RIMBUNAN SAWIT BERHAD
(Incorporated in Malaysia)

Company No: 691393 - U

FINANCIAL REPORT
for the financial year ended 31 December 2014

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 2014.

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
Profit after taxation for the financial year	2,752,978	3,623,640
Attributable to:-		
Owners of the Company	4,769,823	3,623,640
Non-controlling interests	(2,016,845)	-
	2,752,978	3,623,640

DIVIDENDS

No dividend was paid since the end of the previous financial year and 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 there are no known bad debts and that 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 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 37 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 Kiong King
Tiong Chiong Ong
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 1.1.2014	Bought	Sold	At 31.12.2014
Direct Interests in the Company				
Diong Hiew King @ Tiong Hiew King	2,400,000	-	-	2,400,000
Tiong Kiong King	13,803,800	-	-	13,803,800
Tiong Chiong Ong	7,031,608	-	-	7,031,608
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	686,869,672	-	(2,653,000)	684,216,672
Tiong Kiong King	16,218,400	-	-	16,218,400
Tiong Chiong Ong	310,714	18,500	-	329,214
Tiong Chiong Ie	3,872,000	-	-	3,872,000

	Number of Irredeemable Convertible Preference Shares of RM0.50 Each			
	At 1.1.2014	Bought	Sold	At 31.12.2014
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 34 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 39 to the financial statements.

AUDITORS

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

Signed in accordance with a resolution of the directors dated

Diong Hiew King @ Tiong Hiew King

Tiong Kiong King

STATEMENT BY DIRECTORS

We, Diong Hiew King @ Tiong Hiew King and Tiong Kiong King, 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 102 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 2014 and of their financial performance and cash flows for the financial year ended on that date.

The supplementary information set out in Note 40, 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

Diong Hiew King @ Tiong Hiew King **Tiong Kiong King**

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 102 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

Ling Tong Ung

Before me

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 the statements of financial position as at 31 December 2014 of the Group and of the Company, and the 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 102.

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 2014 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 40 on page 103 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.

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	**Hudson Chua Jain**
Firm No: AF 1018	Approval No: 2538/05/16 (J)
Chartered Accountants	Chartered Accountant

Sibu

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

STATEMENTS OF FINANCIAL POSITION AT 31 DECEMBER 2014

		The Group		The Company	
		2014	**2013**	**2014**	**2013**
	Note	RM	RM	RM	RM
ASSETS					
NON-CURRENT ASSETS					
Investments in subsidiaries	5	-	-	440,149,962	435,249,646
Investment in an associate	6	24,088,950	24,855,280	25,137,296	25,137,296
Property, plant and equipment	7	658,639,787	654,022,285	5,957,994	2,610,839
Intangible assets	8	24,569,397	24,364,041	2,739,048	2,105,226
Biological assets	9	778,348,973	762,247,211	-	-
Goodwill	10	64,746,109	64,740,461	-	-
Deposits with licensed banks	11	100,000	-	-	-
Deferred tax assets	12	4,928,946	5,416,078	-	-
		1,555,422,162	1,535,645,356	473,984,300	465,103,007
CURRENT ASSETS					
Inventories	13	28,142,224	36,507,109	-	-
Trade receivables	14	11,115,123	16,185,887	-	-
Other receivables, deposits and prepayments	15	32,245,514	21,237,446	13,430,481	7,854,734
Amount owing by subsidiaries	16	-	-	553,132,489	405,060,476
Tax refundable		3,507,196	2,032,836	-	91,243
Deposits with licensed banks	11	1,050,000	-	-	-
Cash and bank balances		11,055,196	2,268,000	139,507	77,878
		87,115,253	78,231,278	566,702,477	413,084,331
TOTAL ASSETS		1,642,537,415	1,613,876,634	1,040,686,777	878,187,338

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

STATEMENTS OF FINANCIAL POSITION AT 31 DECEMBER 2014 (CONT'D)

	Note	The Group 2014 RM	The Group 2013 RM	The Company 2014 RM	The Company 2013 RM
EQUITY AND LIABILITIES					
EQUITY					
Share capital	17	751,238,901	751,238,901	751,238,901	751,238,901
Reserves	18	123,071,822	118,301,999	107,623,463	103,999,823
Equity attributable to owners of the Company		874,310,723	869,540,900	858,862,364	855,238,724
Non-controlling interests	5	68,584,097	73,001,030	-	-
TOTAL EQUITY		942,894,820	942,541,930	858,862,364	855,238,724
NON-CURRENT LIABILITIES					
Borrowings	19	311,298,509	291,515,113	-	-
Deferred tax liabilities	12	148,404,717	149,709,194	593,950	332,218
		459,703,226	441,224,307	593,950	332,218
CURRENT LIABILITIES					
Trade payables	22	28,757,034	25,957,583	-	-
Other payables, deposits and accruals	23	37,582,869	39,998,955	4,503,442	6,954,620
Amount owing to subsidiaries	16	-	-	115,773,220	9,551,352
Borrowings:-	19				
- bank overdrafts		21,701,042	42,554,815	2,734,876	1,076,700
- other borrowings		150,218,026	121,554,615	58,000,000	5,033,724
Provision for taxation		1,680,398	44,429	218,925	-
		239,939,369	230,110,397	181,230,463	22,616,396
TOTAL LIABILITIES		699,642,595	671,334,704	181,824,413	22,948,614
TOTAL EQUITY AND LIABILITIES		1,642,537,415	1,613,876,634	1,040,686,777	878,187,338

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

		The Group		The Company	
		2014	**2013**	**2014**	**2013**
	Note	RM	RM	RM	RM
REVENUE	24	239,684,128	282,233,941	9,636,133	18,000,000
COST OF SALES		(194,235,518)	(243,996,707)	-	-
GROSS PROFIT		45,448,610	38,237,234	9,636,133	18,000,000
OTHER INCOME		3,765,194	1,022,510	1,194,347	106,509
DISTRIBUTION COSTS		(7,578,988)	(11,217,152)	-	-
ADMINISTRATIVE AND OTHER EXPENSES		(23,317,556)	(18,780,673)	(5,268,020)	(15,101,893)
SHARE OF RESULTS IN AN ASSOCIATE, NET OF TAX		(766,330)	(1,532,539)	-	-
FINANCE COSTS	25	(10,609,260)	(10,622,529)	(1,244,785)	(297,032)
PROFIT/(LOSS) BEFORE TAXATION	26	6,941,670	(2,893,149)	4,317,675	2,707,584
INCOME TAX EXPENSE	27	(4,188,692)	1,000,764	(694,035)	(772,053)
PROFIT/(LOSS) AFTER TAXATION		2,752,978	(1,892,385)	3,623,640	1,935,531
OTHER COMPREHENSIVE INCOME					
<u>Items that may be reclassified subsequently to profit or loss</u>					
Available-for-sale financial assets:-					
- fair value changes		-	102,055	-	102,055
- transfer to profit or loss upon reinvestment		-	(102,055)	-	(102,055)
		-	-	-	-
TOTAL COMPREHESIVE INCOME FOR THE FINANCIAL YEAR		2,752,978	(1,892,385)	3,623,640	1,935,531

RIMBUNAN SAWIT BERHAD
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STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

		The Group		The Company	
		2014	**2013**	**2014**	**2013**
	Note	RM	RM	RM	RM
PROFIT/(LOSS) AFTER TAXATION ATTRIBUTABLE TO:-					
Owners of the Company		4,769,823	2,195,484	3,623,640	1,935,531
Non-controlling interests		(2,016,845)	(4,087,869)	-	-
		2,752,978	(1,892,385)	3,623,640	1,935,531
TOTAL COMPREHESIVE INCOME ATTRIBUTABLE TO:-					
Owners of the Company		4,769,823	2,195,484	3,623,640	1,935,531
Non-controlling interests		(2,016,845)	(4,087,869)	-	-
		2,752,978	(1,892,385)	3,623,640	1,935,531
EARNINGS PER SHARE (SEN)	28				
Basic		0.23	0.11		
Diluted		Not applicable	Not applicable		

