
	2013 RM	**2012** RM
Current		
- not later than one year	7,650,000	30,650,000
Non-current		
- later than one year and not later than two years	-	7,650,000
	7,650,000	38,300,000

The Sukuk issue was structured under the Islamic principle of Ijarah or sale and leaseback and was issued via special purpose vehicles, namely Midas Plantation Sdn Bhd, a subsidiary of the Company; and R.H. Capital Sdn Bhd, a company in which certain directors of the Company have substantial financial interests.

The salient features of the Sukuk issue are as follows:-

(a) The Sukuk Ijarah payments are payable semi-annually in arrears from the date of issue of each series of the Sukuk Ijarah. The full nominal value of the respective series of the Sukuk Ijarah is made on the respective maturity dates.

(b) The proceeds from the Sukuk issue were used to refinance bank borrowings, part finance development costs and capital expenditure, defray issue expenses and part finance the working capital requirements of certain subsidiaries.

(c) The Sukuk issue is secured by the plantation lands (including buildings erected thereon) and palm oil mill owned by certain subsidiaries. The beneficial ownership of these assets are held on trust by the special purpose vehicles for the benefits of the Islamic securities investors and are redeemable at a nominal value of RM1 on maturity.

24. TRADE PAYABLES

	The Group	
	2013 RM	**2012** RM
Trade payables:-		
- third parties	11,998,356	14,657,387
- related parties	13,959,227	31,610,891
	25,957,583	46,268,278

The normal trade credit terms granted to the Group range from 30 to 120 (2012: 30 to 120) days.

25. OTHER PAYABLES, DEPOSITS AND ACCRUALS

	The Group		The Company	
	2013 RM	**2012** RM	**2013** RM	**2012** RM
Other payables:-				
- third parties	9,298,789	7,755,905	614,079	256,580
- related parties	13,469,542	21,595,814	77,700	161,788
	22,768,331	29,351,719	691,779	418,368
Deposits	282,400	281,400	-	-
Accruals	16,948,224	12,236,360	6,262,841	4,985,351
	39,998,955	41,869,479	6,954,620	5,403,719

Included in the amount owing to related parties of the Group is an amount of RM5,100,000 (2012: RM10,200,000), which is an unsecured advance granted to a subsidiary. The advance carries interest at rate of 6.75% (2012: 6.75% to 7.10%) per annum and is repayable on demand. All other amounts are unsecured, interest-free and repayable on demand.

26. REVENUE

	The Group		The Company	
	2013	**2012**	**2013**	**2012**
	RM	RM	RM	RM
Dividend income	-	-	-	19,198,500
Chartering income	-	20,000	-	-
Management fee	-	-	18,000,000	12,000,000
Sale of – crude palm oil	152,230,411	162,895,288	-	-
– fresh fruit bunches	105,380,376	126,191,511	-	-
– palm kernel	20,672,836	20,784,638	-	-
– palm kernel shell	330,068	448,598	-	-
– empty bunch ash	120,556	24,240	-	-
– sludge oil	351,866	873,570	-	-
Transportation income	3,147,828	2,628,677	-	-
	282,233,941	313,866,522	18,000,000	31,198,500

27. FINANCE COSTS

	The Group		The Company	
	2013	**2012**	**2013**	**2012**
	RM	RM	RM	RM
Interest expense on:-				
- bank overdrafts	2,415,852	1,430,388	62,759	-
- bankers' acceptance	582,087	460,605	-	-
- hire purchase obligations	215,413	243,021	4,903	11,097
- Islamic securities and obligations under Ijarah arrangements	1,703,925	3,540,609	-	-
- revolving credit	1,234,032	206,964	229,370	-
- term loans	12,186,965	9,022,794	-	-
- unsecured loans	1,126,000	1,921,082	-	-
- others	686,614	808,159	-	-
	20,150,888	17,633,622	297,032	11,097
Less: Amount capitalised under biological assets (Note 9)	(9,528,359)	(6,155,538)	-	-
	10,622,529	11,478,084	297,032	11,097

