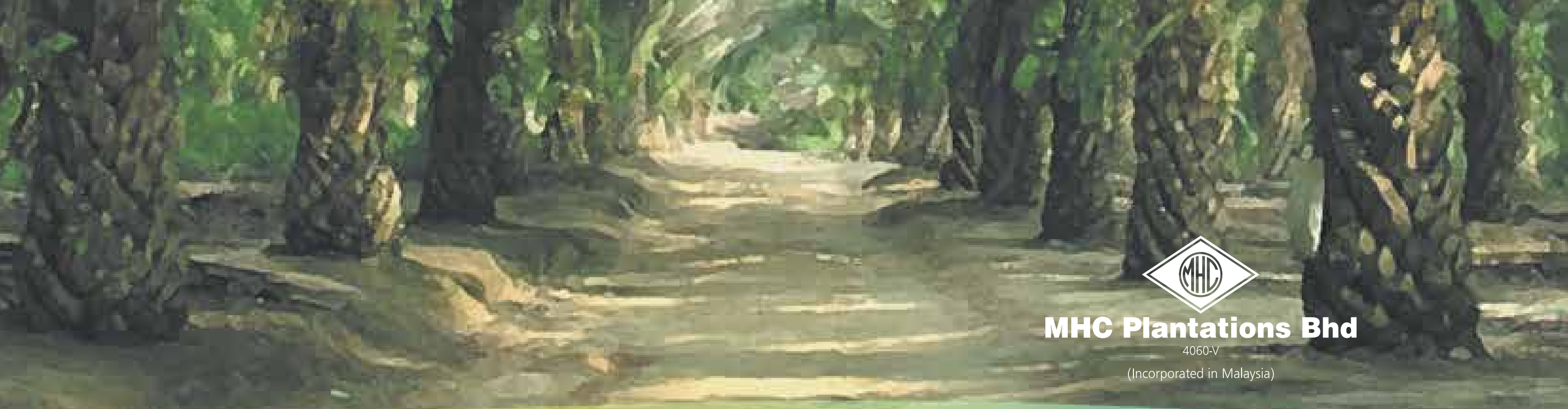
ANNUAL REPORT 2013

MHC Plantations Bhd

4060-V

(Incorporated in Malaysia)



MHC Plantations Bhd
4060-V
(Incorporated in Malaysia)

CONTENTS

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Fifty-Fourth Annual General Meeting ("54th AGM") of the Company will be held at Kompleks Pejabat Behrang 2020, Jalan Persekutuan 1, 35900 Tanjung Malim, Perak, Malaysia on Wednesday, 30 April 2014 at 11.00 a.m.

AGENDA		RESOLUTION NO.
1.	To receive the Audited Financial Statements for the year ended 31 December 2013, together with the Directors' and Auditors' Reports thereon.	
2.	To sanction the declaration of a final single tier dividend of 2% in respect of the year ended 31 December 2013.	**1**
3.	To re-elect the following Directors retiring in accordance with the Company's Articles of Association: Dato' Seri Mah King Seng Heng Beng Fatt	**2**
4.	To consider and, if thought fit, pass a resolution pursuant to Section 129(6) of the Companies Act, 1965 to re-appoint Chan Kam Leong as a Director of the Company to hold office until the conclusion of the next Annual General Meeting of the Company.	**3**
5.	To appoint Auditors and authorise the Directors to fix their remuneration.	**4**
6.	To transact any other business appropriate to an Annual General Meeting.	
7.	As SPECIAL BUSINESS, to consider and, if thought fit, pass the following resolution: **ORDINARY RESOLUTION - AUTHORITY TO ALLOT AND ISSUE SHARES IN GENERAL PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965** "That, subject to the Companies Act, 1965 and the Articles of Association of the Company and approvals from Bursa Malaysia Securities Berhad, Securities Commission and other relevant governmental or regulatory authorities, the Directors be and are hereby empowered pursuant to Section 132D of the Companies Act, 1965 to allot and issue shares in the capital of the Company from time to time upon such terms and conditions and for such purposes as the Directors may in their discretion deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."	**5**

By Order of the Board
CHAN YOKE YIN
CHIEW CINDY
Secretaries

Ipoh
7 April 2014

NOTES:

1. Only members whose names appear on the Record of Depositors as at 25 April 2014 shall be entitled to attend the Annual General Meeting or appoint proxies in his/her stead or in the case of a corporation, a duly authorised representative to attend and to vote in his/her stead.

2. A member entitled to attend and vote at the Meeting is entitled to appoint not more than two (2) proxies to attend and vote instead of him. A proxy may but need not be a member of the Company.

3. Where a member appoints two (2) proxies, the appointments shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.

4. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company in an Omnibus Account, there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.

5. The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing or if the appointer is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.

6. The instrument appointing a proxy must be deposited with the Company Secretaries, 55A Medan Ipoh 1A, Medan Ipoh Bistari, 31400 Ipoh, Perak Darul Ridzuan, Malaysia not less than 48 hours before the time appointed for holding the Meeting.

EXPLANATORY NOTE TO SPECIAL BUSINESS

ORDINARY RESOLUTION - AUTHORITY TO ALLOT AND ISSUE SHARES IN GENERAL PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965

The Ordinary Resolution proposed under item 7 if passed, will empower the Directors of the Company, from the date of the above Annual General Meeting ("AGM") until the next AGM to allot and issue shares in the Company up to and not exceeding in total ten per centum (10%) of the issued share capital of the Company ("Share Mandate"). This Share Mandate is a renewal of the general mandate that was approved by shareholders at the preceding AGM held on 26 April 2013. There were no funds raised from the general mandate that was approved at the preceding AGM. The renewal of the general mandate is to provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding future investment projects, working capital and/or acquisitions, or strategic opportunities involving equity deals, which may require the allotment and issuance of new shares. In addition, any delay arising from and cost involved in convening an extraordinary general meeting ("EGM") to approve such issuance of shares should be eliminated. The Company will have to seek shareholders' approval at an EGM to be convened in the event that the proposed issuance of shares exceeds the 10% threshold contained in the Share Mandate.

Statement Accompanying the Notice of Annual General Meeting

Statement Accompanying Notice of Annual General Meeting of MHC Plantations Bhd. pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

Further details of individual standing for election as Director is set out in the Profile of Directors and Statement of Shareholdings on Pages 7 to 9 and 125 to 129 respectively of this Annual Report.

Corporate Information

DIRECTORS
Dato' Seri Mah King Seng
(Executive Chairman)
Dato' Seri Mah King Thian
(Managing Director)
Chan Kam Leong
(Independent Non-Executive Director)
Wan Salmah Binti Wan Abdullah
(Independent Non-Executive Director)
Heng Beng Fatt
(Non-Independent Non-Executive Director)

AUDIT COMMITTEE
Chan Kam Leong *(Chairman)*
Wan Salmah Binti Wan Abdullah
Heng Beng Fatt

EXECUTIVE COMMITTEE
Datin Seri Ooi Ah Thin *(Chairperson)*
Dato' Seri Mah King Seng
Dato' Seri Mah King Thian

NOMINATING COMMITTEE
Chan Kam Leong *(Chairman)*
Wan Salmah Binti Wan Abdullah
Heng Beng Fatt

REMUNERATION COMMITTEE
Dato' Seri Mah King Thian *(Chairman)*
Chan Kam Leong
Wan Salmah Binti Wan Abdullah

COMMITTEE TO REVIEW PRESS OR PUBLIC ANNOUNCEMENTS
Dato' Seri Mah King Seng
Dato' Seri Mah King Thian

REGISTERED OFFICE
Kompleks Pejabat Behrang 2020
Jalan Persekutuan 1
35900 Tanjung Malim
Perak Darul Ridzuan
Malaysia
Tel. No. 05-4590001/2
Fax No. 05-4590003

PRINCIPAL PLACE OF BUSINESS
Kompleks Pejabat Behrang 2020
Jalan Persekutuan 1
35900 Tanjung Malim
Perak Darul Ridzuan
Malaysia
Tel. No. 05-4590001/2
Fax No. 05-4590003

REGISTRARS
Symphony Share Registrars Sdn Bhd
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Malaysia
Tel. No. 03-78418000
Fax No. 03-78418151

SECRETARIES
Chan Yoke Yin (MAICSA 7043743)
Chiew Cindy (MAICSA 7057923)

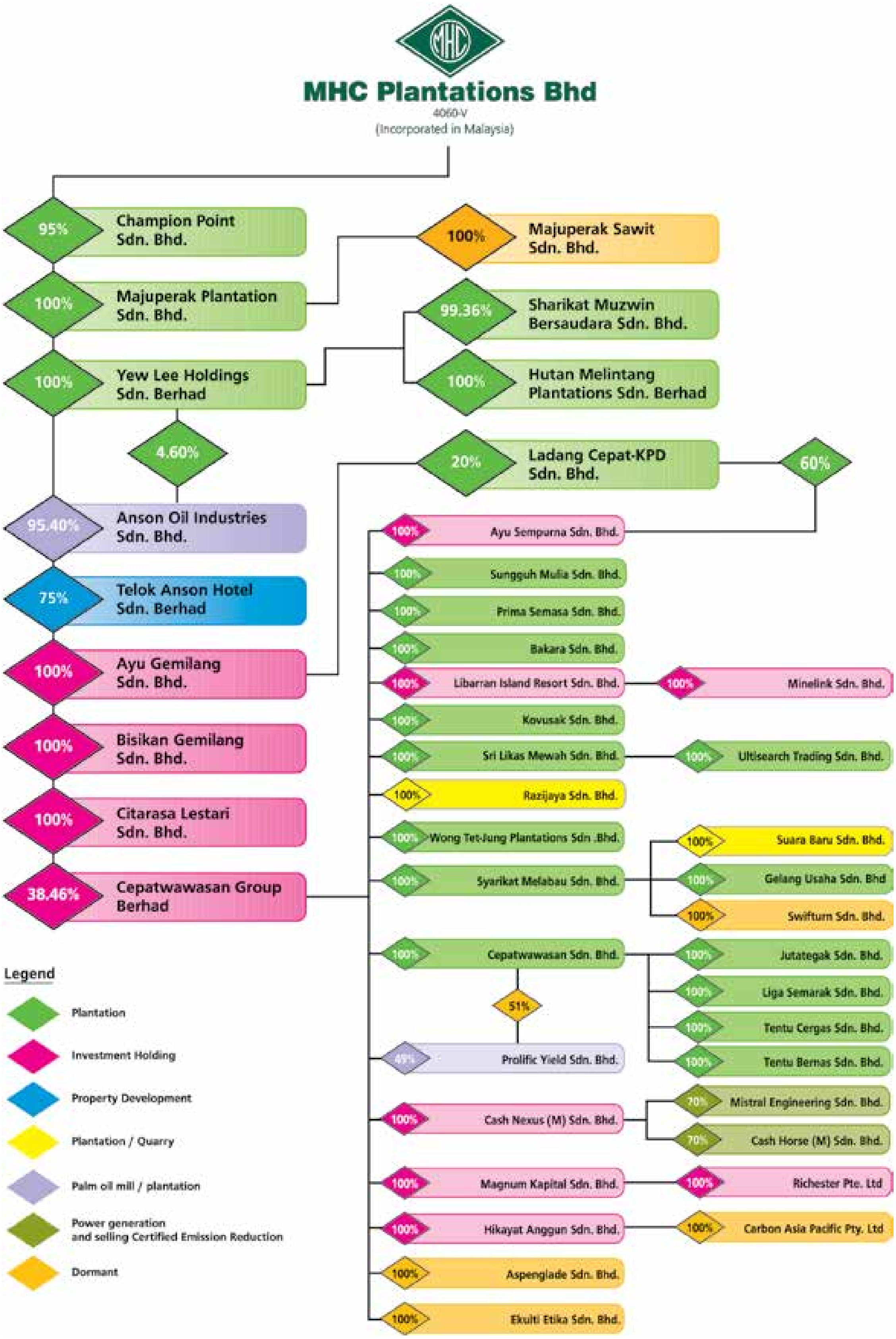
AUDITORS
Ernst & Young
Chartered Accountants

PRINCIPAL BANKERS
Malayan Banking Berhad
Public Bank Berhad
RHB Bank Berhad

STOCK EXCHANGE LISTING
Bursa Malaysia Securities Berhad
Main Market

COUNTRY OF INCORPORATION
Malaysia

Corporate Structure



Profile of Directors

Dato' Seri Mah King Seng
Executive Chairman

- Dato' Seri Mah King Seng, a Malaysian, aged 55 joined the Board of Directors on 20 September 1978. He was appointed the Executive Chairman on 13 July 2005.
- He is also a member of the Executive Committee and the Committee for the review of press releases or public announcements.
- He joined the Company in 1978 after graduating from the University of Minnesota, United States of America with a degree in Agricultural Science and has been with the Group since then, garnering more than twenty years' experience in managing the operations of the Group's estates, mills and hotel. In 1980, he attended the Palm Oil Mill Engineer/Executive Training course on palm oil mill operations organised by the Malaysian Oil Palm Growers Council. He subsequently obtained his Bachelor of Law Degree in 1985 from the University of Buckingham, United Kingdom and was admitted and enrolled as an Advocate and Solicitor of the High Court of Malaya in 1990.
- He is a Director of Behrang 2020 Sdn Bhd and several other private limited companies. He is also the Managing Director of Cepatwawasan Group Berhad, a company listed on the Main Market of Bursa Securities.
- He is a son of Datin Seri Ooi Ah Thin who is a Director and substantial shareholder of Dato Mah Pooi Soo Realty Sdn Bhd (DMR), a major shareholder of the Company, and the elder brother of Dato' Seri Mah King Thian, the Managing Director of the Company, who is also a Director and substantial shareholder of DMR.
- Dato' Seri Mah King Seng is also a Director and substantial shareholder of DMR. He is deemed interested in certain recurrent related party transactions carried out in the ordinary course of business between the Company and its Group with the DMR group and certain privately owned companies.
- He has not been convicted of any offence in the last ten years.
- He attended all the Board Meetings held during the financial year.