RIMBUNAN SAWIT BERHAD
(Incorporated in Malaysia)
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STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

		< ------ Non-distributable				------ >				
		Share Capital					Distributable	Attributable to	Non-	
		Ordinary	Preference	Share	Merger	Fair Value	Retained	Owners of	controlling	Total
		Shares	Shares	Premium	Reserve	Reserve	Profits	the Company	Interests	Equity
The Group	Note	RM	RM	RM	RM	RM	RM	RM	RM	RM
Balance at 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	29	-	-	-	-	-	(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
(Incorporated in Malaysia)
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STATEMENTS OF CHANGES IN EQUITY (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	< ---------- Non-distributable	----------	----------	----------	---------- >				
	Share Capital								
The Group	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 at 31.12.2013/ 1.1.2014	654,252,472	96,986,429	15,446,950	(53,065,553)	-	155,920,602	869,540,900	73,001,030	942,541,930
Profit after taxation/Total comprehensive income for the financial year	-	-	-	-	-	4,769,823	4,769,823	(2,016,845)	2,752,978
Distributions to owners of the Company:-									
- dividends:-									
- by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	(2,400,088)	(2,400,088)
Balance at 31.12.2014	654,252,472	96,986,429	15,446,950	(53,065,553)	-	160,690,425	874,310,723	68,584,097	942,894,820

STATEMENTS OF CHANGES IN EQUITY (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

		< ---- Non-distributable	---- >				
		Share Capital				Distributable	
The Company	Note	Ordinary Shares RM	Preference Shares RM	Share Premium RM	Fair Value Reserve RM	Retained Profits RM	Total Equity RM
Balance at 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	29	-	-	-	-	(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
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STATEMENTS OF CHANGES IN EQUITY (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	< ------------------------- Non-distributable			------------------------- >		
	Share Capital				Distributable	
	Ordinary	Preference	Share	Fair Value	Retained	Total
	Shares	Shares	Premium	Reserve	Profits	Equity
The Company	RM	RM	RM	RM	RM	RM
Balance at 31.12.2013/1.1.2014	654,252,472	96,986,429	15,446,950	-	88,552,873	855,238,724
Profit after taxation/Total comprehensive income for the financial year	-	-	-	-	3,623,640	3,623,640
Balance at 31.12.2014	654,252,472	96,986,429	15,446,950	-	92,176,513	858,862,364

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	The Group		The Company	
	2014	**2013**	**2014**	**2013**
	RM	RM	RM	RM
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES				
Profit/(loss) before taxation	6,941,670	(2,893,149)	4,317,675	2,707,584
Adjustments for:-				
Amortisation of biological assets	29,783,338	27,093,043	-	-
Amortisation of intangible assets	438,937	200,415	324,834	115,410
Bad debts written off	-	846,229	-	-
Biological assets written off	181,641	-	-	-
Depreciation of property, plant and equipment	29,813,365	27,916,319	552,388	438,533
Dividend income	-	-	(3,600,133)	-
(Gain)/loss on disposal of property, plant and equipment	(1,344,416)	569,878	(3,279)	2,653
Interest expense	10,609,260	10,622,529	1,244,785	297,032
Interest income	(82,703)	(331,128)	(1,190,308)	(106,509)
Share of results in an associate	766,330	1,532,539	-	-
Operating profit before working capital changes	77,107,422	65,556,675	1,645,962	3,454,703
Decrease/(increase) in inventories	8,364,885	(475,347)	-	-
Increase in trade and other receivables	(5,937,304)	(14,083,072)	(5,575,747)	(7,179,927)
Increase/(decrease) in trade and other payables	5,477,303	(17,081,219)	(2,451,178)	1,550,901
CASH FROM/(FOR) OPERATIONS	85,012,306	33,917,037	(6,380,963)	(2,174,323)
Income tax paid	(4,844,428)	(6,706,446)	(122,135)	(103,920)
Income tax refunded	-	2,439,514	-	42,350
Interest paid	(5,821,952)	(4,231,971)	(1,244,527)	(292,129)
Interest received	82,703	331,128	1,190,308	106,509
NET CASH FROM/(FOR) OPERATING ACTIVITIES/ BALANCE CARRIED FORWARD	74,428,629	25,749,262	(6,557,317)	(2,421,513)

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

STATEMENTS OF CASH FLOWS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

		The Group		The Company	
		2014	2013	2014	2013
	Note	RM	RM	RM	RM
NET CASH FROM/(FOR) OPERATING ACTIVITIES/ BALANCE BROUGHT FORWARD		74,428,629	25,749,262	(6,557,317)	(2,421,513)
CASH FLOWS FOR INVESTING ACTIVITIES					
Acquisition of subsidiaries, net of cash and cash equivalents acquired	30	414	-	(316)	-
Costs incurred on biological assets		(28,589,229)	(57,770,072)	-	-
Dividend received		-	-	3,600,133	-
Proceeds from disposal of property, plant and equipment		2,131,425	205,672	60,000	1,100
Purchase of intangible assets		(958,656)	(1,782,604)	(958,656)	(1,782,604)
Purchase of property, plant and equipment	31	(40,117,910)	(40,339,159)	(3,956,264)	(1,913,497)
Subscription of shares in subsidiaries		-	-	(4,900,000)	(99,998)
NET CASH FOR INVESTING ACTIVITIES		(67,533,956)	(99,686,163)	(6,155,103)	(3,794,999)
BALANCE CARRIED FORWARD		6,894,673	(73,936,901)	(12,712,420)	(6,216,512)

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

STATEMENTS OF CASH FLOWS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	Note	The Group 2014 RM	The Group 2013 RM	The Company 2014 RM	The Company 2013 RM
BALANCE BROUGHT FORWARD		6,894,673	(73,936,901)	(12,712,420)	(6,216,512)
CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES					
Net (increase)/decrease in amount owing by subsidiaries		-	-	(41,850,145)	3,850,265
Deposits and bank balances held on trust for Islamic securities investors		-	1,022,631	-	-
Deposits with licensed banks held as security value		(100,000)	-	-	-
Dividend paid:-					
- by the Company	29	-	(15,024,778)	-	(15,024,778)
- by subsidiaries to non-controlling interests		(2,400,088)	-	-	-
Drawdown of term loans		49,700,245	70,369,563	-	-
Net of drawdown/(repayment) of bankers' acceptance		(828,000)	2,585,000	-	-
Net of drawdown/(repayment) of revolving credit		49,509,612	46,287,357	53,000,000	-
Net of drawdown/(repayment) of unsecured loans		(19,500,000)	-	-	-
Payment of interests on long-term borrowings		(16,685,983)	(15,918,917)	(258)	(4,903)
Repayment of advances from related parties		(5,100,000)	(5,100,000)	-	-
Repayment of hire purchase obligations		(1,990,739)	(3,461,425)	(33,724)	(131,105)
Repayment of Islamic securities and obligations under Ijarah arrangements		(7,650,000)	(30,650,000)	-	-
Repayment of term loans		(21,158,751)	(12,411,908)	-	-
NET CASH FROM/(FOR) FINANCING ACTIVITIES		23,796,296	37,697,523	11,115,873	(11,310,521)
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS/ BALANCE CARRIED FORWARD		30,690,969	(36,239,378)	(1,596,547)	(17,527,033)

STATEMENTS OF CASH FLOWS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

		The Group		The Company	
		2014	**2013**	**2014**	**2013**
	Note	RM	RM	RM	RM
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS/ BALANCE BROUGHT FORWARD		30,690,969	(36,239,378)	(1,596,547)	(17,527,033)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		(40,286,815)	(4,047,437)	(998,822)	16,528,211
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	32	(9,595,846)	(40,286,815)	(2,595,369)	(998,822)

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 North Wing, Menara Rimbunan Hijau, 101, Pusat Suria Permata, Jalan Upper Lanang, 96000 Sibu, Sarawak.