28. PROFIT BEFORE TAXATION

	The Group		The Company	
	2013 RM	**2012** RM	**2013** RM	**2012** RM
Profit after taxation is arrived at after charging/(crediting):-				
Amortisation of biological assets	27,093,043	25,940,650	-	-
Amortisation of intangible assets	200,415	128,579	115,410	17,851
Audit fee:-				
- current financial year	304,000	277,000	70,000	50,000
- over provision in the previous financial year	(7,200)	(28,375)	-	-
- other services	72,500	59,150	72,500	59,150
Bad debts written off	846,229	-	-	-
Depreciation of property, plant and equipment	27,916,319	27,291,953	438,533	328,015
Directors' fee:-				
- directors of the Company	279,200	253,200	171,000	165,000
- directors of subsidiaries	162,784	147,700	-	-
Directors' non-fee emoluments	3,430,820	4,078,820	3,430,820	4,078,820
Fair value gain on derivatives	-	(179,525)	-	(179,525)
Finance costs (Note 27)	10,622,529	11,478,084	297,032	11,097
Hiring of equipment and machinery	95,847	50,077	-	-
Interest income	(331,128)	(3,548,015)	(106,509)	(3,126,375)
Loss/(gain) on disposal of property, plant and equipment	569,878	(92,207)	2,653	703
Management fee	2,434,377	2,467,150	-	-
Rental income	(338,397)	(349,902)	-	-
Rental of premises	262,580	247,301	95,648	59,075
Share of results in an associate	1,532,539	(597,927)	-	-
Staff costs (excluding directors):-				
- short-term benefits	20,636,787	20,038,819	7,279,802	6,928,552
- defined contribution plans	2,527,918	2,248,481	906,170	871,880

29. INCOME TAX EXPENSE

	The Group		The Company	
	2013	**2012**	**2013**	**2012**
	RM	RM	RM	RM
Current tax:-				
- current financial year	5,060,545	7,387,556	169,677	-
- under provision in the previous financial year	14,814	757,131	-	22,727
	5,075,359	8,144,687	169,677	22,727
Deferred tax (Note 11):-				
- origination and reversal of temporary differences	(1,919,209)	1,257,646	629,360	(47,717)
- changes in tax rates	(6,048,202)	-	10,806	-
- under/(over) provision in the previous financial year	1,891,288	1,338,449	(37,790)	4,883
	(6,076,123)	2,596,095	602,376	(42,834)
	(1,000,764)	10,740,782	772,053	(20,107)

29. INCOME TAX EXPENSE (CONT'D)

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

	The Group		The Company	
	2013 RM	**2012** RM	**2013** RM	**2012** RM
(Loss)/profit before taxation	(2,893,149)	30,722,474	2,707,584	19,724,390
Tax at the statutory tax rate of 25%	(723,287)	7,680,619	676,896	4,931,098
Tax effects of:-				
Changes in statutory tax rate on opening balance of deferred tax	(6,048,202)	-	10,806	-
Deferred tax recognised at different tax rates	79,967	-	(26,223)	-
Non-taxable income	(3,292)	(505,753)	-	(5,291,191)
Non-deductible expenses	2,701,139	1,874,671	148,364	312,376
Control transfers	(2,292)	(16,877)	-	-
Deferred tax assets not recognised during the financial year	-	4,993	-	-
Utilisation of deferred tax assets previously not recognised	(4,473)	-	-	-
Under/(over) provision in the previous financial year:-				
- income tax	14,814	757,131	-	22,727
- deferred tax	1,891,288	1,338,449	(37,790)	4,883
Others	1,093,574	(392,451)	-	-
Income tax expense for the financial year	(1,000,764)	10,740,782	772,053	(20,107)

30. EARNINGS PER SHARE

	The Group 2013	The Group 2012
Profit attributable to owners of the Company (RM)	2,195,484	21,326,710
Weighted average number of ordinary shares:-		
Issued ordinary shares at 1 January	1,308,504,944	1,308,504,944
Effect of conversion of ICPS	733,217,399	733,217,399
Weighted average number of ordinary shares at 31 December	2,041,722,343	2,041,722,343
Basic earnings per share (sen)	0.11	1.04

The diluted earnings per share was not applicable as there were no dilutive potential ordinary shares outstanding at the end of the reporting period.