Dato' Seri Mah King Thian
Managing Director

- Dato' Seri Mah King Thian, a Malaysian, aged 50, joined the Board of Directors on 28 December 1992. He is currently the Managing Director responsible for the Group's operations, corporate and legal affairs, accounting and finance.
- He is also a member of the Executive Committee, Remuneration Committee and the Committee for the review of press releases or public announcements.
- He graduated from Monash University, Australia with a Bachelor of Economics Degree, majoring in Accounting in 1986 and also a Bachelor of Law Degree in 1987. He was subsequently admitted and enrolled as an Advocate and Solicitor of the High Court of Malaya in 1989. He then joined the Company in 1989. He is also a Fellow Member of Certified Practising Accountant Australia (FCPA).
- He is a Director of Behrang 2020 Sdn Bhd and several other private limited companies. He is also the Executive Chairman of Cepatwawasan Group Berhad, a company listed on the Main Market of Bursa Securities.
- He is a son of Datin Seri Ooi Ah Thin who is a Director and substantial shareholder of Dato Mah Pooi Soo Realty Sdn Bhd (DMR), a major shareholder of the Company, and the younger brother of Dato' Seri Mah King Seng, the Executive Chairman of the Company, who is also a Director and substantial shareholder of DMR.
- Dato' Seri Mah King Thian, is also a Director and substantial shareholder of DMR. He is deemed interested in certain recurrent related party transactions carried out in the ordinary course of business between the Company and its Group with the DMR group and certain privately owned companies.
- He has not been convicted of any offence in the last ten years.
- He attended all the Board Meetings held during the financial year.

Chan Kam Leong
Independent Non-Executive Director

- Chan Kam Leong, a Malaysian, aged 73, was appointed to the Board on 21 October 2008 and is currently an Independent Non-Executive Director of the Company.
- He is the Chairman of the Audit and Nominating Committees. He is also a member of the Remuneration Committee of the Company.
- He holds the qualifications of Bachelor of Science (Eng), Master of Science (Construction Management), Professional Engineer, Malaysia as well as Chartered Engineer, United Kingdom (UK). He is also members of The Institution of Civil Engineers, UK, The Institution of Structural Engineers, UK, The Institution of Engineers, Malaysia (IEM) and The Association of Consulting Engineers, Malaysia.
- Chan Kam Leong had worked three years in Singapore and three and a half years in London before founding K.L. Chan & Associates, of which he is still a partner. He has more than thirty one years of experience in civil and structural engineering consultancy. He was also the winner of the TAN SRI HJ. YUSOFF PRIZE in 2007 for publishing an outstanding paper in the IEM Journal.
- He is a Director of Cepatwawasan Group Berhad, a company listed on the Main Market of Bursa Securities.
- He does not have any family relationship with any other Director and/or major shareholder of the Company and has no conflict of interest with the Company.
- He has not been convicted of any offence in the last ten years.
- He attended all the Board Meetings held during the financial year.

Wan Salmah Binti Wan Abdullah
Independent Non-Executive Director

- Wan Salmah Binti Wan Abdullah, a Malaysian, aged 60, was appointed to the Board on 10 July 2009 as an Independent Non-Executive Director of the Company.
- She is also a member of the Audit Committee, Nominating Committee and Remuneration Committee of the Company.
- She graduated from University Sains Malaysia with a Bachelor of Social Science (Hons). She has more than 20 years experience in property development and land related matters. She began her career working with Perbadanan Kemajuan Negeri Perak (PKNP) as a Project Officer and was promoted to Director of Land and Property and Director of Land and Industrial Estate Development in 1995. She was also appointed as a Director of some of the subsidiaries of PKNP. She had previously served as a Director of Majuperak Holdings Berhad from 1995 to June 2008.
- She does not have any family relationship with any other Director and/or major shareholder of the Company and has no conflict of interest with the Company.
- She has not been convicted of any offence in the last ten years.
- She attended three out of the four Board Meetings held during the financial year.

Heng Beng Fatt
Non-Independent Non-Executive Director

- Heng Beng Fatt, a Malaysian, aged 50, was appointed to the Board on 23 July 2010 as a Non-Independent Non-Executive Director of the Company.
- He is also a member of the Audit Committee and Nominating Committee of the Company.
- He holds the qualification of Master of Business Administration, University of Bath and is a member of the Malaysian Institute of Accountants.
- He has vast experience in accounting, finance, administration, business development and corporate affairs, having served in various capacities during his tenure with Golden Screen Cinemas Sdn Bhd (GSC) namely as Human Resources and Admin Manager (1998-2000), Business Development Manager (1997-1998), Finance and Admin Manager (1995-1997) and Accountant (1993-1995). He also served as an Accountant at Avery Malaysia (1992-1993) and Ernst & Young (1988-1992). Currently, he is the Deputy General Manager for GSC.
- He also serves on the Board of Enterprise Advance System Intelligence Sdn. Bhd. and as a committee member for the Malaysian Association of Film Exhibitors.
- He is a nephew of Datin Seri Ooi Ah Thin who is a Director and substantial shareholder of Dato Mah Pooi Soo Realty Sdn Bhd, a major shareholder of the Company.
- He has not been convicted of any offence in the last ten years.
- He attended three out of the four Board Meetings held during the financial year.

Chairman's Statement

On behalf of the Board of Directors of MHC Plantations Bhd, I am pleased to present to you the Annual Report of the Group and the Company for the financial year ended 31 December 2013.

Group Performance

The Group recorded revenue of RM272.60 million and profit before tax of RM28.53 million for the financial year ended 31 December 2013 ("FY2013") as compared to RM28.09 million and RM21.14 million respectively for the financial year ended 31 December 2012 ("FY2012"). The substantial increases in revenue and profit before taxation are mainly due to the consolidation of Cepatwawasan Group Berhad on 1 January 2013 as a result of the adoption of Financial Reporting Standard ("FRS") 10 Consolidated Financial Statements as disclosed in Note 2.2 to the financial statements. Overall, the profitability of the Group for FY2013 is lower than FY2012 mainly due to decreases in the average selling prices of Fresh Fruit Bunches ("FFB"), Crude Palm Oil ("CPO") and kernel in spite of increases in the production of FFB, CPO and kernel as stated below.

Average selling price per tonne:-

	FY2013 RM	FY2012 RM	Difference (%)
FFB	403	501	-20%
CPO	2,296	2,812	-18%
Kernel	1,304	1,515	-14%

Production:-

	FY2013 MT	FY2012 MT	Difference (%)
FFB	192,040	186,526	3%
CPO	92,139	63,595	45%
Kernel	22,614	15,091	50%

The annual FFB yield achieved in 2013 was 18.63 Metric Tonne ("MT") per hectare which includes production from the newly matured areas.

Dividend

Your Board has recommended for your approval a final single tier dividend of 2% for the financial year ended 31 December 2013.

Prospect and Outlook

Palm oil prices are expected to remain firm in 2014 as a result of stronger demand for edible oil from India and China as well as the growing usage of palm oil in the biodiesel energy sector.

Barring any unfavourable weather conditions, the FFB production of the Group is expected to rise further in 2014 as more replanted areas reach maturity. The 10MW Biomass Power Plant, which shall be commissioned in the first quarter of 2014, is expected to contribute positively to the Group's earnings. The Group's 2MW Biogas Power Plant commenced operation in 2013, generating and exporting 1,367,388 KWh amounting to revenue of RM437,564 for 2013. The Biogas Power Plant is now being upgraded from 2MW to 3MW through the installation of an additional Biogas Engine.

However, the Group will continue facing challenges from the increase in production cost in the oil palm industry.

On the whole, your Board is confident that, barring any unforeseen circumstances, the Group will continue to perform satisfactorily in 2014.

Corporate Social Responsibility

In furtherance of its Corporate Social Responsibility program for the local community, the Group has contributed RM200,000 through Dato' Seri Mah Pooi Soo Benevolent Fund, which is a trust maintained and operated by the majority shareholder of the Company, to a Mosque in Bandar Behrang for its renovation works during the year under review.

In addition, the Group has built a new learning centre costing approximately RM200,000 for the children of foreign plantation workers, who are unable to enrol in national schools, at its estate in Beaufort, Sabah.

Acknowledgement

I wish to thank the Management and Staff for their dedicated services and contributions during the year.

To all our valued suppliers, customers, bankers, business associates and advisers, thank you very much for your commitment and assistance to the Group.

And finally, to all our highly valued shareholders, please accept my heartfelt thanks for your unwavering and continuous support.

Dato' Seri Mah King Seng
Executive Chairman

Penyataan Pengerusi

Bagi pihak Lembaga Pengarah MHC Plantations Bhd, saya dengan sukacitanya menyampaikan Laporan Tahunan Kumpulan dan Syarikat bagi tahun kewangan berakhir 31 Disember 2013

Prestasi Kumpulan

Kumpulan Syarikat telah mencatatkan pendapatan sebanyak RM272.60 juta dan keuntungan sebelum cukai sebanyak RM28.53 juta bagi tahun kewangan berakhir 31 Disember 2013 (TK2013), berbanding dengan masing-masing RM28.09 juta dan RM21.14 juta bagi tahun kewangan berakhir 31 Disember 2012 (TK2012). Pendapatan dan keuntungan sebelum cukai telah meningkat disebabkan terutamanya oleh penyatuan Cepatwawasan Group Berhad pada 1 hb Januari 2013, hasil daripada penerimagunaan Piawaian Laporan Kewangan ("FRS") 10 Penyata Kewangan Penyatuan seperti yang dinyatakan dalam Nota 2.2 penyata kewangan. Secara keseluruhannya, keuntungan Kumpulan bagi TK2013 adalah lebih rendah dari TK2012 disebabkan terutamanya oleh kemerosotan harga-harga purata jualan Buah Tandan Segar ("FFB"), Minyak Sawit Mentah ("CPO") dan Kernel walau pun pengeluaran FFB, CPO dan Kernel telah meningkat seperti berikut:

Harga Purata Jualan Per Tan:-

	TK2013 RM	**TK2012 RM**	**Perbezaan (%)**
FFB	403	501	-20%
CPO	2,296	2,812	-18%
Kernel	1,304	1,515	-14%

Pengeluaran:-

	TK2013 MT	**TK2012 MT**	**Perbezaan (%)**
FFB	192,040	186,526	3%
CPO	92,139	63,595	45%
Kernel	22,614	15,091	50%

Hasil keluaran tahunan FFB yang dicapai bagi 2013 adalah 18.63 Tan Metrik (TM) sehektar yang merangkumi pengeluaran dari kawasan baru matang .

Dividen

Lembaga Pengarah telah mencadangkan dividen muktamad satu tier sebanyak 2% bagi tahun kewangan berakhir 31 Disember 2013.

Prospek

Harga minyak sawit dijangka akan lebih kukuh pada tahun 2014 akibat permintaan minyak masak yang kian meningkat dari Negara India dan Cina serta penggunaan minyak sawit yang bertambah dalam sektor tenaga biodiesel.

Kecuali berlaku cuaca yang tidak baik, pengeluaran FFB Kumpulan dijangka terus meningkat pada tahun 2014 memandangkan kawasan-kawasan yang ditanam semula akan matang. Loji Kuasa Biomass 10MW, yang akan mula beroperasi dalam suku pertama 2014, dijangka akan menyumbang secara positif kepada pendapatan Kumpulan. Loji Kuasa Biogas 2MW, yang telah mula beroperasi pada tahun 2013, menghasil dan mengeksport 1,367,388 kWh tenaga yang membawa pendapatan sebanyak RM437,564 bagi tahun kewangan 2013. Loji kuasa Biogas ini sedang dinaik taraf dari 2MW ke 3MW dengan menambah satu lagi Enjin Biogas.

Walau bagaimanapun, Kumpulan akan terus menghadapi cabaran dari kenaikan kos pengeluaran dalam industri kelapa sawit.

Secara keseluruhannya, Lembaga Pengarah yakin bahawa prospek Kumpulan untuk tahun 2014 akan terus baik melainkan berlakunya sesuatu diluar jangkaan.

Tanggungjawab Sosial Korporat ("CSR")

Dalam usaha memantapkan program CSRnya untuk kebajikan masyarakat tempatan, Kumpulan telah menyumbang RM200,000 kepada sebuah masjid di Bandar Behrang untuk kerja-kerja pengubahsuaian pada tahun 2013. Sumbangan tersebut telah disalurkan melalui Tabung Amal Dato' Seri Mah Pooi Soo, yang merupakan dana amanah yang ditanggung dan dikendalikan oleh pemegang saham majoriti syarikat.

Disamping itu, Kumpulan juga telah membina sebuah pusat pendidikan yang baru berharga kira-kira RM200,000 di ladangnya di Beaufort, Sabah untuk anak-anak pekerja asing ladang yang tidak dapat mendaftar di sekolah kebangsaan.

Penghargaan

Saya ingin mengambil kesempatan ini untuk merakamkan ribuan terima kasih kepada pihak pengurusan dan semua kakitangan atas sumbangan mereka sepanjang tahun 2013.

Terima kasih juga kepada semua pembekal dan pelanggan, rakan perniagaan, penasihat dan pihak bank atas komitmen dan bantuan yang telah diberikan.

Sebagai akhir kata, kepada semua pemegang saham yang dihargai, terima kasih yang tidak terhingga saya ucapkan diatas sokongan anda semua. Saya berharap semoga anda semua akan dirahmati dengan kejayaan dan kemakmuran di masa hadapan.