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

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.

3.1 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)

Amendments to FRS 10, FRS 12 and FRS 127 (2011): Investment Entities

Amendments to FRS 132: Offsetting Financial Assets and Financial Liabilities

Amendments to FRS 136: Recoverable Amount Disclosures for Non-financial Assets

Amendments to FRS 139: Novation of Derivatives and Continuation of Hedge Accounting

IC Interpretation 21 Levies

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.

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 Financial Instruments (IFRS 9 Issued by IASB in July 2014)	1 January 2018
Amendments to FRS 10 and FRS 128 (2011): Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Amendments to FRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to FRS 10, FRS 12 and FRS 128 (2011): Investment Entities – Applying the Consolidation Exception	1 January 2016
Amendments to FRS 101: Presentation of Financial Statements – Disclosure Initiative	1 January 2016
Amendments to FRS 116 and FRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to FRS 119: Defined Benefit Plans – Employee Contributions	1 July 2014
Amendments to FRS 127 (2011): Equity Method in Separate Financial Statements	1 January 2016
Annual Improvements to FRSs 2010 – 2012 Cycle	1 July 2014
Annual Improvements to FRSs 2011 – 2013 Cycle	1 July 2014
Annual Improvements to FRSs 2012 – 2014 Cycle	1 January 2016

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 (IFRS 9 issued by IASB in July 2014) replaces the existing guidance in FRS 139 and introduces a revised guidance on the classification and measurement of financial instruments, including a single forward-looking "expected loss" impairment model for calculating impairment on financial assets, and a new approach to hedge accounting. Under this FRS 9, the classification of financial assets is driven by cash flow characteristics and the business model in which a financial asset is held. Therefore, it is expected that the Group's investments in unquoted shares that are currently stated at cost will be measured at fair value through other comprehensive income upon the adoption of FRS 9.

(b) The amendments to FRS 10, FRS 12 and FRS 128 (2011) allow an entity which is not an investment entity, but has an interest in an associate or joint venture which is an investment entity, a policy choice when applying the equity method of accounting. The entity may choose to retain the fair value measurement applied by the investment entity associate or joint venture, or to unwind the fair value measurement and instead perform a consolidation at the level of the investment entity associate or joint venture. There will be no impact on the financial statements of the Group upon its initial application.

(c) The amendments to FRS 116 and FRS 138 prohibit revenue-based depreciation/amortisation because revenue does not, as a matter of principle, reflect the way in which an item of property, plant and equipment/intangible assets is used or consumed. There will be no impact on the financial statements of the Group upon its initial application.

3.3 MASB has issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRSs"), that are to be applied by all entities other than private entities; 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").

As announced by MASB on 2 September 2014, the transitioning entities are allowed to defer the adoption of MFRSs to annual periods beginning on or after 1 January 2017.

Accordingly, as a transitioning entity as defined above, the Group has chosen to defer the adoption of MFRSs and will only prepare its first set of MFRS financial statements for the financial year ending 31 December 2017. The Group is currently assessing the possible financial impacts that may arise from the adoption of MFRSs and the process is still ongoing.

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 the end of the reporting period.

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 or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. 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. Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

(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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Assets (Cont'd)

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

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that are held primarily for trading purposes are presented as current whereas financial assets that are not held primarily for trading purposes are presented as current or non-current based on the settlement date.

(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.

Held-to-maturity investments are classified as non-current assets, except for those having maturity within 12 months after the reporting date which are classified as current assets.

(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.

Loans and receivables financial assets are classified as current assets, except for those having settlement dates later than 12 months after the reporting date which are classified as non-current assets.

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.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

(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.

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 FINANCIAL INSTRUMENTS (CONT'D)

(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.

(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. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

4.7 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 2014. 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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.7 INVESTMENTS IN ASSOCIATES (CONT'D)

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.

4.8 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 87 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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.8 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

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.

4.9 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. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

4.11 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 immediately.

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 maturity periods of 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 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 2014 RM	The Company 2013 RM
Unquoted shares, at cost	440,149,962	435,249,646

The details of the subsidiaries are as follows:-

Name of Subsidiary	Country of Incorporation	Effective Equity Interest 2014 %	Effective Equity Interest 2013 %	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	Dormant
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 Subsidiary	Country of Incorporation	Effective Equity Interest 2014 %	Effective Equity Interest 2013 %	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
Rajang Agrisupplies Sdn Bhd	Malaysia	100	-	Wholesaling and retailing of agricultural fertilisers
Rajang Builders Sdn Bhd	Malaysia	100	-	Plantation contract work and provision of transportation services
Rimbunan Sawit Holdings Sdn Bhd	Malaysia	100	100	Investment holding and provision of management services
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.*

\# *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:-

	Effective Equity Interest		The Group	
	2014	2013	2014	2013
	%	%	RM	RM
PJP Pelita Biawak Plantation Sdn Bhd ("Biawak")	85	85	9,810,538	9,841,831
PJP Pelita Lundu Plantation Sdn Bhd ("Lundu")	60	60	43,349,468	44,874,534
PJP Pelita Selangau Plantation Sdn Bhd ("Selangau")	60	60	3,770,974	5,566,386
PJP Pelita Ulu Teru Plantation Sdn Bhd ("Ulu Teru")	60	60	7,703,376	8,266,683
Other individually immaterial subsidiaries			3,949,741	4,451,596
			68,584,097	73,001,030

(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	
	2014	2013
	RM	RM
<u>At 31 December</u>		
Non-current assets	93,122,659	97,849,952
Current assets	2,127,389	2,499,251
Non-current liabilities	(19,861,372)	(20,599,056)
Current liabilities	(9,985,089)	(14,137,941)
Net assets	65,403,587	65,612,206
<u>Financial year ended 31 December</u>		
Revenue	13,148,543	13,721,369
Loss for the financial year	(208,619)	(1,118,826)
Total comprehensive income	(208,619)	(1,118,826)
Total comprehensive income attributable to non-controlling interests	(31,293)	(167,824)
Dividends paid to non-controlling interests	-	-
Net cash flows from operating activities	5,004,801	2,869,058
Net cash flows for investing activities	(204,302)	(1,284,668)
Net cash flows for financing activities	(4,730,558)	(1,565,594)

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	
	2014	**2013**
	RM	RM
At 31 December		
Non-current assets	138,106,339	147,869,820
Current assets	10,448,746	6,629,333
Non-current liabilities	(32,140,363)	(34,546,004)
Current liabilities	(8,041,057)	(7,766,817)
Net assets	108,373,665	112,186,332
Financial year ended 31 December		
Revenue	28,466,055	30,565,531
Profit for the financial year	2,187,554	132,874
Total comprehensive income	2,187,554	132,874
Total comprehensive income attributable to non-controlling interests	875,022	53,150
Dividends paid to non-controlling interests	(2,400,088)	-
Net cash flows from operating activities	11,118,083	1,032,969
Net cash flows for investing activities	(139,000)	(1,012,824)
Net cash flows for financing activities	(9,571,864)	(61,441)

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	
	2014	**2013**
	RM	RM
At 31 December		
Non-current assets	82,832,423	85,205,425
Current assets	5,534,374	3,581,745
Non-current liabilities	(1,638,828)	(2,625,557)
Current liabilities	(77,300,535)	(72,245,649)
Net assets	9,427,434	13,915,964
Financial year ended 31 December		
Revenue	7,436,574	9,445,038
Loss for the financial year	(4,488,530)	(4,061,947)
Total comprehensive income	(4,488,530)	(4,061,947)
Total comprehensive income attributable to non-controlling interests	(1,795,412)	(1,624,779)
Dividends paid to non-controlling interests	-	-
Net cash flows for operating activities	(2,219,912)	(2,344,498)
Net cash flows for investing activities	(2,631,151)	(3,909,759)
Net cash flows from financing activities	5,299,723	6,331,403