31. DIVIDENDS

	The Group/The Company			
	2013		2012	
	Dividend per Share Sen	Amount of Dividend RM	Dividend per Share Sen	Amount of Dividend RM
Dividend paid in respect of the financial year ended 31 December 2012:- - first and final single tier dividend	1.00	15,024,778	-	-
Dividend paid in respect of the financial year ended 31 December 2011:- - first and final single tier dividend	-	-	1.50	22,537,167
	1.00	15,024,778	1.50	22,537,167

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

32. ACQUISITION OF SUBSIDIARIES

In the previous financial year, the Group acquired 100% equity interests in both RSB Palm Oil Mill Sdn Bhd and Formasi Abadi Sdn Bhd.

The fair values of the identifiable assets and liabilities of the above companies at the dates of acquisition were:-

	2012	
	Carrying Amount RM	Fair Value Recognised RM
Property, plant and equipment	2,836,551	35,000,000
Cash and bank balances	2	2
Deferred tax liabilities	-	(8,040,862)
Trade and other payables	(1,822,340)	(1,822,340)
Net identifiable assets and liabilities	1,014,213	25,136,800
Add: Goodwill on acquisition		10,695,763
Total purchase consideration		35,832,563
Less: Cash and cash equivalents of subsidiaries acquired		(2)
Net cash outflows for acquisition of subsidiaries		35,832,561

The acquired subsidiaries had contributed the following results to the Group:-

	2012 RM
Revenue	-
Loss after taxation	(1,442)

33. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	The Group		The Company	
	2013 RM	**2012** RM	**2013** RM	**2012** RM
Cost of property, plant and equipment purchased	41,151,720	75,448,495	1,913,497	879,222
Less:-				
Amount financed through hire purchase	(812,561)	(3,376,420)	-	-
Cash disbursed for purchase of property, plant and equipment	40,339,159	72,072,075	1,913,497	879,222

34. CASH AND CASH EQUIVALENTS

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

	The Group		The Company	
	2013 RM	**2012** RM	**2013** RM	**2012** RM
Cash and bank balances	2,268,000	2,540,087	77,878	939,558
Islamic deposits	-	1,020,694	-	-
Short-term investments	-	17,573,451	-	17,573,451
Bank overdrafts	(42,554,815)	(24,159,038)	(1,076,700)	(1,984,798)
	(40,286,815)	(3,024,806)	(998,822)	16,528,211
Less:-				
Bank balances held on trust for Islamic securities investors (Note 18)	-	(1,937)	-	-
Islamic deposits held on trust for Islamic securities investors (Note 17)	-	(1,020,694)	-	-
	(40,286,815)	(4,047,437)	(998,822)	16,528,211

35. DIRECTORS' REMUNERATION

(a) The aggregate amounts of emoluments received and receivable by directors of the Group and of the Company during the financial year are as follows:-

	The Group		The Company	
	2013 RM	**2012** RM	**2013** RM	**2012** RM
Executive directors:-				
- fee	57,600	47,600	-	-
- non-fee emoluments	3,424,420	4,072,620	3,424,420	4,072,620
	3,482,020	4,120,220	3,424,420	4,072,620
Non-executive directors:-				
- fee	221,600	205,600	171,000	165,000
- allowance	6,400	6,200	6,400	6,200
	228,000	211,800	177,400	171,200
	3,710,020	4,332,020	3,601,820	4,243,820
Benefits-in-kind	23,950	12,971	23,950	12,971

(b) Details of directors' emoluments of the Company received/receivable for the financial year in bands of RM50,000 are as follows:-

	Number of Directors	
	2013	**2012**
Executive directors:-		
RM1,600,001 to RM1,650,000	1	-
RM1,850,001 to RM1,900,000	1	-
RM1,900,001 to RM1,950,000	-	1
RM2,050,001 to RM2,100,000	-	1
Non-executive directors:-		
RM50,000 and below	3	3
RM100,001 to RM150,000	-	1
RM150,001 to RM200,000	1	-
	6	6

36. SIGNIFICANT RELATED PARTY DISCLOSURES

(a) Identities of related parties

In addition to the information detailed elsewhere in the financial statements, the Group has related party relationships with its directors, key management personnel and entities within the same group of companies.