Dato' Seri Mah King Seng
Pengerusi Eksekutif

Corporate Governance Statement

Introduction

The Board of Directors (the Board) of the Company is committed to ensure that the highest standards of Corporate Governance are practised throughout the Group towards enhancing business prosperity and corporate accountability to realise long term shareholders' value for the Company's shares. The Board is working towards ensuring full application of the requirements, principles and best practices of **Malaysian Code on Corporate Governance 2012 (the "Code")**. An indication of the Board's commitment is reflected in the incorporation of various policies and processes as well as the establishment of the relevant committees. The Board is pleased to report on how the Company and Group have applied the principles set out in the Code ("Principles") to its particular circumstances, having regard to the recommendations stated under each Principle ("Recommendations").

The Board of Directors

Principal Responsibilities

The Board assumes full responsibilities for the overall performance of the Company and its subsidiaries by setting the policies, establishing goals and monitoring the achievement of the goals through strategic action plans and careful stewardship of the Group's assets and resources. It focuses on financial performance and crucial business issues, like principal risks and their management, succession planning for senior management, investor relations programme and shareholders communication policy, systems for internal control and compliance with laws and regulations.

Board Charter

The Board has established clear functions reserved for the Board and those delegated to Management in the Board Charter (the "Charter") which serves as a reference point for Board's activities. The Charter provides guidance for Directors and Management on the responsibilities of the Board, its Committees and requirements of Directors which are subject to periodical review to ensure consistency with the Board's strategic intent as well as relevant standards of corporate governance. Salient terms of the Charter are made available at the Company's website at www.mhc.com.my.

Board Composition and Independence

The Board, led by the Executive Chairman, currently comprises five members who bring with them a wide mix of knowledge, business acumen, industry expertise and financial experience which are invaluable assets required in their thorough examination and deliberations of the various key issues and matters involving the Group. The Board also adopts the gender diversity with Puan Wan Salmah binti Wan Abdullah being a member of the Board.

There is a balance of power and authority in the Board, with two Executive Directors and two Independent Non-Executive Directors and one Non-Independent Non-Executive Director. The Company has thus satisfied the Main Market Listing Requirements ("LR") of Bursa Malaysia Securities Berhad ("Bursa Securities") of having at least one-third of the Board members as independent non-executive directors.

The roles of the Executive Chairman and the Managing Director are distinct and segregated with responsibilities clearly drawn out to ensure a balance of power and authority. The Executive Chairman is responsible for ensuring Board effectiveness and conduct, whilst the Managing Director is primarily responsible for managing the Group's day-to-day operations and with his expert and intimate knowledge of the business of the Group, he is able to efficiently practise "hands on" management in his specific areas of responsibilities. The Non-Executive Directors are credible professionals of calibre, who play key supporting roles by contributing their knowledge, guidance and experience towards making independent judgement on issues of strategies, performance, resources and standards of conduct. The Executive and Non-Executive Directors together ensure that the strategies proposed by the Management are fully discussed and examined and the long-term interests of the shareholders, employees, suppliers and customers are taken into account. Recommendations of the Code states that the Chairman must be of a non-executive member of the Board. However, the Nominating Committee have assessed, reviewed and determined that the chairmanship of Dato' Seri Mah King Seng remains based on the following justifications/aspects contributed by Dato' Seri Mah King Seng, as a member of the Board:

- His vast experience in managing the operations of the Group's estates, mills and hotel which would enable him to provide the Board with a diverse set of experience, expertise and skills to better manage and run the Group;
- He has exercised his due care in the interest of the Company and shareholders during his tenure as an Executive Chairman of the Company;
- He has provided objectivity in decision making and ensured effective check and balance in the proceedings of the Board; and
- The presence of Independent Directors ensures that there is independence of judgement.

The Board has conducted an assessment on the Independent Directors and none of the Independent Directors have served the Company exceeding a cumulative term of nine (9) years.

The Company has also formalised a set of ethical standards through a code of conduct, which is subject to periodical review, to ensure Directors practise ethical, businesslike and lawful conduct, including proper use of authority and appropriate decorum when acting as Board members.

Where any conflict of interests arises, it is a mandatory practice for the director concerned to declare his interest and abstain from the decision making process.

The Executive Chairman, Dato' Seri Mah King Seng and the Managing Director, Dato' Seri Mah King Thian, both represent the significant major shareholder, Dato Mah Pooi Soo Realty Sdn Bhd.

The profile of each Director is presented on pages 7 to 9 of this Annual Report.

Meetings

The Board meets four (4) times a year on a scheduled basis with additional meetings held when specific urgent or important matters are required to be considered and decided between the scheduled meetings. At each meeting, the Board considers pre-set agenda items covering the quarterly financial statements, performance for the period and strategies for progress. The Independent Non-Executive Directors play an important role here in ensuring strategies formulated or major transactions proposed by management are fully discussed and examined and long-term interests of the shareholders, employees, customers and suppliers are taken into account before such are approved and carried through.

A total of four (4) Board Meetings were held during the financial year under review on 26 February 2013, 26 April 2013, 25 July 2013 and 24 October 2013. Details of attendance of the Directors at the Board Meetings are as follows:

Name	**Number of Meetings Attended**
Dato' Seri Mah King Seng	4 of 4
Dato' Seri Mah King Thian	4 of 4
Chan Kam Leong	4 of 4
Wan Salmah Binti Wan Abdullah	3 of 4
Heng Beng Fatt	3 of 4

All the Directors have complied with the minimum attendance at Board Meetings as stipulated by Bursa Securities during the financial year.

Supply of Information

All Directors are provided with reports and other relevant information pertaining to the Group's operations and performance on a timely basis. Board papers providing current reviews and updates on the operations, financial and corporate developments, quarterly financial reports and minutes of the previous meetings are circulated prior to the Board Meetings to give the Directors time to peruse the issues to be discussed at the Board Meetings. The Directors have access to all staff for any information they require on the Group's affairs and to the advice and services of the Company Secretaries, independent professional advisers, and internal/ external auditors in appropriate circumstances at the Company's expense, if required. The Company Secretaries are charged with the duty of ensuring proper filing of all requisite documents and obtaining all the necessary information from the Directors, both for the Company's own records and for meeting statutory requirements and regulatory obligations. The Company Secretaries also highlight all issues which they feel ought to be brought to the Board's attention.

Along with good governance practises and in order to enhance transparency and accountability, the Board has established and put in place the following policies and procedures which full details of the policies and procedures are made available at the Company's website at www.mhc.com.my:

- Board Charter and Code of Conduct
- Shareholder's Right relating to General Meeting
- Whistleblowing Policy and Procedure
- Sustainability Policy

Re-appointment and Re-election of Directors

In accordance with the Articles of Association of the Company, all directors who are appointed by the Board are subject to re-election at the first opportunity after their appointment and at least one third of the remaining directors are subject to re-election by rotation at each Annual General Meeting. The Articles of Association also provide that all directors shall retire at least once in three (3) years.

Continuous Training of Directors

All Directors have complied with the Continuous Training Programme prescribed by Bursa Malaysia Securities Berhad. The Directors have participated in conferences, seminars and training programmes and during the financial year ended 31 December 2013, the following training programmes and seminars were attended by the Directors:

- Briefing on the Malaysian Code on Take-Overs and Merger, 2010
- Leadership Management Programme
- Power Communication
- International Financial Reporting Standards - Making The Illogical Logical
- Business Continuity Planning and Management
- Deployment of renewable energy from palm oil wastes

Board Committees

The Board is assisted by the following Sub-Committees in the discharge of its duties and responsibilities:

Audit Committee
Executive Committee
Nominating Committee
Remuneration Committee
Committee for the review of press releases or public announcements

The Audit Committee was established on 27 September 2000. Details of the composition, terms of reference and activities of the Audit Committee are set out in the Audit Committee Report on pages 24 to 25 of this Annual Report.

The Executive Committee was set up on 24 May 2001 to act on behalf of the Board on matters concerning administration, operations, capital expenditure, debt approvals and investments. It meets at regular intervals to review the operations, budget and investment strategy. It has three members comprising the Executive Chairman, the Managing Director and a Senior Executive:

1) Datin Seri Ooi Ah Thin *(Senior Executive)* - Chairperson
2) Dato' Seri Mah King Seng *(Executive Chairman)*
3) Dato' Seri Mah King Thian *(Managing Director)*

The Nominating Committee was set up on 24 May 2001 with the objective of ensuring an effective process for director selection and also an appropriate structure for management succession and development. It is responsible for the recommendation of candidates for appointments to the Board, the formulation of a programme for the orientation of directors and the succession planning for the senior management. The Committee comprises the following Independent Directors:

1) Chan Kam Leong *(Independent Non-Executive)*
2) Wan Salmah Binti Wan Abdullah *(Independent Non-Executive)*
3) Heng Beng Fatt *(Non-Independent Non-Executive)*

The Board has established a nomination process of board members to facilitate and provide a guide for the Nominating Committee to identify, evaluate, select and recommend to the Board the candidate to be appointed as a Director of the Company.

The nomination and election process of board members can be found at the Company's website at www.mhc.com.my

The activities of the Nominating Committee during the financial year are as follows:

- Review the mix of skills, independence, experience and other qualities of the Board
- Review the annual assessment of the effectiveness of the Board, committees and individual directors with the following criteria used

Audit Committee

i) Quality and Composition
ii) Skills and Competencies
iii) Meeting Administration and Conduct

Board of Directors

i) Board Structure;
ii) Board Operations; and
iii) Board Roles and Responsibilities.

- Review and recommend to the Board the re-appointment and re-election of Directors

As majority members of the Nominating Committee are Independent Directors, when the assessment was carried out, the assessment of their independence has been conducted by the Board as a whole. Appropriate assessment and recommendation by the Nominating Committee is based on the yearly assessment conducted.

The Remuneration Committee was set up on 24 May 2001 with the objective of reviewing and recommending to the Board a formal and transparent policy on the remuneration of the Executive Directors, fixing the remuneration packages of individual directors and approving employee compensation and benefits. The Committee ensures that the Executive Directors are fairly rewarded for their contributions to the Group's overall performance and that the levels of remuneration are sufficient to attract and retain the best senior managers for the Group.

The Remuneration Committee comprises the following three members:

1) Dato' Seri Mah King Thian *(Managing Director)*
2) Chan Kam Leong *(Independent Non-Executive)*
3) Wan Salmah Binti Wan Abdullah *(Independent Non-Executive)*

The Remuneration Committee provides remuneration packages which are sufficient and necessary to attract, retain and motivate Executive Directors to run the Company. The remuneration of Non-Executive Directors is linked to their experience and level of responsibilities undertaken by them.

The Board has established a Remuneration Policy and Procedure which facilitates the Remuneration Committee to review, consider and recommend to the Board for decision on the remuneration packages of the Executive Directors.

The Remuneration Policy and Procedure can be found at the Company's website at www.mhc.com.my

The Committee for the review of press releases or public announcements, comprising the Executive Chairman, Dato' Seri Mah King Seng, and the Managing Director, Dato' Seri Mah King Thian, is responsible for making timely dissemination of information to the shareholders and investing public and ensuring that the information released is factual, clear, accurate and not false or misleading.

Directors' Remuneration

The Company pays its Non-Executive Directors allowances based on attendance of meetings and level of responsibilities. There are no contracts of service between any Director and the Company and its subsidiary companies.

The details of the remuneration of Directors comprising remuneration received/receivable from the Group during the financial year are as follows:

a) Aggregate remuneration of Directors categorised into the appropriate components:

Remuneration	**Executive Directors (RM)**	**Non-Executive Directors (RM)**	**Total (RM)**
(a) Directors' Fees	-	-	-
(b) Salaries	2,252,160	-	2,252,160
(c) Bonuses/Allowances	489,200	189,000	678,200
(d) EPF	326,568	-	326,568

b) Analysis of Remuneration:

	Number of Directors	
Range of Remuneration	**Executive**	**Non-Executive**
Below RM50,000	-	2
RM50,001 – RM100,000	-	1
RM1,500,001 – RM1,550,000	2	-

Corporate Disclosure

To ensure timely and high quality disclosure, the Company has implemented a Corporate Disclosure Policy to ensure accurate, clear, timely and complete disclosure of material information necessary for informed investing and take reasonable steps to ensure that all who invest in the Company's securities enjoy equal access to such information to avoid an individual or selective disclosure.

Sustainability Policy

The Group is committed to operate its business in accordance with environmental, social and economic responsibilities. These include working within the law in order to be innovative and demonstrate initiative to meet the requirements of various stakeholders.

The Company strives to achieve a sustainable long term balance between meeting its business goals and preserving the environment. It recognizes that the sustainability of the ecosystems is an integral part of sustaining its business. Conservation and preservation of the environment remains the priority of the Group.

The strategies to promote sustainability and its implementation can be found at the Company's website at www.mhc.com.my

Shareholders

Investor Relations and Communication

The Board recognises the importance of timely dissemination of information to its shareholders to keep them well informed of all major developments of the Group. Disclosures in the Annual Report, announcements and releases of the quarterly financial results provide the shareholders and the investing public with a periodic overview of the Group's performance and operations.

The Company uses the Annual General Meeting (AGM) as a forum for dialogue and interaction with all its shareholders. Shareholders are encouraged to attend and participate in the AGM. They will be given the opportunity to seek clarification on any matters pertaining to the Company's affairs and performance as the Directors and the representatives of the external Auditors will be present to answer any questions that they may have.

The Board has identified Chan Kam Leong, the Independent Non-Executive Director, as the Liaison Director to whom the shareholders, management and others may convey their concerns.