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	
	2014	**2013**
	RM	RM
<u>At 31 December</u>		
Non-current assets	129,418,926	122,591,651
Current assets	4,806,435	4,686,261
Non-current liabilities	(46,840,405)	(45,493,548)
Current liabilities	(68,126,517)	(61,117,657)
Net assets	19,258,439	20,666,707
<u>Financial year ended 31 December</u>		
Revenue	5,611,898	4,676,048
Loss for the financial year	(1,408,268)	(4,556,812)
Total comprehensive income	(1,408,268)	(4,556,812)
Total comprehensive income attributable to non-controlling interests	(563,307)	(1,822,725)
Dividends paid to non-controlling interests	-	-
Net cash flows from/(for) operating activities	626,508	(8,012,717)
Net cash flows for investing activities	(7,353,121)	(14,092,558)
Net cash flows from financing activities	11,441,970	22,068,934

6. INVESTMENT IN AN ASSOCIATE

	The Group		The Company	
	2014	**2013**	**2014**	**2013**
	RM	RM	RM	RM
Unquoted shares, at cost	25,137,296	25,137,296	25,137,296	25,137,296
Share of post-acquisition reserves	(1,048,346)	(282,016)	-	-
	24,088,950	24,855,280	25,137,296	25,137,296

The details of the associate are as follows:-

Name of Associate	Country of Incorporation	Effective Equity Interest 2014 %	Effective Equity Interest 2013 %	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 2014.

6. INVESTMENT IN AN ASSOCIATE (CONT'D)

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

	Lubuk Tiara Sdn Bhd	
	2014	**2013**
	RM	RM
At 31 December		
Non-current assets	122,093,345	120,787,186
Current assets	5,523,549	5,538,575
Non-current liabilities	(74,559,491)	(74,384,632)
Current liabilities	(36,078,004)	(33,220,070)
Net assets	16,979,399	18,721,059
Financial year ended 31 December		
Revenue	18,004,919	17,729,419
Loss for the financial year	(1,741,660)	(3,483,044)
Total comprehensive income	(1,741,660)	(3,483,044)
Group's share of loss for the financial year	(766,330)	(1,532,539)
Group's share of other comprehensive income	-	-
Dividend received	-	-
Reconciliation of net assets to carrying amount		
Group's share of net assets	7,470,936	8,237,266
Goodwill	16,618,014	16,618,014
Carrying amount of the Group's interests in the associate	24,088,950	24,855,280

7. PROPERTY, PLANT AND EQUIPMENT

The Group	At 1.1.2014 RM	Additions RM	Disposals RM	Reclassifi- cations RM	Depreciation Charge RM	At 31.12.2014 RM
Net Book Value						
Land and buildings	2,700,004	-	-	-	(194,547)	2,505,457
Leasehold land	203,093,324	-	(23,275)	-	(4,208,457)	198,861,592
Buildings, drainage and roads	392,702,870	8,929,173	(69,733)	12,395,960	(20,788,193)	393,170,077
Nursery irrigation systems	178,111	-	-	-	(20,253)	157,858
Motor vehicles, plant and machinery	22,484,072	4,893,482	(117,997)	178,425	(8,453,070)	18,984,912
Equipment and furniture	5,273,190	3,223,981	-	1,453,868	(1,413,319)	8,537,720
Capital work-in-progress	27,590,714	23,435,714	(576,004)	(14,028,253)	-	36,422,171
	654,022,285	40,482,350	(787,009)	-	(35,077,839)	658,639,787

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

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 Cost RM	Accumulated Depreciation RM	Net Book Value RM
2014			
Land and buildings	3,406,273	(900,816)	2,505,457
Leasehold land	220,968,512	(22,106,920)	198,861,592
Buildings, drainage and roads	522,873,009	(129,702,932)	393,170,077
Nursery irrigation systems	661,340	(503,482)	157,858
Motor vehicles, plant and machinery	96,159,145	(77,174,233)	18,984,912
Equipment and furniture	19,146,263	(10,608,543)	8,537,720
Capital work-in-progress	36,422,171	-	36,422,171
	899,636,713	(240,996,926)	658,639,787
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

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

The Company	At 1.1.2014 RM	Additions RM	Disposals RM	Reclassifi-cations RM	Depreciation Charge RM	At 31.12.2014 RM
Net Book Value						
Buildings	42,897	2,080,000	-	-	(70,392)	2,052,505
Motor vehicles	512,001	314,179	(56,721)	-	(192,368)	577,091
Equipment and furniture	1,256,049	1,435,811	-	389,500	(289,628)	2,791,732
Capital work-in-progress	799,892	126,274	-	(389,500)	-	536,666
	2,610,839	3,956,264	(56,721)	-	(552,388)	5,957,994

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 Cost RM	Accumulated Depreciation RM	Net Book Value RM
2014			
Buildings	2,130,967	(78,462)	2,052,505
Motor vehicles	1,782,236	(1,205,145)	577,091
Equipment and furniture	3,525,053	(733,321)	2,791,732
Capital work-in-progress	536,666	-	536,666
	7,974,922	(2,016,928)	5,957,994
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

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

(a) Included in the depreciation charge of the Group for the financial year is an amount of RM5,264,474 (2013: RM5,676,524), 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 RM2,248,237 (2013: RM4,530,134) and Nil (2013: RM194,667) 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 19) is as follows:-

	The Group	
	2014	**2013**
	RM	RM
Leasehold land	154,168,338	123,200,367
Buildings, drainage and roads	259,318,373	248,261,163
Nursery irrigation systems	4	2,554
Capital work-in-progress	30,414,819	13,659,896
	443,901,534	385,123,980

(d) The net book value of property, plant and equipment held under Ijarah arrangements (Note 21) is as follows:-

	The Group	
	2014	**2013**
	RM	RM
Leasehold land	-	15,112,002
Buildings, drainage and roads	-	33,598,860
Capital work-in-progress	-	3,361,173
	-	52,072,035

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	
	2014	**2013**
	RM	RM
Unexpired period of less than 50 years	134,220,260	135,738,334
Unexpired period of more than 50 years	64,641,332	67,354,990
	198,861,592	203,093,324

8. INTANGIBLE ASSETS

The Group	At 1.1.2014 RM	Additions RM	Reclassifi-cations RM	Amortisation Charge RM	At 31.12.2014 RM
Net Book Value					
Computer software	1,596,676	315,370	1,008,859	(341,205)	2,579,700
Commercial rights on LPF	22,218,792	-	-	(412,095)	21,806,697
Capital work-in-progress	548,573	643,286	(1,008,859)	-	183,000
	24,364,041	958,656	-	(753,300)	24,569,397

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

8. INTANGIBLE ASSETS (CONT'D)

The Group	At Cost RM	Accumulated Amortisation RM	Net Book Value RM
2014			
Computer software	3,641,252	(1,061,552)	2,579,700
Commercial rights on LPF	23,592,442	(1,785,745)	21,806,697
Capital work-in-progress	183,000	-	183,000
	27,416,694	(2,847,297)	24,569,397
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

The Company	At 1.1.2014 RM	Additions RM	Reclassifi-cations RM	Amortisation Charge RM	At 31.12.2014 RM
Net Book Value					
Computer software	1,556,653	315,370	1,008,859	(324,834)	2,556,048
Capital work-in-progress	548,573	643,286	(1,008,859)	-	183,000
	2,105,226	958,656	-	(324,834)	2,739,048