(b) Other than those disclosed elsewhere in the financial statements, the Group and the Company also carried out the following significant transactions with the related parties during the financial year:-

	The Group		The Company	
	2013 RM	**2012** RM	**2013** RM	**2012** RM
Subsidiaries:-				
- dividend income	-	-	-	19,198,500
- management fee	-	-	18,000,000	12,000,000
- purchase of property, plant and equipment	-	-	67,571	356,457
Companies in which the directors and their close family members have substantial financial interests:-				
- computer software, printing and stationery	117,531	515,367	71,799	259,133
- consultancy fee	505,500	50,600	5,000	30,000
- contract charges	23,046,315	38,450,732	-	-
- fertiliser testing charges	194,235	145,909	-	-
- insurance paid	1,246,762	1,441,970	40,589	34,633
- interest paid	2,814,742	3,859,837	-	-
- interest received	19,798	39,700	-	-
- management fee	3,502,946	3,601,434	-	-
- purchase of fertilisers and chemicals	47,184,947	72,775,845	-	-
- purchase of fresh fruit bunches	19,784,720	20,473,328	-	-
- purchase of property, plant and equipment	1,410,572	4,167,075	360,651	113,350
- purchase of seedlings	991,930	1,663,298	-	-
- purchase of sundry stores and consumables	7,111,742	10,590,912	43,515	21,038

36. SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D)

(b) Other than those disclosed elsewhere in the financial statements, the Group and the Company also carried out the following significant transactions with the related parties during the financial year (cont'd):-

	The Group		The Company	
	2013	**2012**	**2013**	**2012**
	RM	RM	RM	RM
Companies in which the directors and their close family members have substantial financial interests (cont'd):-				
- recruitment charges	356,998	1,488,755	-	-
- rental paid	745,510	1,592,925	72,048	43,360
- rental received	206,538	36,000	-	-
- repairs and maintenance	1,153,697	1,267,912	21,046	136,388
- road maintenance	-	834,450	-	-
- sale of fresh fruit bunches	76,607,034	93,023,215	-	-
- sale of property, plant and equipment	70,000	55,000	-	-
- sale of seedlings	589,911	1,594,502	-	-
- secretarial services	11,681	10,362	1,771	1,092
- staff training expenses	70,100	125,434	12,500	40,684
- staff welfare	25,517	35,358	25,517	35,358
- store issues	1,989,227	2,730,545	-	-
- transportation and accommodation charges	7,057,651	7,252,496	64,293	115,482
Key management personnel compensation (excluding directors):-				
- short-term benefits	3,756,141	4,985,436	1,418,914	2,039,779
- defined contribution plans	459,919	553,345	182,760	206,273

37. OPERATING SEGMENTS

(a) Operating Segments

Information about operating segment is not reported separately as the Group's profit or loss, assets and liabilities are mainly confined to a single operating segment, namely the oil palm plantation and operation of palm oil mill.

(b) Major Customers

The following are major customers with revenue equal to or more than 10% of the Group's revenue:-

	Revenue	
	2013	**2012**
	RM	RM
Customer A*	60,092,992	52,254,573
Customer B*	71,490,183	130,151,628
Customer C*	41,100,150	50,654,567
Customer D*	34,500,094	41,704,185
Customer E*	44,467,900	-

* *The identities of the major customers are not disclosed as permitted by FRS 8 Operating Segments.*

38. CAPITAL COMMITMENTS

	The Group	
	2013	**2012**
	RM	RM
Property, plant and equipment:-		
- contracted but not provided for	15,324,714	14,624,999
- authorised but not contracted for	366,500	1,101,496
	15,691,214	15,726,495

39. CONTINGENT LIABILITIES

	The Company	
	2013	**2012**
	RM	RM
Unsecured:-		
Corporate guarantee given to licensed banks for credit facilities granted to subsidiaries	676,330,000	549,750,000

40. CONTINGENT ASSETS

During the financial year ended 31 August 2008, two subsidiaries of the Company were awarded a compensation totaling RM857,030 by the Superintendent of Lands & Surveys, Miri Division, for the resumption of land by the Government for the Petronas Gas Pipeline Project. The compensation was accepted under protest and a further claim was lodged on 5 July 2008 by the subsidiaries. The High Court allowed the application and awarded a further sum totaling RM590,899. The Superintendent of Lands & Surveys was dissatisfied with the decision and appealed the matter to the Court of Appeal, notice of which was filed on 30 January 2012. The appeal was heard on 3 December 2013; however, the Court adjourned the matter for decision which is yet to be fixed. Based on the advice from its legal counsel, the Group is confident that the dispute will be settled in its favour.