Shareholders may also contact the Company Secretary at any time for information.

The Company's website at www.mhc.com.my contains vital information concerning the Group which is updated on a regular basis and shareholders are able to put questions to the Company through the website.

Corporate Social Responsibilities

The Company is committed to ensuring that its actions not only benefit its shareholders but also its employees, the community and the environment. The Group intends to contribute up to 1% of its net profit after tax every year to the local community through Dato' Seri Mah Pooi Soo Benevolent Fund ("the Fund") which is a trust maintained and operated by the majority shareholder of the Company since 1975.

The Fund is dedicated to the advancement of education and religion, relief of poverty and other purposes beneficial to the community. The Fund has donated an Old Folks Home and the Town Library in Teluk Intan, a Mosque and a Hindu Temple in Behrang, a library in Hulu Bernam, a new Tamil school at Bandar Behrang 2020, the Perak Orang Asli Educational Excellence Centre and the Perak Orang Asli Community Hall in Simpang Pulai, Perak.

The Group is working with the Borneo Child Aid Society, Sabah (HUMANA) in Sandakan to provide basic education and care for children of foreign plantation workers, who are unable to enrol in the Malaysian national schools. The Group has constructed a hostel that can accommodate 40 to 50 students on a "gotong royong" basis with the local community in Kota Marudu, Sabah. Besides, the Group is partnering with Persatuan Kebajikan Pendidikan Kanak-Kanak Miskin Masyarakat Orang Asli Perak to provide basic education and care for the children of Orang Asli.

In furtherance of its Corporate Social Responsibility program for the local community, the Group has contributed RM200,000 through the Fund to a Mosque in Bandar Behrang for its renovation works during the year under review. The Group has recently built a new learning centre costing approximately RM200,000 for the children of foreign plantation workers, who are unable to enrol in national schools, at its estate in Beaufort, Sabah.

The Group is proud to contribute towards sustainable growth within the Malaysian palm oil industry and maintain a strong environmental profile. We use residual wastewater (Palm Oil Mill Effluent or POME) from palm oil production to generate green and sustainable electricity. The Group operates two biogas power plants that generate electricity by capturing the methane gas from POME instead of fossil fuel, thereby mitigating the emission of greenhouse gases. There is Zero discharge to the river as the final discharge is to land application through a system of drip irrigation.

Accountability and Audit

Financial Reporting

In addition to providing financial reports on an annual basis, the Group's financial results are also presented to shareholders on a quarterly basis through the link to Bursa Securities known as BURSA Link. Before their release to the Bursa Securities, the quarterly financial results are reviewed by the Audit Committee and approved by the Board of Directors. A statement by the Directors of their responsibilities in preparing the financial statements is set out on Page 21 of this Annual Report.

Risk Management and Internal Control

The Board has established a Group Risk Management Committee that comprises the Managing Director and senior management to assess the various types of risks which might have an impact on the profitable operation of the Group's business. This includes operational, market, legal and environmental risks. The key features of the risk management framework are set out in **the Statement on Risk Management and Internal Control** on Pages 22 to 23 of the Annual Report.

In accordance with the Code and the LR of Bursa Securities, the Board has established an internal audit function which reports directly to the Audit Committee. The function is currently outsourced to an independent professional firm. Details on scope of work performed during the financial year under review are provided in the Statement on Risk Management and Internal Control set out on Pages 22 to 23 of the Annual Report.

Relationship with the Auditors

The Board has established a formal and transparent arrangement with its external auditors to meet their professional requirements. The auditors have continued to highlight to the Audit Committee and Board of Directors matters that require the Board's attention.

Compliance with the Code

The Group has complied with the Principles of Corporate Governance as contained in the Code except for the following minor exception that, in the opinion of the Directors, adequately suit the circumstances:

- Disclosure of Directors' remuneration is not made in detail for each Director. However, the remuneration paid are categorised into the appropriate components and, in compliance with the Bursa Securities LR, analysed in bands of RM50,000.

Statement of Directors' Responsibility
for Preparing the Financial Statements

The Directors are required by the Companies Act, 1965 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the Company as at the end of the financial year and of their results and cash flows for the financial year then ended.

In preparing the financial statements, the Directors have:

- selected appropriate accounting policies and applied them consistently;
- made judgments and estimates that are reasonable and prudent; and
- stated whether applicable accounting standards have been followed and made a statement to that effect in the financial statements, subject to any material departures being disclosed and explained in the financial statements.

The Directors are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy at any time the financial position of the Group and of the Company and to enable them to ensure that the financial statements comply with the provisions of the Companies Act, 1965 and the applicable approved accounting standards in Malaysia. They are responsible for taking reasonable steps to safeguard the assets of the Group and of the Company for the prevention and detection of fraud and other irregularities.

Statement on Risk Management and Internal Control

BOARD'S RESPONSIBILITY

The Board acknowledges its responsibility for establishing an efficient and effective sound risk management framework and internal control system. There is an on-going review process by the Board to ensure the adequacy and integrity of the system.

In view of the limitations that are inherent in any system of internal control, this system is designed to manage, rather than eliminate the risk of failure to achieve corporate objectives. Accordingly, the system can only provide reasonable but not absolute assurance against material misstatement, operational failures, fraud or loss.

RISK MANAGEMENT FRAMEWORK AND CONTROL SELF-ASSESSMENT

The Board has put in place a risk management framework and ongoing process to assess the various types of risks, which might have an impact on the profitable operation of the Group's business. These include operational risk, market risk, legal risk and environmental risk. After the review and taking into consideration the nature of the Group's business, the Directors are of the view that the Group is not materially exposed to legal and environmental risks and therefore have concluded to focus on the operational risks relevant to the business. Although there is exposure to market risk as a result of price fluctuations in the commodity market, the Directors consider these as movement in market forces inherent in the industry in which the Group operates.

The Board has established a formal Group Risk Management Committee that comprises the Managing Director and senior management. The Group Risk Management Committee is entrusted with the responsibilities of identifying and evaluating various critical risks that are considered likely to affect the profitable operation of the business units in the Group.

Relevant discussions have been held with the operational managers on the major risks affecting the business operations of the Group. As a result, a database of all major risks and controls and subsequent actions taken was compiled to produce a divisional risk profile of the business units evaluated under the risk management plan.

INTERNAL AUDIT FUNCTION

The Board recognises that effective monitoring on a continuous basis is a vital component of a sound internal control system. In this respect, the Board through the Audit Committee regularly receives and reviews reports on internal control from its internal audit function.

The internal audit function is outsourced to a professional services firm which reports directly to the Audit Committee. The scope of work covered by the internal audit function is determined by the Audit Committee after careful consideration and discussion of the audit plan with the Board. Observations from internal audits were presented to the Audit Committee together with management's response and proposed action plans for its review. The action plans were then followed up during subsequent internal audits with implementation status reported to the Audit Committee. The costs incurred for the Internal Audit function for the financial year ended 31 December 2013 were RM21,000.

OTHER KEY ELEMENTS OF INTERNAL CONTROL

Other key elements of the Group's internal control are as follows:

- The Board of Directors reviews the operational and financial performance of the Group every quarter and management meetings are conducted regularly at head office and operating division level. The Executive Committee ("EXCO") is aware of the significant issues identified in those meetings, and when necessary the EXCO shall be involved in resolving those issues. The Group has been restructured in such a way that duties are properly segregated to ensure safe custody of the Group's assets and to provide clear and transparent reporting lines.
- Existence of an organisational structure with clear delegation of responsibilities.
- The Company has implemented a system of controls as set out in the Operations Manual. The Board will review from time to time and update the financial authority limits set out therein as and when necessary.
- A detailed budgeting process takes place annually, where each business unit prepares its budget for the following financial year and the budget is then reviewed by the Managing Director, after which the budget is submitted to the Board for formal approval.
- Regular visits to the Operating Centres by the Managing Director and senior management whenever appropriate.
- Proposals for major capital expenditure and investment by the Group are reviewed and approved by the Board of Directors. All other purchases and payments are approved according to formalised limits of authority.
- The Remuneration Committee evaluates and reviews the remuneration packages of the executive directors and senior management.
- The Audit Committee reviews the internal audit plan for the year, and reviews and holds discussions on the actions taken on internal control issues identified in the reports prepared by the Internal Auditor.
- Regular management meetings.

ADEQUACY AND EFFECTIVENESS OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

The Board has received assurance from the Managing Director and Group Accountant that the Group's risk management and internal control system are operating adequately and effectively in all material aspects. It is of the view that the risk management and internal control system is satisfactory and no material internal control failures nor have any of the reported weaknesses resulted in material losses or contingencies during the financial year under review.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

In accordance to paragraph 15.23 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements, the external auditors have reviewed this Statement for inclusion in the Annual Report of the Group for the year ended 31 December 2013 and reported to the Board that nothing has come to their attention that caused them to believe that the Statement is intended to be included in the annual repot is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, or that this Statement is factually inaccurate.

This Statement on Risk Management and Internal Control is made in accordance with the resolution of the Board dated 26 February 2014.

Audit Committee Report

Members of the Committee
Chan Kam Leong – Chairman
(Independent Non-Executive Director)
Wan Salmah Binti Wan Abdullah – Member
(Independent Non-Executive Director)
Heng Beng Fatt – Member
(Non-Independent Non-Executive Director)

Terms of Reference

Constitution
The Audit Committee comprised three members of the Board and has complied with the Main Market Listing Requirements and the Malaysian Code on Corporate Governance which require the Audit Committee to have no fewer than 3 members and all members to be non-executive directors and the majority being independent directors.

Heng Beng Fatt meets the requirement of paragraph 15.09 (c)(i) of the Main Market Listing Requirements in that he is a member of the Malaysian Institute of Accountants and has vast experience in accounting, finance, administration, business development and corporate affairs.

Functions
The functions of the Audit Committee are as follows:

- to review the audit plan and report, management letter and management's response, evaluation of the system of internal controls with external auditors and report the same to the Board.
- to review the assistance given by the employees of the Company to the external auditors.
- to review the adequacy of the scope, functions, competency and resources of the internal audit function, including the internal audit programme, processes and the results of the internal audit processes and/or investigation undertaken to ensure that the recommended actions were being carried out.
- to review the quarterly results and year end financial statements, particularly on changes in or implementation of major accounting policy changes, significant and unusual events and compliance with accounting standards and other legal requirements.
- to monitor and determine related party transactions and conflict of interest situations.
- to review resignation (if any) and reappointments of external auditors and recommend the nomination of a person/persons as external auditors.

Number of Meetings and Details of Attendance
During the year under review, the Audit Committee held four meetings on 26 February 2013, 26 April 2013, 25 July 2013 and 24 October 2013 to conduct and discharge its functions in accordance with its Terms of Reference. The Group Accountant and representatives of the internal and external auditors were invited to attend the Audit Committee meetings conducted during the financial year. The attendance record of each member is as follows:

Audit Committee Members	Number of Meetings Attended
Chan Kam Leong	4 of 4
Wan Salmah Binti Wan Abdullah	3 of 4
Heng Beng Fatt	3 of 4

Reports and Minutes
Detailed reports issued by the external auditors are circulated to all the members of the Audit Committee and the Executive Directors prior to the meetings at which they will be tabled for discussion.

The Company Secretary is also the secretary to the Audit Committee. Minutes of meetings of the Audit Committee are circulated to all members of the Audit Committee and all members of the Board and tabled at subsequent Board Meetings. The Chairman of the Audit Committee also updates the Board at subsequent Board Meetings on specific issues reviewed or deliberated on by the Committee.

Activities
The activities of the Audit Committee during the financial year are as summarised below:
(a) Reviewed the unaudited quarterly Group results prior to recommending them to the Board for approval for announcement to Bursa Securities;
(b) Reviewed, prior to the commencement of audit, the external auditors' scope of engagement, their audit plan and approach and their request for any increase in audit fees;
(c) Reviewed and discussed with the external auditors the updates or new developments on accounting standards issued by the Malaysian Accounting Standards Board and the Company's compliance with the applicable standards;
(d) Reviewed with the external auditors the results of their audit, their audit report and management letters relating to the audit, their internal control recommendations in respect of control weaknesses noted in the course of their audit and the management's responses thereto. The Committee also appraised the adequacy of actions and measures subsequently taken by the management to address the issues and recommended, where relevant, further improvement measures;
(e) Reviewed the draft audited financial statements together with external auditors prior to recommending the same to the Board for approval;
(f) Considered the proposals received for the internal audit function and recommended the re-appointment of the internal auditor;
(g) Reviewed the related party transactions that had arisen prior to recommending them to the Board for approval;
(h) Reviewed the internal auditor's reports, their recommendations and the management responses. Improvement actions in the area of internal controls, systems and efficiency enhancements suggested by the internal auditors were discussed together with management; and
(i) Followed up on the implementation actions taken by management in respect of the internal auditor's recommendations.

Internal Audit Function
The Group outsourced its internal audit function. The role of the internal audit function, which reports directly to the Audit Committee, is to support the Audit Committee by providing it with independent and objective reports on the adequacy and effectiveness of the system of internal control and the extent of compliance with the procedures and by recommending ways to rectify shortfall and improve the existing control environment in relation to the Group's operations. It submits its findings and recommendations to the Audit Committee and senior management of the Group.

An internal audit had been performed during the year under review. The internal audit activities carried out for the financial year include, inter alia, the following:

- Sale of Crude Palm Oil ("CPO") and Kernel;
- Procurement of Fresh Fruit Bunches ("FFB") from estates and general purchases; and
- Theft of CPO and Kernel

The audit report incorporating the internal auditors' findings and recommendations with regard to the system operations and control weaknesses noted in the course of their audit and the management's responses thereto were subsequently submitted to the Audit Committee.