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

8. INTANGIBLE ASSETS (CONT'D)

The Company	At Cost RM	Accumulated Amortisation RM	Net Book Value RM
2014			
Computer software	3,040,696	(484,648)	2,556,048
Capital work-in-progress	183,000	-	183,000
	3,223,696	(484,648)	2,739,048
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

(a) Included in the amortisation charge of the Group for the financial year is an amount of RM314,363 (2013: RM361,067), 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 16 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 1.1.2014 RM	Additions RM	Write-offs RM	Amortisation Charge RM	At 31.12.2014 RM
Net Book Value					
Oil palm plantation	754,244,342	44,639,613	(181,641)	(29,783,338)	768,918,976
Gaharu plantation	4,346,280	495,887	-	-	4,842,167
Rubber plantation	3,656,589	931,241	-	-	4,587,830
	762,247,211	46,066,741	(181,641)	(29,783,338)	778,348,973

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

9. BIOLOGICAL ASSETS (CONT'D)

The Group	At Cost RM	Accumulated Amortisation RM	Net Book Value RM
2014			
Oil palm plantation	948,004,005	(179,085,029)	768,918,976
Gaharu plantation	4,842,167	-	4,842,167
Rubber plantation	4,587,830	-	4,587,830
	957,434,002	(179,085,029)	778,348,973
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

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

	The Group	
	2014 RM	**2013** RM
Amortisation of intangible assets	314,363	361,067
Depreciation of property, plant and equipment	5,264,474	5,676,524
Finance costs:-		
- bank overdrafts	633,437	945,739
- hire purchase obligations	29,861	84,694
- revolving credit	1,455,081	601,357
- term loans	9,382,084	7,159,638
- unsecured loans	-	592,192
- others	398,212	144,739
Hiring of equipment and machinery	12,310	22,711
Rental of premises	73,025	92,796
Staff costs:-		
- short-term benefits	3,622,754	5,371,444
- defined contribution plans	551,215	667,090

(b) The net book value of biological assets pledged to licensed banks as security for banking facilities granted to the Group (Note 19) is RM523,672,094 (2013: RM492,607,712).

(c) The net book value of biological assets held under Ijarah arrangements (Note 21) is Nil (2013: RM103,200,432).

10. GOODWILL

	The Group	
	2014	**2013**
	RM	RM
At 1 January	64,740,461	64,740,461
Acquisition of subsidiaries (Note 30)	5,648	-
At 31 December	64,746,109	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 9.00% (2013: 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. DEPOSITS WITH LICENSED BANKS

(a) The deposits with licensed banks of the Group at the end of the reporting period bore effective interest rates ranging from 2.70% to 3.45% (2013: Nil) per annum. The deposits have maturity periods ranging from 5 days to 5 years (2013: Nil).

(b) Included in the deposits with licensed banks of the Group at the end of the reporting period was an amount of RM100,000 (2013: Nil) which has been pledged to a licensed bank as security for banking facilities granted to the Group.

12. DEFERRED TAX

	The Group		The Company	
	2014	**2013**	**2014**	**2013**
	RM	RM	RM	RM
At 1 January	144,293,116	150,369,239	332,218	(270,158)
Recognised in profit or loss (Note 27)	(817,345)	(6,076,123)	261,732	602,376
At 31 December	143,475,771	144,293,116	593,950	332,218

The deferred tax is attributable to the following:-

	The Group		The Company	
	2014	**2013**	**2014**	**2013**
	RM	RM	RM	RM
Property, plant and equipment, intangible and biological assets	275,324,719	269,174,832	593,950	332,218
Unused tax losses	(43,993,343)	(42,602,635)	-	-
Unabsorbed agriculture/capital allowance	(87,855,605)	(82,279,081)	-	-
At 31 December	143,475,771	144,293,116	593,950	332,218

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	
	2014	**2013**	**2014**	**2013**
	RM	RM	RM	RM
Deferred tax liabilities	148,404,717	149,709,194	593,950	332,218
Deferred tax assets	(4,928,946)	(5,416,078)	-	-
	143,475,771	144,293,116	593,950	332,218

12. 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	
	2014	**2013**
	RM	RM
Unused tax losses	73,161	-
Unabsorbed capital allowance	239,257	138,886
	312,418	138,886

13. INVENTORIES

	The Group	
	2014	**2013**
	RM	RM
At cost:-		
Processed inventories	1,943,928	8,687,585
Nursery inventories	17,081,781	16,970,927
Sundry stores and consumables	9,116,515	10,848,597
	28,142,224	36,507,109

14. TRADE RECEIVABLES

	The Group	
	2014	**2013**
	RM	RM
Trade receivables:-		
- third parties	7,948,979	8,979,970
- related parties	3,166,144	7,205,917
	11,115,123	16,185,887

The Group's normal trade credit term is 45 (2013: 45) days.

15. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2014	**2013**	**2014**	**2013**
	RM	RM	RM	RM
Other receivables:-				
- third parties	2,708,594	1,534,491	152,624	2,317
- related parties	22,166,265	13,765,732	12,943,423	7,635,516
	24,874,859	15,300,223	13,096,047	7,637,833
Deposits	679,009	377,884	93,320	77,020
Prepayments	6,691,646	5,559,339	241,114	139,881
	32,245,514	21,237,446	13,430,481	7,854,734

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

(a) an amount of Nil (2013: RM1,443,158), which is retention amount receivable under Ijarah arrangements; and

(b) an amount of Nil (2013: RM39,903), which is repo profits receivable on the retention amount.

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

16. AMOUNT OWING BY/(TO) SUBSIDIARIES

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

The amount by subsidiaries earn interest at rate of 0.22% (2013: Nil) per annum.

17. SHARE CAPITAL

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

	The Group/The Company			
	2014	**2013**	**2014**	**2013**
	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

(a) The holders of ordinary shares are entitled to receive dividends as and when declared by the Company, and are entitled to one vote per share at meetings of the Company.

17. SHARE CAPITAL (CONT'D)

(b) 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.

18. RESERVES

	The Group		The Company	
	2014	**2013**	**2014**	**2013**
	RM	RM	RM	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	160,690,425	155,920,602	92,176,513	88,552,873
	123,071,822	118,301,999	107,623,463	103,999,823

(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.

19. BORROWINGS

	The Group 2014 RM	The Group 2013 RM	The Company 2014 RM	The Company 2013 RM
Long-term borrowings:-				
- hire purchase obligations (Note 20)	221,234	489,989	-	-
- term loans, secured	311,077,275	291,025,124	-	-
	311,298,509	291,515,113	-	-
Short-term borrowings:-				
- bank overdrafts, secured	5,678,289	22,802,434	-	-
- bank overdrafts, unsecured	16,022,753	19,752,381	2,734,876	1,076,700
- bankers' acceptance, unsecured	11,401,000	12,229,000	-	-
- hire purchase obligations (Note 20)	609,289	1,966,833	-	33,724
- obligations under Ijarah arrangements (Note 21)	-	7,650,000	-	-
- revolving credit, secured	47,991,000	51,481,388	-	-
- revolving credit, unsecured	58,000,000	5,000,000	58,000,000	5,000,000
- term loans, secured	29,196,737	20,707,394	-	-
- unsecured loans	3,020,000	22,520,000	-	-
	171,919,068	164,109,430	60,734,876	6,110,424
Total borrowings	483,217,577	455,624,543	60,734,876	6,110,424

The term loans are repayable as follows:-

	The Group 2014 RM	The Group 2013 RM
Current		
- not later than one year	29,196,737	20,707,394
Non-current		
- later than one year and not later than two years	45,408,497	29,451,562
- later than two years and not later than five years	189,984,290	155,870,604
- later than five years	75,684,488	105,702,958
	311,077,275	291,025,124
	340,274,012	311,732,518

19. 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 RM1,302,925
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 + 1.25% 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

19. 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 June 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 + 1.00% per annum	Repayable in 35 monthly instalments of RM555,000 each with a final payment of RM575,000, effective from January 2016
Term loan 6 at COF + 1.25% per annum	Repayable in 23 quarterly instalments of RM833,000 each with a final payment of RM841,000, effective from September 2016
Term loan 7 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 8 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 9 at COF + 1.25% per annum	Repayable in 24 quarterly instalments, effective from December 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

19. BORROWINGS (CONT'D)

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

Term loan 10 at COF + 1.25% per annum	Repayable in 24 quarterly instalments, effective from December 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
Term loan 11 at COF + 1.00% per annum	Repayable in 32 quarterly instalments, effective from January 2019, as follows:- 2019 - 2021 – 12 quarterly instalments of RM468,000 each 2022 – 4 quarterly instalments of RM972,000 each 2023 – 4 quarterly instalments of RM1,458,000 each 2024 – 4 quarterly instalments of RM1,458,000 each 2025 – 4 quarterly instalments of RM1,944,000 each 2026 – 4 quarterly instalments of RM2,430,000 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% (2013: 5.00%) per annum and are repayable on demand.