The claim has not been recognised in the financial statements as the economic benefits arising from the lawsuit are not virtually certain at the end of the reporting period.

41. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

41.1 FINANCIAL RISK MANAGEMENT POLICIES

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

(a) Market Risk

(i) Foreign Currency Risk

The Group does not have any transactions or balances denominated in foreign currencies and hence is not exposed to foreign currency risk.

41. FINANCIAL INSTRUMENTS (CONT'D)

41.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(ii) Interest Rate Risk

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

Information relating to the Group's exposure to the interest rate risk of the financial liabilities is disclosed in Note 41.1(c) to the financial statements.

Interest rate risk sensitivity analysis

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

	The Group		**The Company**	
	2013 Increase/ (Decrease) RM	**2012** Increase/ (Decrease) RM	**2013** Increase/ (Decrease) RM	**2012** Increase/ (Decrease) RM
Effects on Profit after Taxation				
Increase of 50 basis points	(595,000)	(433,000)	(4,000)	58,000
Decrease of 50 basis points	595,000	433,000	4,000	(58,000)
Effects on Equity				
Increase of 50 basis points	(595,000)	(433,000)	(4,000)	58,000
Decrease of 50 basis points	595,000	433,000	4,000	(58,000)

(iii) Equity Price Risk

The Group does not have any quoted investments and hence is not exposed to equity price risk.

41. FINANCIAL INSTRUMENTS (CONT'D)

41.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from its trade and other receivables. The Group manages its exposure to credit risk by the application of monitoring procedures on an ongoing basis. For other financial assets (including short-term investments, fixed deposits, and cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

(i) Credit risk concentration profile

The Group's major concentration of credit risk relates to the amounts owing by five (5) customers which constituted approximately 82% of its trade receivables at the end of the reporting period, due to the Group's limited number of customers. Based on the Group's historical collection of these receivables, management believes that they are fully recoverable.

(ii) Exposure to credit risk

As at the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of the financial assets in the statements of financial position.

(iii) Ageing analysis

The ageing analysis of the Group's trade receivables at the end of the reporting period is as follows:-

The Group	Gross Amount RM	Individual Impairment RM	Collective Impairment RM	Carrying Value RM
2013				
Not past due	16,179,006	-	-	16,179,006
Past due:-				
- less than 3 months	6,881	-	-	6,881
	16,185,887	-	-	16,185,887

41. FINANCIAL INSTRUMENTS (CONT'D)

41.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Ageing analysis (cont'd)

The ageing analysis of the Group's trade receivables at the end of the reporting period is as follows (cont'd):-

The Group	Gross Amount RM	Individual Impairment RM	Collective Impairment RM	Carrying Value RM
2012				
Not past due	9,472,274	-	-	9,472,274
Past due:-				
- less than 3 months	1,933,482	-	-	1,933,482
	11,405,756	-	-	11,405,756

Trade receivables that are past due but not impaired

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

Trade receivables that are neither past due nor impaired

These trade receivables are regular customers who have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the trade receivables.

(c) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group manages its debt maturity profile, operating cash flows and availability of funding to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities of a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from both capital markets and financial institutions and prudently balances its portfolio with some short-term funding so as to achieve overall cost effectiveness.

41. FINANCIAL INSTRUMENTS (CONT'D)

41.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

The Group	Weighted Average Effective Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	On Demand or Within 1 Year RM	Within 1 – 2 Years RM	Within 2 – 5 Years RM	More Than 5 Years RM
2013							
Trade and other payables:-							
- interest bearing	6.75	5,100,000	5,100,000	5,100,000	-	-	-
- non-interest bearing	-	60,856,538	60,856,538	60,856,538	-	-	-
Borrowings:-							
- bank overdrafts	7.60	42,554,815	42,554,815	42,554,815	-	-	-
- bankers' acceptance	4.10	12,229,000	12,229,000	12,229,000	-	-	-
- hire purchase obligations	5.43	2,456,822	2,541,467	2,044,835	480,043	16,589	
- Islamic securities and obligations under Ijarah arrangements	6.70	7,650,000	8,162,100	8,162,100	-	-	-
- revolving credit	4.58	56,481,388	56,481,388	56,481,388	-	-	-
- term loans	4.74	311,732,518	388,589,000	45,239,000	43,161,000	185,724,000	114,465,000
- unsecured loans	5.00	22,520,000	22,520,000	22,520,000	-	-	-
		521,581,081	599,034,308	255,187,676	43,641,043	185,740,589	114,465,000