Additional Compliance Information

Pursuant to the Listing Requirements of Bursa Malaysia Securities Berhad
for the year ended 31 December 2013

- **Utilisation of Proceeds**
  The Company did not raise any funds through any corporate proposal during the financial year.

- **Share Buy-Back**
  The Company did not make any share buy-back during the financial year.

- **Options, Warrants or Convertible Securities**
  No options, warrants or convertible securities were exercised during the financial year.

- **Depository Receipt Programme**
  The Company did not sponsor any Depository Receipt Programme during the financial year.

- **Sanctions and/or Penalties**
  There were no material public sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by the relevant regulatory bodies during the financial year.

- **Non-Audit Fees**
  Non-audit fees paid to the external Auditors for the financial year amounted to RM57,600.

- **Variation in Results**
  There was no material variance between the audited results for the financial year ended 31 December 2013 and unaudited results previously released for the financial quarter ended 31 December 2013.

- **Profit Guarantee**
  There was no profit guarantee given by the Company during the financial year.

- **Material Contracts awarded to Directors and Substantial Shareholders**
  There were no material contracts entered into by the Company and its subsidiaries involving directors and major shareholders' interests still subsisting at the end of the financial year except for those disclosed under related party transaction on page 115 of this Annual Report.

- **Recurrent Related Party Transactions**
  The Company incurs related party transaction in the ordinary course of business with a private company connected to certain directors. The total amount involved falls below the threshold requiring announcements and/or shareholders' mandate.

List of Properties
as at 31 December 2013

	Location of Property Peninsular Malaysia	Tenure	Year of Expiry	Land Area	Description	Net Book Value As At 31.12.2013 RM'000	Date of last Revaluation
1	MHC Plantations Bhd. Lot Nos. 2768, 3502, 3537, 4471, 4475, 5228, 5229, 5936, 9249 to 9295 (incl.), 12657 and 12658, Mukim of Durien Sebatang, District of Hilir Perak, Perak Darul Ridzuan	Grant in perpetuity	N/A	849.8 acres	Oil palm estate	3,718	30.9.1998
2	MHC Plantations Bhd Lot Nos. 2327, 5299, 5300, 8275 and 16413, Mukim of Durien Sebatang, District of Hilir Perak, Perak Darul Ridzuan	Grant in perpetuity	N/A	702.6 acres	Oil palm estate	2,799	30.9.1998
3	MHC Plantations Bhd Lot Nos. 3318, 3319, 3342 to 3345 (incl.), Town of Teluk Intan, District of Hilir Perak, Perak Darul Ridzuan	Leasehold 999 years	21.2.2883	10,142 sq. feet	6½-storey commercial structure partly used as a hotel known as Hotel Anson and partly as office premises	1276	30.9.1998
4	MHC Plantations Bhd Lot No. 4453, Town of Teluk Intan, District of Hilir Perak, Perak Darul Ridzuan	Grant in perpetuity	N/A	2325 sq. feet	3-storey commercial shophouse	1200	31.12.2013
5	Anson Oil Industries Sdn. Bhd Lot No. PT 6438, Mukim of Changkat Jong, District of Hilir Perak, Perak Darul Ridzuan	Leasehold 99 years	28.02.2111	992.3 acres	Oil palm estate	6,579	30.9.1998
6	Anson Oil Industries Sdn. Bhd Lot No. 8859, Mukim of Hutan Melintang, District of Hilir Perak, Perak Darul Ridzuan	Leasehold 99 years	27.2.2111	906.9 acres	Oil palm estate	3,707	30.9.1998
7	Anson Oil Industries Sdn. Bhd Lot Nos. 26798, 26799, 26800-26802, 26876, 26903, Mukim Durian Sebatang, Daerah Hilir Perak, Perak Darul Ridzuan	Grant in perpetuity	N/A	15,468 sq. metre	Industrial land	4,162	31.12.2013
8	Majuperak Plantation Sdn. Bhd. Lot No. 10471, Mukim of Hutan Melintang, District of Hilir Perak, Perak Darul Ridzuan	Leasehold 99 years	11.1.2055	1,000.5 acres	Oil palm estate	4,490	30.9.1998
9	Sharikat Muzwin Bersaudara Sdn. Bhd. Lot No. PT 8860, Mukim of Hutan Melintang, District of Hilir Perak, Perak Darul Ridzuan	Leasehold 99 years	7.3.2111	1,000.0 acres	Oil palm estate	3,005	30.9.1998
10	Yew Lee Holdings Sdn. Berhad Lot No. PT 6439, Mukim of Changkat Jong, District of Hilir Perak, Perak Darul Ridzuan	Leasehold 99 years	27.02.2111	969.0 acres	Oil palm estate	2,242	30.9.1998

List of Properties
as at 31 December 2013 (cont'd)

	Location of Property Peninsular Malaysia	Tenure	Year of Expiry	Land Area	Description	Net Book Value As At 31.12.2013 RM'000	Date of last Revaluation
11	Hutan Melintang Plantations Sdn. Berhad Lot No. PT 8861, Mukim of Hutan Melintang, District of Hilir Perak, Perak Darul Ridzuan	Leasehold 99 years	28.2.2011	978.9 acres	Oil palm estate	5,699	30.9.1998
12	Champion Point Sdn. Bhd Lot Nos. 10058, 10065, 10066, 10068, 10069, 10071-10075 (Incl.), Mukim of Durien Sebatang, District of Hilir Perak, Perak Darul Ridzuan	Grant in perpetuity	N/A	195.3 acres	Oil palm estate	2,356	30.9.1998

	Location of Property Sabah	Tenure	Year of Expiry	Land Area	Description	Net Book Value As At 31.12.2013 RM'000	Date of last Revaluation
13	Prolific, Wong Tet-Jung Plantations	Leasehold 99 years	2069	39.752 hectares	Oil Palm Plantation	17,745	N/A
	Off KM 63.7,		2070	30.607 hectares	& Oil Mill		
	Sandakan-Lahad Datu Highway		2074	8.010 hectares			
			2075	207.991 hectares			
			2076	9.967 hectares			
			2077	24.460 hectares			
			2082	6.463 hectares			
			2082	72.790 hectares			
		Perpetuity (Sublease 99 years)	2097	6.435 hectares			
	Kolapis-Beluran Area	Leasehold 99 years	2073	2.250 hectares	Plantable Reserve		
	District of Labuk Sugut			**408.725 hectares**			
	Prolific Yield Lot 38, Block C Taman Indah Jaya Phase 4A, Mile 4, Jalan Utara, Sandakan	Under Sub Division Leasehold 99 years (Parent title TL077552035)	2081	**167.22 Sq.M**	Double Storey Terrace Shoplot	144	N/A
14	Melabau, Suara Baru, Gelang Usaha	Leasehold 99 years	2069	27.480 hectares	Oil Palm Plantation	602	N/A
	0.2 Km East of KM 96,		2078	17.110 hectares	Oil Palm Plantation	35,361	N/A
	Sandakan-Lahad Datu Highway		2079	260.780 hectares	& Quarry		
			2080	202.303 hectares			
			2081	136.615 hectares			
			2082	88.690 hectares			
			2085	252.660 hectares			
			2086	14.930 hectares			
			2095	4.993 hectares			
			2093	154.700 hectares			
			2097	12.300 hectares			
		Perpetuity (Sublease 99 years)	2075	316.549 hectares			
			2080	136.763 hectares			
			2093	5.751 hectares			
			2097	10.930 hectares			
	KM 28, Jalan Labuk	Leasehold 99 years	2065	3.055 hectares	Plantable Reserve		
				1,645.609 hectares			

List of Properties
as at 31 December 2013 (cont'd)

	Location of Property Sabah	Tenure	Year of Expiry	Land Area	Description	Net Book Value As At 31.12.2013 RM'000	Date of last Revaluation
15	Sri Likas Mewah, Ultisearch Trading 2.6 KM north of KM 31, Sukau Road	Leasehold 99 years	2085 2094 2096 2098	10.120 hectares 386.100 hectares 168.700 hectares 47.750 hectares **612.670 hectares**	Oil Palm Plantation	13,856	N/A
16	Bakara Bukit Garam/Sg. Lokan Off KM 76.5, Sandakan-Lahad Highway	Leasehold 99 years	2085 2087	150.300 hectares 400.000 hectares **550.300 hectares**	Oil Palm Plantation	12,886	N/A
17	Cepatwawasan & Kovusak KM 4.5, Jalan Beluran	Leasehold 99 years	2061 2071 2078	992.700 hectares 133.550 hectares 485.300 hectares **1,611.550 hectares**	Oil Palm Plantation	40,946	N/A
18	Razijaya & Sugguh Mulia Sungai-Sungai Locality, 99 KM North-West of Sandakan	Leasehold 99 years	2098	**362.200 hectares**	Oil Palm Plantation, Quarry & Plantable Reserve	15,024	N/A
19	Prima Semasa Sonsogon Suyad, Paitan Locality 105 KM North-West of Sandakan	Leasehold 99 years	2094	**2,997.000 hectares**	Oil Palm Plantation & Plantable Reserve	34,506	N/A
20	Cepatwawasan, Tentu Bernas, Tentu Cergas, Liga Semarak & Jutategak Sg.Kawananan Locality 113 KM North-West of Sandakan	Leasehold 99 years	2097 2098 2099 2100	242.800 hectares 145.710 hectares 48.550 hectares 48.520 hectares **485.580 hectares**	Oil Palm Plantation & Plantable Reserve	6,942	N/A
21	Ladang Cepat-KPD 85 KM South-West of Beaufort	Leasehold 99 years	2087	**1,614.440 hectares**	Oil Palm Plantation	48,855	N/A
22	Cepatwawasan Group Berhad Lot 70, Block 6, Prima Square Mile 4, North Road Sandakan	Leasehold 99 years	2106	**564.386 Sq.M**	Three Storey Shop/Office	1,680	N/A
	Cepatwawasan Group Berhad Unit no. F-7-2, Level 7, Block F Utama Court, Phase 2, Mile 6 North Road, Sandakan	Leasehold 99 years	2081	**106.500 Sq.M**	Eight Storey Apartment	219	N/A
	Cepatwawasan Group Berhad Unit no. F-8-2, Level 8, Block F Utama Court, Phase 2, Mile 6 North Road, Sandakan	Leasehold 99 years	2081	**106.500 Sq.M**	Eight Storey Apartment	239	N/A
23	Mistral Engineering Sdn Bhd CL 075561910 Off KM 63.7, Sandakan-Lahad Datu Highway	Leasehold 99 years	2074	**3.115 hectares**	Biogas power plant	386	N/A
24	Cash Horse (M) Sdn Bhd CL 075561929 Off KM 63.7, Sandakan-Lahad Datu Highway	Leasehold 99 years	2074	**7.070 hectares**	Biomass power plant	880	N/A

List of Properties
as at 31 December 2013 (cont'd)

	Location of Property Peninsular Malaysia	Tenure	Year of Expiry	Land Area	Description	Net Book Value As At 31.12.2013 RM'000	Date of last Revaluation
25	Minelink HS (D) 118739, No. PT 9103 Damansara Heights Mukim of Kuala Lumpur	Freehold	N/A	**896.976 Sq.M**	High-end residential property	7,044	31.12.2013
	Minelink HS (D) 118740, No. PT 9104 Damansara Heights Mukim of Kuala Lumpur	Freehold	N/A	**877.693 Sq.M**	High-end residential property	6,893	31.12.2013
	Minelink HS (D) 118741, No. PT 9105 Damansara Heights Mukim of Kuala Lumpur	Freehold	N/A	**896.829 Sq.M**	High-end residential property	7,043	31.12.2013
	Minelink HS (D) 118742, No. PT 9106 Damansara Heights Mukim of Kuala Lumpur	Freehold	N/A	**878.490 Sq.M**	High-end residential property	6,899	31.12.2013
	Minelink HS (D) 118743, No. PT 9107 Damansara Heights Mukim of Kuala Lumpur	Freehold	N/A	**884.183 Sq.M**	High-end residential property	6,944	31.12.2013
	Minelink HS (D) 118744, No. PT 9108 Damansara Heights Mukim of Kuala Lumpur	Freehold	N/A	**863.043 Sq.M**	High-end residential property	6,777	31.12.2013

Directors' Report

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2013.

Principal activities

The principal activities of the Company are oil palm cultivation, investment holding and the operation of a hotel.

The principal activities of the subsidiary companies are set out in Note 14 to the financial statements.

There have been no significant changes in the nature of these principal activities during the financial year.

Results

	Group RM	Company RM
Profit for the year	28,439,049	3,888,699
Attributable to:		
Owners of the Company	12,488,683	3,888,699
Non-controlling interests	15,950,366	-
	28,439,049	3,888,699

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the statements of changes in equity.

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

Dividends

During the financial year, the amount of dividends paid by the Company in respect of the financial year ended 31 December 2012 were as follows:

	RM
Final single tier dividend of 2.25%	4,422,242

At the forthcoming Annual General Meeting, a final single tier dividend of 2.00% in respect of the current financial year ended 31 December 2013 on 196,543,970 ordinary shares, amounting to a dividend payable of RM3,930,879 (2.00 sen per share) will be proposed for shareholders' approval.

The financial statements for the current financial year do not reflect these proposed dividends. Such dividend, if approved by the shareholders, will be accounted for in shareholders' equity as an appropriation of retained earnings in the next financial year ending 31 December 2014.

Warrants 2012/2017

On 30 July 2012, a total of 56,155,420 free Warrants have been issued and allotted to the shareholders pursuant to the Bonus Issue of two (2) free Warrants for every five (5) existing ordinary shares of RM1.00 each in MHC Plantations Bhd ("MHC Share(s)") held on 25 July 2012. The Warrants were granted listing and quotation on the Main Market of Bursa Malaysia Securities Berhad on 3 August 2012.