20. HIRE PURCHASE OBLIGATIONS

	The Group		The Company	
	2014	**2013**	**2014**	**2013**
	RM	RM	RM	RM
Minimum hire purchase payments:-				
- not later than one year	633,436	2,044,835	-	33,982
- later than one year and not later than two years	178,445	480,043	-	-
- later than two years and not later than five years	51,107	16,589	-	-
	862,988	2,541,467	-	33,982
Less: future finance charges	(32,465)	(84,645)	-	(258)
Present value of hire purchase obligations	830,523	2,456,822	-	33,724
Current				
- not later than one year	609,289	1,966,833	-	33,724
Non-current				
- later than one year and not later than two years	170,786	473,617	-	-
- later than two years and not later than five years	50,448	16,372	-	-
	221,234	489,989	-	-
	830,523	2,456,822	-	33,724

21. OBLIGATIONS UNDER IJARAH ARRANGEMENTS

	Class	Rating	Maturity Date	Effective Interest Rate % pa	The Group Amount Outstanding **2014** RM	**2013** RM
Sukuk Ijarah	Class A	AAA	23 December 2014	6.70	-	8,162,100
Less: Future finance charges					-	(512,100)
					-	7,650,000

21. OBLIGATIONS UNDER IJARAH ARRANGEMENTS (CONT'D)

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

	The Group	
	2014	**2013**
	RM	RM
Current		
- not later than one year	-	7,650,000
Non-current		
- later than one year and not later than two years	-	-
	-	7,650,000

The Sukuk issue was structured under the Islamic principle of Ijarah or sale and leaseback and was issued via a special purpose vehicle, 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 and an associate.

(c) The Sukuk issue was secured by the plantation lands (including buildings erected thereon) by certain subsidiaries and an associate. The beneficial ownership of these assets were held on trust by the special purpose vehicle for the benefits of the Islamic securities investors and was redeemable at a nominal value of RM1 on maturity.

The obligations under Ijarah arrangements were fully settled during the financial year.

22. TRADE PAYABLES

	The Group	
	2014	**2013**
	RM	RM
Trade payables:-		
- third parties	14,858,400	11,998,356
- related parties	13,898,634	13,959,227
	28,757,034	25,957,583

The normal trade credit terms granted to the Group range from 30 to 120 (2013: 30 to 120) days.

23. OTHER PAYABLES, DEPOSITS AND ACCRUALS

	The Group		The Company	
	2014	**2013**	**2014**	**2013**
	RM	RM	RM	RM
Other payables:-				
- third parties	12,114,229	9,298,789	231,904	614,079
- related parties	10,461,039	13,469,542	593,768	77,700
	22,575,268	22,768,331	825,672	691,779
Deposits	277,200	282,400	-	-
Accruals	14,730,401	16,948,224	3,677,770	6,262,841
	37,582,869	39,998,955	4,503,442	6,954,620

Included in the amount owing to related parties of the Group is an amount of Nil (2013: RM5,100,000), which is an unsecured advance granted to a subsidiary. The advance carries interest at rate of 7.50% (2013: 6.75%) per annum and is repayable on demand. All other amounts are unsecured, interest-free and repayable on demand.

24. REVENUE

	The Group		The Company	
	2014	**2013**	**2014**	**2013**
	RM	RM	RM	RM
Dividend income	-	-	3,600,133	-
Contract income	15,160	-	-	-
Management fee	193,200	-	6,036,000	18,000,000
Sale of – crude palm oil	105,599,467	152,230,411	-	-
– fresh fruit bunches	112,643,118	105,380,376	-	-
– palm kernel	17,136,305	20,672,836	-	-
– palm kernel shell	112,426	330,068	-	-
– empty bunch ash	98,528	120,556	-	-
– sludge oil	1,554,544	351,866	-	-
– fertilisers	239,794	-	-	-
Transportation income	2,091,586	3,147,828	-	-
	239,684,128	282,233,941	9,636,133	18,000,000

25. FINANCE COSTS

	The Group		The Company	
	2014	**2013**	**2014**	**2013**
	RM	RM	RM	RM
Interest expense on:-				
- bank overdrafts	1,872,842	2,415,852	56,513	62,759
- bankers' acceptance	193,515	582,087	-	-
- hire purchase obligations	77,679	215,413	258	4,903
- Islamic securities and obligations under Ijarah arrangements	512,550	1,703,925	-	-
- revolving credit	3,755,595	1,234,032	1,188,014	229,370
- term loans	15,721,637	12,186,965	-	-
- unsecured loans	-	1,126,000	-	-
- others	374,117	686,614	-	-
	22,507,935	20,150,888	1,244,785	297,032
Less: Amount capitalised under biological assets (Note 9)	(11,898,675)	(9,528,359)	-	-
	10,609,260	10,622,529	1,244,785	297,032

26. PROFIT BEFORE TAXATION

	The Group		The Company	
	2014 RM	**2013** RM	**2014** RM	**2013** RM
Profit before taxation is arrived at after charging/(crediting):-				
Amortisation of biological assets	29,783,338	27,093,043	-	-
Amortisation of intangible assets	438,937	200,415	324,834	115,410
Audit fee:-				
- current financial year	329,000	304,000	50,000	70,000
- over provision in the previous financial year	(1,500)	(7,200)	-	-
- other services	70,000	72,500	70,000	72,500
Bad debts written off	-	846,229	-	-
Biological assets written off	181,641	-	-	-
Depreciation of property, plant and equipment	29,813,365	27,916,319	552,388	438,533
Directors' fee:-				
- directors of the Company	283,288	279,200	181,000	171,000
- directors of subsidiaries	170,200	162,784	-	-
Directors' non-fee emoluments	2,362,420	3,430,820	2,362,420	3,430,820
Finance costs (Note 25)	10,609,260	10,622,529	1,244,785	297,032
(Gain)/loss on disposal of property, plant and equipment	(1,344,416)	569,878	(3,279)	2,653
Hiring of equipment and machinery	29,036	95,847	-	-
Interest income	(82,703)	(331,128)	(1,190,308)	(106,509)
Management fee	2,791,500	2,434,377	-	-
Rental income	(259,293)	(338,397)	-	-
Rental of premises	219,137	262,580	760	95,648
Share of results in an associate	766,330	1,532,539	-	-
Staff costs (excluding directors):-				
- short-term benefits	21,764,068	20,636,787	-	7,279,802
- defined contribution plans	2,743,781	2,527,918	-	906,170