41. FINANCIAL INSTRUMENTS (CONT'D)

41.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period) (cont'd):-

The Group	Weighted Average Effective Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	On Demand or Within 1 Year RM	Within 1 – 2 Years RM	Within 2 – 5 Years RM	More Than 5 Years RM
2012							
Trade and other payables:-							
- interest bearing	6.75	10,200,000	10,200,000	10,200,000	-	-	-
- non-interest bearing	-	77,937,757	77,937,757	77,937,757	-	-	-
Borrowings:-							
- bank overdrafts	7.51	24,159,038	24,159,038	24,159,038	-	-	-
- bankers' acceptance	4.04	9,644,000	9,644,000	9,644,000	-	-	-
- hire purchase obligations	5.43	5,105,686	5,352,661	3,377,392	1,744,088	231,181	-
- Islamic securities and obligations under Ijarah arrangements	6.47	38,300,000	40,550,400	32,387,300	8,163,100	-	-
- revolving credit	4.32	10,194,031	10,194,031	10,194,031	-	-	-
- term loans	4.52	253,774,863	315,328,000	23,217,000	31,440,000	151,352,000	109,319,000
- unsecured loans	5.00	22,520,000	22,520,000	22,520,000	-	-	-
		451,835,375	515,885,887	213,636,518	41,347,188	151,583,181	109,319,000

41. FINANCIAL INSTRUMENTS (CONT'D)

41.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period) (cont'd):-

The Company	Weighted Average Effective Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	On Demand or Within 1 Year RM	Within 1 – 2 Years RM
2013					
Trade and other payables	-	16,505,972	16,505,972	16,505,972	-
Borrowings:-					
- bank overdrafts	7.60	1,076,700	1,076,700	1,076,700	-
- hire purchase obligations	4.75	33,724	33,982	33,982	-
- revolving credit	4.59	5,000,000	5,000,000	5,000,000	-
		22,616,396	22,616,654	22,616,654	-
2012					
Trade and other payables	-	18,564,237	18,564,237	18,564,237	-
Borrowings:-					
- bank overdrafts	7.60	1,984,798	1,984,798	1,984,798	-
- hire purchase obligations	4.75	164,829	169,990	136,008	33,982
- revolving credit	4.61	5,000,000	5,000,000	5,000,000	-
		25,713,864	25,719,025	25,685,043	33,982

41. FINANCIAL INSTRUMENTS (CONT'D)

41.2 CAPITAL RISK MANAGEMENT

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

The Group manages its capital based on debt-to-equity ratio that complies with debt covenants and regulatory, if any. The debt-to-equity ratio is calculated as total borrowings from financial institutions divided by total equity.

There was no change in the Group's approach to capital management during the financial year.

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

	The Group	
	2013 RM	**2012** RM
Borrowings:-		
- bank overdrafts	42,554,815	24,159,038
- other borrowings	413,069,728	339,538,580
	455,624,543	363,697,618
Less: Short-term investments	-	(17,573,451)
Less: Fixed deposits	-	(1,020,694)
Less: Cash and bank balances	(2,268,000)	(2,540,087)
Net debts	453,356,543	342,563,386
Total equity	869,540,900	882,370,194
Debt-to-equity ratio	0.52	0.39

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

41. FINANCIAL INSTRUMENTS (CONT'D)

41.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	The Group		The Company	
	2013 RM	**2012** RM	**2013** RM	**2012** RM
Financial Assets				
Available-for-sale financial assets				
Short-term investments	-	17,573,451	-	17,573,451
Loans and receivables financial assets				
Trade receivables	16,185,887	11,405,756	-	-
Other receivables and Deposits	15,678,117	6,863,941	7,714,853	307,375
Amount owing by subsidiaries	-	-	405,060,476	412,519,907
Islamic deposits	-	1,020,694	-	-
Cash and bank balances	2,268,000	2,540,087	77,878	939,558
	34,132,004	21,830,478	412,853,207	413,766,840
Financial Liabilities				
Other financial liabilities				
Trade payables	25,957,583	46,268,278	-	-
Other payables, deposits and accruals	39,998,955	41,869,479	6,954,620	5,403,719
Amount owing to subsidiaries	-	-	9,551,352	13,160,518
Borrowings:-				
- bank overdrafts	42,554,815	24,159,038	1,076,700	1,984,798
- other borrowings	413,069,728	339,538,580	5,033,724	5,164,829
	521,581,081	451,835,375	22,616,396	25,713,864