Each Warrant carries the entitlement to subscribe for one (1) new MHC Share at the exercise price of RM1.56 and at any time during the exercise period up to the date of expiry on 29 July 2017. Any Warrants not exercised during the exercise period will thereafter lapse and cease to be valid for any purpose.

The new shares to be issued arising from the exercise of Warrants shall, upon allotment and issuance, rank pari passu in all respects with the existing issued ordinary shares of the Company except that they shall not be entitled to any dividends, rights, allotments and/or other form of distribution ("Distribution") that may be declared, made or paid for which the entitlement date for the Distribution precedes the date of allotment and issuance of the new shares arising from the exercise of Warrants.

As of the end of the reporting period, the entire allotted Warrants remained unexercised.

Directors

The names of the directors of the Company in office since the date of the last report and at the date of this report are:

Dato' Seri Mah King Seng
Dato' Seri Mah King Thian
Chan Kam Leong
Wan Salmah Binti Wan Abdullah
Heng Beng Fatt

Directors' benefits

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby directors might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as shown in Note 31 to the financial statements) by reason of a contract made by the Company or a related corporation with any 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 required to be disclosed by Section 169(8) of the Companies Act, 1965, except as disclosed in Note 33 to the financial statements.

Directors' interests

According to the register of directors' shareholdings, the interest of directors in office at the end of the financial year in shares in the Company and its subsidiary companies during the financial year were as follows:

	Number of ordinary shares of RM1 each			
MHC Plantations Bhd	**1 January 2013**	**Bought**	**Sold**	**31 December 2013**
Direct interest				
Dato' Seri Mah King Seng	338,948	-	-	338,948
Dato' Seri Mah King Thian	93,248	-	-	93,248
Deemed interest				
Dato' Seri Mah King Seng	92,688,024	-	-	92,688,024
Dato' Seri Mah King Thian	92,688,024	-	-	92,688,024
Chan Kam Leong	291,086	30,000	-	321,086
Subsidiary company				
Champion Point Sdn Bhd				
Direct interest				
Dato' Seri Mah King Thian	1	-	-	1

	Number of warrants (2012/2017)			
MHC Plantations Bhd	**1 January 2013**	**Bought**	**Exercised**	**31 December 2013**
Direct interest				
Dato' Seri Mah King Seng	96,842	-	-	96,842
Dato' Seri Mah King Thian	26,642	-	-	26,642
Deemed interest				
Dato' Seri Mah King Seng	26,482,473	-	-	26,482,473
Dato' Seri Mah King Thian	26,482,473	-	-	26,482,473
Chan Kam Leong	133,653	-	-	133,653

By virtue of their interests in the Company, Dato' Seri Mah King Seng and Dato' Seri Mah King Thian are also deemed to have interest in shares in the subsidiary companies to the extent that the Company has an interest.

The other directors who held office at the end of the financial year did not have any interest in shares in the Company and its subsidiary companies.

Other statutory information

(a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that no allowance for doubtful debts was necessary; and

(ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the directors are not aware of circumstances which would render:

(i) the amount written off as bad debts inadequate to any substantial extent or render it necessary to make any allowance for doubtful debts in respect of the financial statements of the Group and of the Company; and

(ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

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

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

(e) As at the date of this report there does not exist:

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

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

(f) In the opinion of the directors:

(i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

Subsequent event

Details of subsequent event are disclosed in Note 38 to the financial statements.

Auditors

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors dated 21 March 2014.

Dato' Seri Mah King Seng **Dato' Seri Mah King Thian**

Statement by Directors

Pursuant to Section 169(15) of the Companies Act, 1965

We, Dato' Seri Mah King Seng and Dato' Seri Mah King Thian, being two of the directors of MHC Plantations Bhd, do hereby state that in the opinion of the directors, the accompanying financial statements set out on pages 39 to 123 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 as at 31 December 2013 and of their financial performance and cash flows for the year then ended.

The information set out in Note 40 on page 124 to the financial statements have been prepared in accordance with the 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.

Signed on behalf of the Board in accordance with a resolution of the directors dated 21 March 2014.

Dato' Seri Mah King Seng

Dato' Seri Mah King Thian

Statutory Declaration

Pursuant to Section 169(16) of the Companies Act, 1965

I, Chan Kim Meng, being the officer primarily responsible for the financial management of MHC Plantations Bhd, do solemnly and sincerely declare that the accompanying financial statements set out on pages 39 to 124 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the abovenamed Chan Kim Meng
at Ipoh in the State of Perak Darul Ridzuan
on 21 March 2014.

Chan Kim Meng

Before me,

M. Loganayagi P.P.T.
Pesuruhjaya Sumpah
(Commissioner for Oaths)

Independent Auditors' Report

to the members of MHC Plantations Bhd
(Incorporated in Malaysia)

Report on the financial statements

We have audited the financial statements of MHC Plantations Bhd, which comprise the statements of financial position of the Group and of the Company as at 31 December 2013, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 39 to 123.

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 the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2013 and of their financial performance and cash flows for the year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

Independent Auditors' Report
to the members of MHC Plantations Bhd
(Incorporated in Malaysia) (cont'd)

Report on other legal and regulatory requirements

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

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

(b) We have considered the financial statements of all the subsidiary companies of which we have not acted as auditors, which are indicated in Note 14 to the financial statements, being financial statements that have been included in the consolidated financial statements.

(c) We are satisfied that the financial statements of the subsidiary companies that have been consolidated with the financial statements of the Company are inform and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

(d) The auditors' reports on the financial statements of the subsidiary companies were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

Other reporting responsibilities

The supplementary information set out in Note 40 on page 124 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other matters

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

Ernst & Young
AF: 0039
Chartered Accountants

Leong Chooi May
No. 1231/03/15 (J)
Chartered Accountant

Ipoh, Perak Darul Ridzuan, Malaysia
Date: 21 March 2014

Statements of Comprehensive Income

for the financial year ended 31 December 2013

	Note	Group 2013 RM	Group 2012 RM (Restated)	Company 2013 RM	Company 2012 RM (Restated)
Revenue	4	272,559,981	28,088,970	5,434,787	7,583,386
Cost of sales		(230,919,733)	(12,933,006)	(4,063,874)	(3,948,772)
Gross profit		41,640,248	15,155,964	1,370,913	3,634,614
Other income		8,021,500	912,701	275,294	259,125
Administrative expenses		(12,149,880)	(4,275,002)	(1,988,807)	(1,906,504)
Other operating expenses		(6,407,231)	-	-	-
Operating profit		31,104,637	11,793,663	(342,600)	1,987,235
Finance costs	5	(2,626,381)	(958,096)	(802,774)	(927,269)
Income from investments	6	54,675	221,114	5,234,952	36,667,788
Share of profits in associated companies, net of tax		-	10,079,215	-	-
Profit before taxation	7	28,532,931	21,135,896	4,089,578	37,727,754
Income tax expense	8	(93,882)	(2,748,034)	(200,879)	(349,289)
Profit net of tax		28,439,049	18,387,862	3,888,699	37,378,465
Other comprehensive income:					
Items that may be reclassified subsequently to profit or loss					
Available-for-sale financial assets					
- Transfer to profit or loss upon disposal		(22,838)	(113,351)	-	(8,200)
- Gain/(Loss) on fair value changes		9,112	(10,564)	9,112	(11,885)
Exchange differences on translation of foreign operations		(62,651)	-	-	-
		(76,377)	(123,915)	9,112	(20,085)
Total comprehensive income for the year		28,362,672	18,263,947	3,897,811	37,358,380
Profit attributable to:					
Owners of the Company		12,488,683	18,343,263	3,888,699	37,378,465
Non-controlling interests		15,950,366	44,599	-	-
		28,439,049	18,387,862	3,888,699	37,378,465
Total comprehensive income attributable to:					
Owners of the Company		12,412,306	18,219,348	3,897,811	37,358,380
Non-controlling interests		15,950,366	44,599	-	-
		28,362,672	18,263,947	3,897,811	37,358,380
Earnings per share attributable to owners of the Company					
Basic	9	6.35 sen	9.33 sen		
Diluted	9	4.94 sen	7.26 sen		
Net dividends per share	10	2.25 sen	2.25 sen		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Financial Position
as at 31 December 2013

	Note	Group As at 31.12.2013 RM	Group As at 31.12.2012 RM (Restated)	Group As at 1.1.2012 RM (Restated)	Company As at 31.12.2013 RM	Company As at 31.12.2012 RM (Restated)	Company As at 1.1.2012 RM (Restated)
Assets							
Non-current assets							
Property, plant and equipment	11	544,272,353	82,824,977	52,165,203	7,432,216	7,730,757	7,769,428
Investment properties	12	46,962,419	5,301,216	4,596,432	1,200,000	1,150,000	1,100,000
Biological assets	13	457,095,611	16,535,556	16,535,556	3,565,843	3,565,843	3,565,843
Investment in subsidiary companies	14	-	-	-	203,187,384	103,921,270	77,094,570
Investment in associated companies	15	-	217,914,890	212,000,610	-	99,266,114	99,266,114
Investment in securities	16	406,702	332,963	473,288	392,511	292,681	313,928
Land use rights	17	13,720,907	-	-	-	-	-
Other receivables	18	6,035,793	-	-	-	-	-
Goodwill on consolidation	19	109,017,339	16,929,220	16,929,220	-	-	-
		1,177,511,124	339,838,822	302,700,309	215,777,954	215,926,665	189,109,883
Current assets							
Inventories	20	19,442,661	1,326,115	644,807	318,178	449,581	401,169
Trade and other receivables	18	21,080,604	2,634,668	5,566,537	1,097,244	1,690,778	2,221,032
Tax recoverable		2,238,974	852,409	48,671	432,377	396,409	-
Short term investments	21	12,530,498	953,133	1,646,082	1,561,874	929,492	1,613,348
Fixed deposits with licensed banks	22	14,760,679	473,648	464,813	328,816	318,648	309,813
Cash and bank balances	22	15,231,786	3,427,103	3,078,361	683,445	1,843,195	1,461,003
		85,285,202	9,667,076	11,449,271	4,421,934	5,628,103	6,006,365
Total assets		1,262,796,326	349,505,898	314,149,580	220,199,888	221,554,768	195,116,248

Statements of Financial Position
as at 31 December 2013 (cont'd)

	Note	Group As at 31.12.2013 RM	Group As at 31.12.2012 RM (Restated)	Group As at 1.1.2012 RM (Restated)	Company As at 31.12.2013 RM	Company As at 31.12.2012 RM (Restated)	Company As at 1.1.2012 RM (Restated)
Equity and liabilities							
Equity attributable to owners of the Company							
Share capital	23	196,543,970	196,543,970	140,388,550	196,543,970	196,543,970	140,388,550
Reserves	24	205,090,603	99,100,921	140,445,052	3,650,956	4,175,387	26,380,486
		401,634,573	295,644,891	280,833,602	200,194,926	200,719,357	166,769,036
Non-controlling interests		506,251,120	353,263	366,165	-	-	-
Total equity		907,885,693	295,998,154	281,199,767	200,194,926	200,719,357	166,769,036
Non-current liabilities							
Hire purchase payables	25	1,389,830	569,592	542,855	86,059	72,155	59,242
Borrowings	26	104,753,036	35,150,000	12,850,000	8,450,000	10,650,000	12,850,000
Deferred tax liabilities	27	164,159,044	3,153,168	3,143,715	385,545	428,319	419,740
Lease rental payable	28	267,050	-	-	-	-	-
		270,568,960	38,872,760	16,536,570	8,921,604	11,150,474	13,328,982
Current liabilities							
Payables	29	37,952,181	7,878,145	5,667,670	2,138,927	3,353,813	4,883,010
Hire purchase payables	25	1,516,766	241,670	183,962	44,431	31,124	13,572
Borrowings	26	44,205,919	6,300,000	9,800,000	8,900,000	6,300,000	9,800,000
Taxation		666,807	215,169	761,611	-	-	321,648
		84,341,673	14,634,984	16,413,243	11,083,358	9,684,937	15,018,230
Total liabilities		354,910,633	53,507,744	32,949,813	20,004,962	20,835,411	28,347,212
Total equity and liabilities		1,262,796,326	349,505,898	314,149,580	220,199,888	221,554,768	195,116,248

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Changes in Equity
for the financial year ended 31 December 2013

		Equity attributable to owners of the Company									
		Non - distributable					Distributable				
	Note	Share capital RM	Capital reserve RM	Revaluation reserve RM	Fair value adjustment reserve RM	Foreign currency translation reserve RM	Capital reserve RM	Retained profits RM	Total RM	Non-controlling interests RM	Total equity RM
Group											
Opening balance at 1 January 2013											
As previously stated		196,543,970	5,736,883	789,026	93,947	-	8,169	85,152,250	288,324,245	353,263	288,677,508
Effect of change in accounting policy	2.2	-	-	-	-	-	-	7,320,646	7,320,646	-	7,320,646
Effect of adopting FRS 10		-	-	-	-	-	-	97,999,618	97,999,618	492,484,180	590,483,798
Restated		196,543,970	5,736,883	789,026	93,947	-	8,169	190,472,514	393,644,509	492,837,443	886,481,952
Net profit for the financial year		-	-	-	-	-	-	12,488,683	12,488,683	15,950,366	28,439,049
Other comprehensive income		-	-	-	(13,726)	(62,651)	-	-	(76,377)	-	(76,377)
Total comprehensive income		-	-	-	(13,726)	(62,651)	-	12,488,683	12,412,306	15,950,366	28,362,672
Transactions with owners:											
Dividends	10	-	-	-	-	-	-	(4,422,242)	(4,422,242)	-	(4,422,242)
Dividends paid to non-controlling shareholders		-	-	-	-	-	-	-	-	(2,536,689)	(2,536,689)
Total transactions with owners		-	-	-	-	-	-	(4,422,242)	(4,422,242)	(2,536,689)	(6,958,931)
Closing balance at 31 December 2013		196,543,970	5,736,883	789,026	80,221	(62,651)	8,169	198,538,955	401,634,573	506,251,120	907,885,693