27. INCOME TAX EXPENSE

	The Group		The Company	
	2014	**2013**	**2014**	**2013**
	RM	RM	RM	RM
Current tax:-				
- current financial year	4,792,625	5,060,545	500,000	169,677
- under/(over) provision in the previous financial year	213,412	14,814	(67,697)	-
	5,006,037	5,075,359	432,303	169,677
Deferred tax (Note 12):-				
- origination and reversal of temporary differences	(116,098)	(1,919,209)	75,089	629,360
- proposed change in corporate income tax rate from 25% to 24%	-	(6,048,202)	-	10,806
- (over)/under provision in the previous financial year	(701,247)	1,891,288	186,643	(37,790)
	(817,345)	(6,076,123)	261,732	602,376
	4,188,692	(1,000,764)	694,035	772,053

27. INCOME TAX EXPENSE (CONT'D)

A reconciliation of income tax expense applicable to the profit/(loss) 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	
	2014 RM	**2013** RM	**2014** RM	**2013** RM
Profit/(loss) before taxation	6,941,670	(2,893,149)	4,317,675	2,707,584
Tax at the statutory tax rate of 25%	1,735,418	(723,287)	1,079,419	676,896
Tax effects of:-				
Proposed change in corporate income tax rate from 25% to 24% on deferred tax	-	(6,048,202)	-	10,806
Deferred tax recognised at different tax rates	4,838	79,967	(3,129)	(26,223)
Non-taxable income	(498,267)	(3,292)	(900,033)	-
Non-deductible expenses	3,090,669	2,701,139	459,221	148,364
Control transfers	-	(2,292)	-	-
Deferred tax assets not recognised during the financial year	173,532	-	-	-
Utilisation of deferred tax assets previously not recognised	-	(4,473)	-	-
Under/(over) provision in the previous financial year:-				
- income tax	213,412	14,814	(67,697)	-
- deferred tax	(701,247)	1,891,288	186,643	(37,790)
Others	170,337	1,093,574	(60,389)	-
Income tax expense for the financial year	4,188,692	(1,000,764)	694,035	772,053

The statutory tax rate will be reduced to 24% from the current financial year's rate of 25%, effective year of assessment 2016.

28. EARNINGS PER SHARE

	The Group 2014	2013
Profit attributable to owners of the Company (RM)	4,769,823	2,195,484
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)	0.23	0.11

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

29. DIVIDENDS

	The Group/The Company 2014 Dividend per Share Sen	2014 Amount of Dividend RM	2013 Dividend per Share Sen	2013 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

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

30. ACQUISITION OF SUBSIDIARIES

During the financial year, the Company acquired 100% equity interests in both Rajang Agrisupplies Sdn Bhd and Rajang Builders Sdn Bhd.

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

	At Date of Acquisition Carrying Amount RM	Fair Value Recognised RM
Cash and bank balances	740	740
Other payables	(6,062)	(6,062)
Bank overdraft	(10)	(10)
Net identifiable assets and liabilities	(5,332)	(5,332)
Add: Goodwill on acquisition		5,648
Total purchase consideration		316
Less: Cash and cash equivalents of subsidiaries acquired		(730)
Net cash inflows for acquisition of subsidiaries		(414)

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

	The Group 2014 RM
Revenue	254,954
Loss after taxation	(247,330)

31. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	The Group		The Company	
	2014	**2013**	**2014**	**2013**
	RM	RM	RM	RM
Cost of property, plant and equipment purchased	40,482,350	41,151,720	3,956,264	1,913,497
Less:-				
Amount financed through hire purchase	(364,440)	(812,561)	-	-
Cash disbursed for purchase of property, plant and equipment	40,117,910	40,339,159	3,956,264	1,913,497

32. CASH AND CASH EQUIVALENTS

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

	The Group		The Company	
	2014	**2013**	**2014**	**2013**
	RM	RM	RM	RM
Cash and bank balances	11,055,196	2,268,000	139,507	77,878
Deposits with licensed banks	1,150,000	-	-	-
Bank overdrafts	(21,701,042)	(42,554,815)	(2,734,876)	(1,076,700)
	(9,495,846)	(40,286,815)	(2,595,369)	(998,822)
Less:-				
Deposits pledged to licensed banks (Note 11)	(100,000)	-	-	-
	(9,595,846)	(40,286,815)	(2,595,369)	(998,822)

33. DIRECTORS' REMUNERATION

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

	The Group		The Company	
	2014 RM	**2013** RM	**2014** RM	**2013** RM
Directors of the Company				
Executive directors:-				
- fee	57,688	57,600	-	-
- non-fee emoluments	2,355,420	3,424,420	2,355,420	3,424,420
	2,413,108	3,482,020	2,355,420	3,424,420
Non-executive directors:-				
- fee	225,600	221,600	181,000	171,000
- allowance	7,000	6,400	7,000	6,400
	232,600	228,000	188,000	177,400
	2,645,708	3,710,020	2,543,420	3,601,820
Directors of the Subsidiaries				
Non-executive directors:-				
- fee	170,200	162,784	-	-
	2,815,908	3,872,804	2,543,420	3,601,820

The estimated monetary value of benefits-in-kind provided by the Company to its executive director is RM23,950 (2013: RM23,950).

33. DIRECTORS' REMUNERATION (CONT'D)

(b) The number of the Company's directors with total remuneration falling in bands of RM50,000 are as follows:-

	The Group	
	2014	**2013**
	Number of Directors	
Executive directors:-		
RM1,150,001 to RM1,200,000	1	-
RM1,200,001 to RM1,300,000	1	-
RM1,600,001 to RM1,650,000	-	1
RM1,850,001 to RM1,900,000	-	1
Non-executive directors:-		
RM50,000 and below	3	3
RM100,001 to RM150,000	1	-
RM150,001 to RM200,000	-	1
	6	6

34. 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	
	2014 RM	**2013** RM	**2014** RM	**2013** RM
Subsidiaries:-				
- dividend income	-	-	3,600,133	-
- interest income	-	-	1,188,014	-
- management fee	-	-	6,036,000	18,000,000
- purchase of property, plant and equipment	-	-	-	67,571
- sale of property, plant and equipment	-	-	60,000	-
Companies in which the directors and their close family members have substantial financial interests:-				
- computer software, printing and stationery	167,009	117,531	56,227	71,799
- consultancy fee	198,400	505,500	18,000	5,000
- contract charges	6,265,149	23,046,315	-	-
- contract income	15,160	-	-	-
- fertiliser testing charges	297,578	194,235	-	-
- insurance paid	1,290,498	1,246,762	29,900	40,589
- interest paid	1,456,275	2,814,742	-	-
- interest received	-	19,798	-	-
- management fee	2,759,500	3,502,946	-	-
- management income	193,200	-	-	-
- purchase of fertilisers and chemicals	2,713,095	47,184,947	-	-
- purchase of fresh fruit bunches	4,834,763	19,784,720	-	-
- purchase of property, plant and equipment	6,563,811	1,410,572	3,322,132	360,651

34. 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	
	2014	**2013**	**2014**	**2013**
	RM	RM	RM	RM
Companies in which the directors and their close family members have substantial financial interests (cont'd):-				
- purchase of seedlings	124,500	991,930	-	-
- purchase of sundry stores and consumables	4,631,576	7,111,742	-	43,515
- recreational charges	26,264	-	-	-
- recruitment charges	78,520	356,998	-	-
- rental paid	94,705	745,510	760	72,048
- rental received	24,000	206,538	-	-
- repairs and maintenance	667,501	1,153,697	26,573	21,046
- sale of fertilisers and chemicals	239,794	-	-	-
- sale of fresh fruit bunches	69,020,849	76,607,034	-	-
- sale of property, plant and equipment	-	70,000	-	-
- sale of seedlings	131,367	589,911	-	-
- secretarial services	4,255	11,681	-	1,771
- staff training expenses	54,400	70,100	-	12,500
- staff welfare	1,440	25,517	1,440	25,517
- store issues	601,564	1,989,227	-	-
- transportation and accommodation charges	2,817,109	7,057,651	-	64,293
Key management personnel compensation (exclude directors' remuneration):-				
- short-term benefits	3,294,615	3,756,141	-	1,418,914
- defined contribution plans	407,156	459,919	-	182,760

35. 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	
	2014	**2013**
	RM	RM
Customer A*	71,195,705	60,092,992
Customer B*	23,500,210	71,490,183
Customer C*	33,557,043	41,100,150
Customer D*	28,872,714	34,500,094
Customer E*	26,531,484	44,467,900

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

36. CAPITAL COMMITMENTS

	The Group		The Company	
	2014	**2013**	**2014**	**2013**
	RM	RM	RM	RM
Property, plant and equipment:-				
- contracted but not provided for	45,493,413	15,917,121	94,706	592,407
- authorised but not contracted for	-	366,500	-	-
	45,493,413	16,283,621	94,706	592,407

37. CONTINGENT LIABILITIES

	The Company	
	2014	**2013**
	RM	RM
Unsecured:-		
Corporate guarantee given to licensed banks for credit facilities granted to subsidiaries	681,047,090	676,330,000

38. 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.