41. FINANCIAL INSTRUMENTS (CONT'D)

41.4 FAIR VALUE MEASUREMENTS

Other than those disclosed below, the fair values of the financial assets and financial liabilities maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments. These fair values are included in level 2 of the fair value hierarchy.

	Fair Value of Financial Instruments Not Carried at Fair Value			**Total Fair Value**	**Carrying Amount**
The Group	Level 1 RM	Level 2 RM	Level 3 RM	RM	RM
2013					
<u>Financial Liabilities</u>					
Hire purchase obligations	-	2,390,000	-	2,390,000	2,456,822
Islamic securities and obligations under Ijarah arrangements	-	7,671,000	-	7,671,000	7,650,000
2012					
<u>Financial Liabilities</u>					
Hire purchase obligations	-	5,036,000	-	5,036,000	5,105,686
Islamic securities and obligations under Ijarah arrangements	-	38,115,000	-	38,115,000	38,300,000
The Company					
2013					
<u>Financial Liabilities</u>					
Hire purchase obligations	-	33,000	-	33,000	33,724
2012					
<u>Financial Liabilities</u>					
Hire purchase obligations	-	165,000	-	165,000	164,829

41. FINANCIAL INSTRUMENTS (CONT'D)

41.4 FAIR VALUE MEASUREMENTS (CONT'D)

The fair values of level 2 above have been determined using the following basis:-

(a) The fair values of hire purchase obligations, and Islamic securities and obligations under Ijarah arrangements are determined by discounting the relevant cash flows using interest rates for similar instruments at the end of the reporting period. The interest rates used to discount the estimated cash flows are as follows:-

	The Group		**The Company**	
	2013	**2012**	**2013**	**2012**
	%	%	%	%
Hire purchase obligations	7.00	7.27	6.60	4.50
Islamic securities and obligations under Ijarah arrangements	6.60	6.60	-	-

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

There was no transfer between level 1 and level 2 during the financial year.

42. SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD

The significant events occurring after the reporting period are as follows:-

(a) On 23 January 2014, the Company acquired 100,000 ordinary shares of RM1.00 each in the share capital of Sibu Garden and Leisure (M) Sdn Bhd ("SGLMSB"), representing 100% of its total issued and paid-up share capital, for a total cash consideration of RM77.98. The principal activities of SGLMSB are wholesaling and retailing of agricultural fertilisers for operation of oil palm plantation.

(b) On 23 January 2014, the Company acquired 200,000 ordinary shares of RM1.00 each in the share capital of Rajang Builders Sdn Bhd ("RBSB"), representing 100% of its total issued and paid-up share capital, for a total cash consideration of RM238.20. The principal activities of RBSB are the provision of general land development contract services for oil palm plantation.

43. SUPPLEMENTARY INFORMATION – DISCLOSURE OF REALISED AND UNREALISED PROFITS/LOSSES

The breakdown of the retained profits of the Group and of the Company at the end of the reporting period into realised and unrealised profits/(losses) are presented in accordance with the directive issued by Bursa Malaysia Securities Berhad and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants, as follows:-

	The Group		The Company	
	2013	**2012**	**2013**	**2012**
	RM	RM	RM	RM
Total retained profits of the Company and its subsidiaries:-				
- realised	210,489,430	216,834,260	88,885,091	101,371,962
- unrealised	(47,530,388)	(46,954,466)	(332,218)	270,158
	162,959,042	169,879,794	88,552,873	101,642,120
Total share of retained profits of associate:-				
- realised	279,082	1,774,976	-	-
- unrealised	(561,098)	(524,453)	-	-
	162,677,026	171,130,317	88,552,873	101,642,120
Less: Consolidation adjustments	(6,756,424)	(2,380,421)	-	-
At 31 December	155,920,602	168,749,896	88,552,873	101,642,120