Statements of Changes in Equity
for the financial year ended 31 December 2013 (cont'd)

		Equity attributable to owners of the Company								
			Non - distributable			Distributable				
	Note	Share capital RM	Capital reserve RM	Revaluation reserve RM	Fair value adjustment reserve RM	Capital reserve RM	Retained profits RM	Total RM	Non-controlling interests RM	Total equity RM
Group										
Opening balance at 1 January 2012										
As previously stated		140,388,550	5,736,883	789,026	217,862	2,435,749	125,724,811	275,292,881	366,165	275,659,046
Effect of change in accounting policy	2.2	-	-	-	-	-	5,540,721	5,540,721	-	5,540,721
Restated		140,388,550	5,736,883	789,026	217,862	2,435,749	131,265,532	280,833,602	366,165	281,199,767
Net profit for the financial year		-	-	-	-	-	18,343,263	18,343,263	44,599	18,387,862
Other comprehensive income		-	-	-	(123,915)	-	-	(123,915)	-	(123,915)
Total comprehensive income		-	-	-	(123,915)	-	18,343,263	18,219,348	44,599	18,263,947
Transactions with owners:										
Bonus issue	23	56,155,420	-	-	-	-	(56,155,420)	-	-	-
Expenses incurred for bonus issue		-	-	-	-	-	(249,317)	(249,317)	-	(249,317)
Dividends	10	-	-	-	-	-	(3,158,742)	(3,158,742)	-	(3,158,742)
Dividends paid to non-controlling shareholders		-	-	-	-	-	-	-	(57,501)	(57,501)
Total transactions with owners		56,155,420	-	-	-	-	(59,563,479)	(3,408,059)	(57,501)	(3,465,560)
Transfer to retained profits		-	-	-	-	(2,427,580)	2,427,580	-	-	-
Closing balance at 31 December 2012		196,543,970	5,736,883	789,026	93,947	8,169	92,472,896	295,644,891	353,263	295,998,154

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Changes in Equity
for the financial year ended 31 December 2013 (cont'd)

Company	Note	Share capital RM	Non - Distributable Fair value adjustment reserve RM	Distributable Retained profits RM	Total equity RM
Opening balance at 1 January 2013 (As previously stated)		196,543,970	71,108	3,582,568	200,197,646
Effect of change in accounting policy	2.2	-	-	521,711	521,711
Opening balance at 1 January 2013 (Restated)		196,543,970	71,108	4,104,279	200,719,357
Net profit for the financial year		-	-	3,888,699	3,888,699
Other comprehensive income		-	9,112	-	9,112
Total comprehensive income		-	9,112	3,888,699	3,897,811
Transactions with owners:					
- Dividends, representing total transaction with owners	10	-	-	(4,422,242)	(4,422,242)
Closing balance at 31 December 2013		196,543,970	80,220	3,570,736	200,194,926
Opening balance at 1 January 2012 (As previously stated)		140,388,550	91,193	25,829,352	166,309,095
Effect of change in accounting policy	2.2	-	-	459,941	459,941
Opening balance at 1 January 2012 (Restated)		140,388,550	91,193	26,289,293	166,769,036
Net profit for the financial year		-	-	37,378,465	37,378,465
Other comprehensive income		-	(20,085)	-	(20,085)
Total comprehensive income		-	(20,085)	37,378,465	37,358,380
Transactions with owners:					
- Bonus issues	23	56,155,420	-	(56,155,420)	-
- Expenses incurred for bonus issue		-	-	(249,317)	(249,317)
- Dividends	10	-	-	(3,158,742)	(3,158,742)
Total transaction with owners		56,155,420	-	(59,563,479)	(3,408,059)
Closing balance at 31 December 2012		196,543,970	71,108	4,104,279	200,719,357

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Cash Flows

for the financial year ended 31 December 2013

	Group		Company	
	2013 RM	2012 RM (Restated)	2013 RM	2012 RM (Restated)
Operating activities				
Profit before taxation	28,532,931	21,135,896	4,089,578	37,727,754
Adjustments for:				
Amortisation of land use rights	179,093	-	-	-
Bad debts written off	267,799	-	8,075	-
Depreciation of property, plant and equipment	14,584,152	1,120,741	410,722	408,245
Dividend income	(31,322)	(75,861)	(5,234,951)	(36,657,287)
Fair value gains on investment properties	(4,661,203)	(704,784)	(50,000)	(50,000)
Gain on disposal of investment in securities	(23,353)	(145,253)	(1)	(10,501)
(Gain)/Loss on disposal of property, plant and equipment	(33,168)	40,056	7,471	-
Interest expense	2,626,381	958,096	802,774	927,269
Interest income	(382,680)	(18,841)	(10,168)	(39,085)
Property, plant and equipment written off	104,948	-	-	-
Share of profits in associated companies, net of tax	-	(10,079,215)	-	-
Tax exempt interest from short term investments	(349,349)	(13,917)	(11,851)	(13,129)
Unrealised gain on foreign exchange	(194,405)	-	-	-
Total adjustments	12,086,893	(8,918,978)	(4,077,929)	(35,434,488)
Operating cash flows before changes in working capital	40,619,824	12,216,918	11,649	2,293,266
Changes in working capital:				
Inventories	2,350,921	(681,308)	131,403	(48,412)
Receivables	(5,088,677)	2,934,019	(117,087)	36,814
Payables	7,283,186	2,208,325	(308,633)	245,977
Subsidiary companies' accounts	-	-	(203,357)	5,278,320
Total changes in working capital	4,545,430	4,461,036	(497,674)	5,512,699
Cash flows from/(used in) operations	45,165,254	16,677,954	(486,025)	7,805,965
Interest received	732,029	32,758	22,019	52,214
Interest paid	(6,717,293)	(1,880,856)	(802,774)	(927,269)
Tax paid	(5,798,979)	(4,087,580)	(277,657)	(1,057,587)
Net cash flows from/(used in) operating activities	33,381,011	10,742,276	(1,544,437)	5,873,323

Statements of Cash Flows
for the financial year ended 31 December 2013 (cont'd)

	Group		Company	
	2013 RM	2012 RM (Restated)	2013 RM	2012 RM (Restated)
Investing activities				
Dividends received	29,357	4,239,615	5,232,986	3,269,353
Proceeds from disposal of investment in securities	26,608	161,663	3	11,663
Proceeds from disposal of property, plant and equipment	190,185	40,000	22,530	-
Purchase of property, plant and equipment	(42,291,757)	(30,645,811)	(80,531)	(317,574)
Purchase of biological assets	(1,710,054)	-	-	-
Net cash flows arising from adoption of FRS 10 (Note 14(b)(iii))	35,304,333	-	-	-
Additional investment in securities	(90,720)	-	(90,720)	-
Additional placement of pledged fixed deposits	(160,976)	(8,835)	(10,168)	(8,835)
Net cash flows (used in)/from investing activities	(8,703,024)	(26,213,368)	5,074,100	2,954,607
Financing activities				
Bonus issue expenses	-	(249,317)	-	(249,317)
Drawdown of revolving credit	19,600,000	20,400,000	2,600,000	20,400,000
Drawdown of term loan	6,391,837	24,500,000	-	-
Repayment of revolving credit	-	(23,900,000)	-	(23,900,000)
Repayment of term loan	(4,780,839)	(2,200,000)	(2,200,000)	(2,200,000)
Repayment of hire purchase obligations	(1,553,926)	(207,555)	(34,789)	(21,535)
Dividends paid to shareholders	(4,422,242)	(3,158,742)	(4,422,242)	(3,158,742)
Dividends paid to non-controlling shareholders	(2,536,689)	(57,501)	-	-
Net cash flows from/(used in) financing activities	12,698,141	15,126,885	(4,057,031)	(9,129,594)
Net increase/(decrease) in cash and cash equivalents	37,376,128	(344,207)	(527,368)	(301,664)
Effect of foreign exchange rate changes on cash and cash equivalents	131,975	-	-	-
Cash and cash equivalents as at 1 January	4,415,236	4,759,443	2,772,687	3,074,351
Cash and cash equivalents as at 31 December (Note 22)	41,923,339	4,415,236	2,245,319	2,772,687

Statements of Cash Flows
for the financial year ended 31 December 2013 (cont'd)

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
During the financial year, the Group and the Company acquired property, plant and equipment by:				
Cash	42,291,757	30,645,811	80,531	317,574
Borrowing costs capitalised	4,090,912	922,760	-	-
Hire purchase arrangement	1,459,698	292,000	62,000	52,000
	47,842,367	31,860,571	142,531	369,574

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Notes to the Financial Statements
– 31 December 2013

1. Corporate information

MHC Plantations Bhd ("the Company") is a public limited liability company incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office and principal place of business of the Company are located at Kompleks Pejabat Behrang 2020, Jalan Persekutuan 1, 35900 Tanjung Malim, Perak Darul Ridzuan.

The principal activities of the Company consist of oil palm cultivation, investment holding and the operation of a hotel and the principal activities of the subsidiary companies are set out in Note 14 to the financial statements. There have been no significant changes in the nature of these principal activities during the financial year.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards ("FRS") and the requirements of the Companies Act, 1965 in Malaysia. At the beginning of the current financial year, the Group and the Company adopted new and revised FRS which are mandatory for financial periods beginning on or after 1 January 2013 as described fully in Note 2.2.

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Ringgit Malaysia ("RM").

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 January 2013, the Group and the Company adopted the following new and amended FRS and IC Interpretations mandatory for annual financial periods beginning on or after the dates stated below:

FRS, Amendments to FRS and IC Interpretations	**Effective for annual periods beginning on or after**
Amendments to FRS 101: Presentation of Items of Other Comprehensive Income	1 July 2012
FRS 3 Business Combinations	1 January 2013
FRS 10 Consolidated Financial Statements	1 January 2013
FRS 11 Joint Arrangements	1 January 2013
FRS 12 Disclosure of Interests in Other Entities	1 January 2013
FRS 13 Fair Value Measurement	1 January 2013
FRS 119 Employee Benefits	1 January 2013
FRS 127 Separate Financial Statements	1 January 2013
FRS 128 Investment in Associate and Joint Ventures	1 January 2013

2. Summary of significant accounting policies (cont'd)

2.2 Changes in accounting policies (cont'd)

FRS, Amendments to FRS and IC Interpretations	Effective for annual periods beginning on or after
IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
Amendments to FRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013
Annual Improvements 2009-2011 Cycle	1 January 2013
Amendments to FRS 1: Government Loans	1 January 2013
Amendments to FRS 10, FRS 11 and FRS 12: Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance	1 January 2013

Adoption of the above standards and interpretations did not have any significant effect on the financial performance and position of the Group and the Company except as discussed below.

FRS 10 Consolidated Financial Statements

FRS 10 replaces part of FRS 127 Consolidated and Separate Financial Statements that deals with consolidated financial statements and IC Interpretation 112 Consolidation – Special Purpose Entities.

Under FRS 10, an investor controls an investee when (a) the investor has power over an investee, (b) the investor has exposure, or rights, to variable returns from its involvement with the investee, and (c) the investor has ability to use its power over the investee to affect the amount of the investor's returns. Under FRS 127 Consolidated and Separate Financial Statements, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

FRS 10 includes detailed guidance to explain when an investor that owns less than 50 per cent of the voting shares in an investee has control over the investee. FRS 10 requires the investor to take into account all relevant facts and circumstances, particularly the size of the investor's holding of voting rights relative to the size and dispersion of holdings of the other vote holders.

The application of FRS 10 affected the accounting for the Group's equity interest in Cepatwawasan Group Berhad ("CGB") which was previously treated as an associated company of the Group and accounted for using the equity method of accounting, as discussed below:

The directors consider that the Group has control of CGB even though it has less than 50% of the voting rights. The Group is the majority shareholder of CGB with a 38.46% equity interest. All other shareholders individually own less than 3% of the equity shares of CGB. Historically, the other shareholders did not form a group to exercise their votes collectively. The directors assessed that the Group has had control over CGB since the acquisition in October 2005. Therefore, in accordance with the requirements of FRS 10, CGB has become a subsidiary company of the Company since 1 January 2013.

2. Summary of significant accounting policies (cont'd)

2.2 Changes in accounting policies (cont'd)

FRS 10 Consolidated Financial Statements (cont'd)

The change in accounting of the Group's investments in CGB has been applied in accordance with the relevant transitional provisions as set out in FRS 10 as if the acquisition of CGB has been accounted for in accordance with FRS 3 as at 1 January 2013.

The above change in accounting policy has affected the amounts reported in the Group's consolidated financial statements as shown in Note 2.2 (i) to 2.2 (iv) below.

FRS 12: Disclosure of Interests in Other Entities

FRS 12 includes all disclosure requirements for interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosure are required. This standard affects disclosures only and has no impact on the Group's financial position or performance.

FRS 13 Fair Value Measurement

FRS 13 establishes a single source of guidance under FRS for all fair value measurements. FRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under FRS. FRS 13 defines fair value as an exit price. As a result of the guidance in FRS 13, the Group re-assessed its policies for measuring fair values, in particular, its valuation inputs such as non-performance risk for fair value measurement of liabilities. FRS 13 also requires additional disclosures.

Application of FRS 13 has not materiality impacted the fair value measurement of the Group. Additional disclosures where required, are provided in the individual notes relating to the assets and liabilities whose fair values were determined.