38.1 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.

(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 38.1(c) to the financial statements.

38. FINANCIAL INSTRUMENTS (CONT'D)

38.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(ii) Interest Rate Risk (Cont'd)

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	
	2014 RM	**2013** RM	**2014** RM	**2013** RM
Effects on Profit after Taxation				
Increase of 50 basis points	- 747,000	- 595,000	- 10,000	- 4,000
Decrease of 50 basis points	+ 747,000	+ 595,000	+10,000	+ 4,000
Effects on Equity				
Increase of 50 basis points	- 747,000	- 595,000	- 10,000	- 4,000
Decrease of 50 basis points	+ 747,000	+ 595,000	+10,000	+ 4,000

(iii) Equity Price Risk

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

38. FINANCIAL INSTRUMENTS (CONT'D)

38.1 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 deposits with licensed banks 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 two (2) customers which constituted approximately 66% 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
2014				
Not past due	11,111,231	-	-	11,111,231
Past due:-				
- less than 3 months	3,892	-	-	3,892
	11,115,123	-	-	11,115,123

38. FINANCIAL INSTRUMENTS (CONT'D)

38.1 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
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

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 practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

38. FINANCIAL INSTRUMENTS (CONT'D)

38.1 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
2014							
Trade and other payables	-	66,339,903	66,339,903	66,339,903	-	-	-
Borrowings:-							
- bank overdrafts	7.95	21,701,042	21,701,042	21,701,042	-	-	-
- bankers' acceptance	4.48	11,401,000	11,401,000	11,401,000	-	-	-
- hire purchase obligations	5.36	830,523	862,988	633,436	178,445	51,107	-
- revolving credit	4.97	105,991,000	105,991,000	105,991,000	-	-	-
- term loans	5.40	340,274,012	429,044,000	47,658,000	63,736,000	236,552,000	81,098,000
- unsecured loans	5.00	3,020,000	3,020,000	3,020,000	-	-	-
		549,557,480	638,359,933	256,744,381	63,914,445	236,603,107	81,098,000

38. FINANCIAL INSTRUMENTS (CONT'D)

38.1 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
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	
- 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

38. FINANCIAL INSTRUMENTS (CONT'D)

38.1 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
2014				
Trade and other payables	-	120,276,662	120,276,662	120,276,662
Borrowings:-				
- bank overdrafts	7.85	2,734,876	2,734,876	2,734,876
- revolving credit	5.01	58,000,000	58,000,000	58,000,000
		181,011,538	181,011,538	181,011,538
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

38. FINANCIAL INSTRUMENTS (CONT'D)

38.2 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 net 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	
	2014	**2013**
	RM	RM
Borrowings:-		
- bank overdrafts	21,701,042	42,554,815
- other borrowings	461,516,535	413,069,728
	483,217,577	455,624,543
Less: Deposits with licensed banks	(1,150,000)	-
Less: Cash and bank balances	(11,055,196)	(2,268,000)
Net debts	471,012,381	453,356,543
Total equity	874,310,723	869,540,900
Debt-to-equity ratio	0.54	0.52

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.

38. FINANCIAL INSTRUMENTS (CONT'D)

38.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	The Group		The Company	
	2014	**2013**	**2014**	**2013**
	RM	RM	RM	RM
Financial Assets				
Loans and receivables financial assets				
Trade receivables	11,115,123	16,185,887	-	-
Other receivables and deposits	25,553,868	15,678,107	13,189,367	7,714,853
Amount owing by subsidiaries	-	-	553,132,489	405,060,476
Deposits with licensed banks	1,150,000	-	-	-
Cash and bank balances	11,055,196	2,268,000	139,507	77,878
	48,874,187	34,131,994	566,461,363	412,853,207
Financial Liabilities				
Other financial liabilities				
Trade payables	28,757,034	25,957,583	-	-
Other payables, deposits and accruals	37,582,869	39,998,955	4,503,442	6,954,620
Amount owing to subsidiaries	-	-	115,773,220	9,551,352
Borrowings:-				
- bank overdrafts	21,701,042	42,554,815	2,734,876	1,076,700
- other borrowings	461,516,535	413,069,728	58,000,000	5,033,724
	549,557,480	521,581,081	181,011,538	22,616,396

38. FINANCIAL INSTRUMENTS (CONT'D)

38.4 FAIR VALUE INFORMATION

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**
	Level 1	Level 2	Level 3		
The Group	RM	RM	RM	RM	RM
2014					
<u>Financial Liabilities</u>					
Hire purchase obligations	-	829,000	-	829,000	830,523
2013					
<u>Financial Liabilities</u>					
Hire purchase obligations	-	2,390,000	-	2,390,000	2,456,822
Obligations under Ijarah arrangements	-	7,671,000	-	7,671,000	7,650,000
The Company					
2014					
<u>Financial Assets</u>					
Hire purchase obligations	-	-	-	-	-
2013					
<u>Financial Liabilities</u>					
Hire purchase obligations	-	33,000	-	33,000	33,724

38. FINANCIAL INSTRUMENTS (CONT'D)

38.4 FAIR VALUE INFORMATION (CONT'D)

The fair values above are for disclosure purposes and have been determined using the following basis:-

(a) The fair values of hire purchase obligations, 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	
	2014	**2013**	**2014**	**2013**
	%	%	%	%
Hire purchase obligations	5.40	7.00	-	6.60
Obligations under Ijarah arrangements	-	6.60	-	-

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

39. SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD

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

(a) On 16 January 2015, the Company subscribed 5,000,000 new ordinary shares of RM1.00 each in Borneo Edible Oils Sdn Bhd ("BEO") for investment purpose. The principal activity of BEO is refinery.

(b) On 25 February 2015, the ICPS holders of the Company converted 28,976,880 ICPSs of RM0.50 each in the Company into 109,532,607 new ordinary shares of RM0.50 each in the Company. On 13 March 2015, they further converted 119,048 ICPSs of RM0.50 each into 450,000 new ordinary shares of RM0.50 each. After the two conversions, the numbers of ICPSs and ordinary shares in the Company, with a nominal value of RM0.50 each, are 164,876,929 and 1,418,487,551 respectively.

40. 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	
	2014 RM	**2013** RM	**2014** RM	**2013** RM
Total retained profits of the Company and its subsidiaries:-				
- realised	227,338,928	210,489,430	92,770,463	88,885,091
- unrealised	(51,620,079)	(47,530,388)	(593,950)	(332,218)
	175,718,849	162,959,042	92,176,513	88,552,873
Total share of retained profits of associate:-				
- realised	(410,310)	279,082	-	-
- unrealised	(638,036)	(561,098)	-	-
	174,670,503	162,677,026	92,176,513	88,552,873
Less: Consolidation adjustments	(13,980,078)	(6,756,424)	-	-
At 31 December	160,690,425	155,920,602	92,176,513	88,552,873