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

The amendments to FRS 101 change the grouping of items presented in Other Comprehensive Income. Items that could be reclassified (or 'recycled') to profit or loss at a future point in time (for example, upon derecognition or settlement) would be presented separately from items that will never be reclassified. The amendment affects presentation only and has no impact on the Group's and the Company's financial position or performance.

FRS 127: Separate Financial Statements

As a consequence of the new FRS 10 and FRS 12, FRS 127 is limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements.

2. Summary of significant accounting policies (cont'd)

2.2 Changes in accounting policies (cont'd)

(i) Impact of the application of FRS 10 on net assets and equity of the Group as at 1 January 2013

	1 January 2013 as restated* RM	FRS 10 adjustments RM	1 January 2013 as restated RM
Assets			
Non-current assets			
Property, plant and equipment	82,824,977	428,451,476	511,276,453
Investment properties	5,301,216	37,000,000	42,301,216
Biological assets	16,535,556	438,850,000	455,385,556
Land use rights	-	13,900,000	13,900,000
Investment in associated companies	217,914,890	(217,914,890)	-
Investment in securities	332,963	-	332,963
Deferred tax assets	-	2,442,771	2,442,771
Other receivables	-	5,221,776	5,221,776
Goodwill on consolidation	16,929,220	92,088,119	109,017,339
	339,838,822	800,039,252	1,139,878,074
Current assets			
Inventories	1,326,115	20,467,468	21,793,583
Trade and other receivables	2,634,668	14,480,855	17,115,523
Tax recoverable	852,409	2,855,220	3,707,629
Short term investments	953,133	12,942,523	13,895,656
Fixed deposits with licensed banks	473,648	15,885,910	16,359,558
Cash and bank balances	3,427,103	6,475,900	9,903,003
	9,667,076	73,107,876	82,774,952
Total assets	349,505,898	873,147,128	1,222,653,026

2. Summary of significant accounting policies (cont'd)

2.2 Changes in accounting policies (cont'd)

(i) Impact of the application of FRS 10 on net assets and equity of the Group as at 1 January 2013 (cont'd)

	1 January 2013 as restated* RM	FRS 10 adjustments RM	1 January 2013 as restated RM
Equity and liabilities			
Equity			
Share capital	196,543,970	-	196,543,970
Reserves	99,100,921	97,999,618	197,100,539
	295,644,891	97,999,618	393,644,509
Non-controlling interests	353,263	492,484,180	492,837,443
Total equity	295,998,154	590,483,798	886,481,952
Non-current liabilities			
Hire purchase payables	569,592	1,127,358	1,696,950
Borrowings	35,150,000	73,898,452	109,048,452
Deferred tax liabilities	3,153,168	170,584,903	173,738,071
Lease rental payable	-	267,050	267,050
	38,872,760	245,877,763	284,750,523
Current liabilities			
Payables	7,878,145	22,832,752	30,710,897
Hire purchase payables	241,670	1,062,203	1,303,873
Borrowings	6,300,000	12,399,507	18,699,507
Taxation	215,169	491,105	706,274
	14,634,984	36,785,567	51,420,551
Total liabilities	53,507,744	282,663,330	336,171,074
Total equity and liabilities	349,505,898	873,147,128	1,222,653,026

* after accounting for change in accounting policy on measurement of investment properties as disclosed in Note 2.2.

2. Summary of significant accounting policies (cont'd)

2.2 Changes in accounting policies (cont'd)

(ii) Increase/(decrease) in net assets and equity of the Group as at 31 December 2013 arising from the application of FRS 10

	FRS 10 adjustments RM
Property, plant and equipment	457,372,082
Biological assets	440,560,055
Investment properties	41,600,000
Goodwill on consolidation	92,088,119
Land use rights	13,720,907
Deferred tax assets	3,186,028
Other receivables	6,035,793
Investment in associated companies	(217,914,890)
Inventories	16,816,025
Trade and other receivables	17,323,070
Tax recoverable	1,500,732
Short term investments	10,443,323
Deposit placed with licensed banks	14,276,863
Cash and bank balances	10,053,646
Non-controlling interest	505,903,679
Retained earnings	105,210,709
Lease rental payable	267,050
Long term hire purchase payables	884,813
Long term borrowings	68,958,955
Deferred tax liabilities	163,823,327
Short term hire purchase payables	1,194,507
Short term borrowings	30,750,000
Trade and other payables	29,547,128
Income tax payable	521,585

(iii) Impact of the application of FRS 10 on profit of the Group for the year

	31 December 2013 FRS 10 adjustments RM
Increase in revenue	129,914,299
Increase in cost of sales	(111,364,535)
Increase in other operating income	4,428,146
Increase in administrative expenses	(4,820,667)
Increase in other operating expenses	(3,547,959)
Increase in finance costs	(476,502)
Increase in income tax expense	1,219,168
Increase in profit for the year	15,351,950
Increase in profit for the year attributable to:	
Owners of the Company	-
Non-controlling interests	15,351,950
	15,351,950

2. Summary of significant accounting policies (cont'd)

2.2 Changes in accounting policies (cont'd)

(iv) Impact of the application of FRS 10 on cash flows of the Group for the year

	FRS 10 adjustments RM
Net cash inflow from operating activities	28,637,551
Net cash outflow from investing activities	(36,995,510)
Net cash inflow from financing activities	7,827,459
Net cash outflow	(530,500)

FRS 140 Investment property

Prior to 1 January 2013, the Group has elected to measure its investment property using the cost model, under which an investment property is measured, after initial measurement, at depreciated cost (less any accumulated impairment losses). In order to provide more relevant information about the conditions of the Group's financial position, the Group has elected to change from the cost model to the fair value model. Upon the change, investment properties are now measured, after initial measurement, at fair value with changes in fair value recognised in profit or loss.

Notes related to the third balance sheet are not presented as information is unchanged from the previously reported financial statements other than as disclosed below.

This change in accounting policy has been accounted for retrospectively and certain comparatives have been restated. The effects to statements of financial position as at 1 January 2012 and 31 December 2012 and statements of comprehensive income for the year ended 31 December 2012 are as follows:

Group	As previously stated RM	Adjustments RM	As restated RM
1 January 2012			
Statement of financial position			
Investment properties	4,041,156	555,276	4,596,432
Investment in associated companies	206,987,401	5,013,209	212,000,610
Deferred tax liabilities	(3,115,951)	(27,764)	(3,143,715)
Reserves	(134,904,331)	(5,540,721)	(140,445,052)

2. Summary of significant accounting policies (cont'd)

2.2 Changes in accounting policies (cont'd)

FRS 140 Investment property (cont'd)

Company	As previously stated RM	Adjustments RM	As restated RM
1 January 2012			
Statement of financial position			
Investment property	615,852	484,148	1,100,000
Deferred tax liabilities	(395,533)	(24,207)	(419,740)
Reserves	(25,920,545)	(459,941)	(26,380,486)
Group			
31 December 2012			
Statement of financial position			
Investment properties	4,026,135	1,275,081	5,301,216
Investment in associated companies	211,805,571	6,109,319	217,914,890
Deferred tax liabilities	(3,089,414)	(63,754)	(3,153,168)
Reserves	(91,780,275)	(7,320,646)	(99,100,921)
31 December 2012			
Statement of comprehensive income			
Share of profits in associated companies, net of tax	8,983,105	1,096,110	10,079,215
Other income	207,917	704,784	912,701
Income tax expense	(2,712,044)	(35,990)	(2,748,034)
Company			
31 December 2012			
Statement of financial position			
Investment property	600,831	549,169	1,150,000
Deferred tax liabilities	(400,861)	(27,458)	(428,319)
Reserves	(3,653,676)	(521,711)	(4,175,387)
31 December 2012			
Statement of comprehensive income			
Other income	209,125	50,000	259,125
Income tax expense	(346,038)	(3,251)	(349,289)

2. Summary of significant accounting policies (cont'd)

2.3 Standards issued but not yet effective

The Company has not adopted the following standards and interpretations that have been issued but not yet effective:

FRS, Amendments to FRS and IC Interpretations	Effective for annual periods beginning on or after
Amendments to FRS 132: Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to FRS 10, FRS 12 and FRS 127: Investment Entities	1 January 2014
Amendments to FRS 136: Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
Amendments to FRS 139: Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
IC Interpretation 21 Levies	1 January 2014
Amendments to FRS 119: Defined Benefit Plans: Employee Contributions	1 July 2014
Annual Improvements to FRSs 2010 - 2012 Cycle	1 July 2014
Annual Improvements to FRSs 2011 - 2013 Cycle	1 July 2014
FRS 9 Financial Instruments (IFRS 9 issued by IASB* in November 2009)	To be announced
FRS 9 Financial Instruments (IFRS 9 issued by IASB* in October 2010)	To be announced
FRS 9 Financial Instruments: Hedge Accounting and amendments to FRS 9, FRS 7 and FRS 139	To be announced

* International Accounting Standards Board

The directors expect that the adoption of the standards and interpretations above will have no material impact on the financial statements in the period of initial application except as discussed below:

FRS 9 Financial Instruments

FRS 9 reflects the first phase of work on the replacement of FRS 139 and applies to classification and measurement of financial assets and financial liabilities as defined in FRS 139. The standard was initially effective for annual periods beginning on or after 1 January 2013, but Amendments to FRS 9: Mandatory Effective Date of FRS 9 and Transition Disclosures, issued in March 2012, moved the mandatory effective date to 1 January 2015. Subsequently, on 14 February 2014, it was announced that the new effective date will be decided when the project is closer to completion. The adoption of this first phase of FRS 9 will have an effect on the classification and measurement of the Group's financial assets, but will not have an impact on classification and measurements of th Group's financial liabilities. The Group will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

Malaysian Financial Reporting Standards

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (MFRS) Framework.

2. Summary of significant accounting policies (cont'd)

2.3 Standards issued but not yet effective (cont'd)

Malaysian Financial Reporting Standards (cont'd)

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture (MFRS 141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venturer (herein called 'Transitioning Entities') which will be allowed to defer adoption of the new MFRS Framework for one year. On 30 June 2012, MASB has given an option to Transitioning Entities to defer the adoption of the MFRS Framework for another year. Therefore, the MFRS Framework will be applicable to Transitional Entities with effect from the annual period beginning on 1 January 2014.

In light of the development and the revisions of the project timelines by the IASB, the Board has decided to extend the transitions period for another year, ie. the adoption of the MFRS Framework by all Transitioning Entities with effect from annual periods beginning on or after 1 January 2015.

The Group and the Company fall within the scope definition of Transitioning Entities and have opted to defer adoption of the new MFRS Framework. Accordingly, the Group and the Company will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2015. In presenting its first MFRS financial statements, the Group and the Company will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

At the date of these financial statements, the Group and the Company have not completed its quantification of the financial effects of the differences between Financial Reporting Standards and accounting standards under the MFRS Framework due to the ongoing assessment by the project team. Accordingly, the financial performance and financial position as disclosed in these financial statements for the year ended 31 December 2013 could be different if prepared under the MFRS Framework.

The Group and the Company expect to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 December 2015.

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary companies as at the reporting date. The financial statements of the subsidiary companies used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

The Company controls an investee if and only if the Company has all the following:

(i) Power over the investee (i.e existing rights that give it the current ability to direct the relevant activities of the investee);
(ii) Exposure, or rights, to variable returns from its investment with the investee; and
(iii) The ability to use its power over the investee to affect its returns.

2. Summary of significant accounting policies (cont'd)

2.4 Basis of consolidation (cont'd)

When the Company has less than a majority of the voting rights of an investee, the Company considers the following in assessing whether or not the Company's voting rights in an investee are sufficient to give it power over the investee:

(i) The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
(ii) Potential voting rights held by the Company, other vote holders or other parties;
(iii) Rights arising from other contractual arrangements; and
(iv) Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Subsidiary companies are consolidated when the Company obtains control over the subsidiary company and ceases when the Company losses control of the subsidiary company. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Losses within a subsidiary company are attributed to the non-controlling interests even if that results in a deficit balance.

Changes in the Group's ownership interests in subsidiary companies that do not result in the Group losing control over the subsidiary companies are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary companies. The resulting difference is recognised directly in equity and attributed to owners of the Company.

When the Group losses control of a subsidiary company, a gain or loss calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary company and any non-controlling interest, is recognised in profit or loss. The subsidiary company's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss or where applicable, transferred directly to retained profit. The fair value of any investment retained in the former subsidiary company at the date control is lost is regarded as the cost on initial recognition of the investment.

Business Combinations

Acquisitions of subsidiary companies are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. The Group elects on a transaction-by-transaction basis whether to measure the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction costs incurred are expensed and included in administrative expenses.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with FRS 139 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of FRS 139, it is measured in accordance with the appropriate FRS.

2. Summary of significant accounting policies (cont'd)

2.4 Basis of consolidation (cont'd)

Business Combinations (cont'd)

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than fair value of the net assets of the subsidiary company acquired, the difference is recognised in profit or loss. The accounting policy for goodwill is set out in Note 2.6.

2.5 Transactions with non-controlling interests

Non-controlling interests represent the portion of profit or loss and net assets in subsidiary companies not held by the Group and are presented separately in profit or loss of the Group and within equity in the consolidated statements of financial position, separately from parent shareholders' equity. Transactions with non-controlling interests are accounted for using the entity concept method, whereby, transactions with non-controlling interests are accounted for as transactions with owners. On acquisition of non-controlling interests, the difference between the consideration and book value of the share of the net assets acquired is recognised directly in equity. Gain or loss on disposal to non-controlling interests is recognised directly in equity.

2.6 Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

2. Summary of significant accounting policies (cont'd)

2.7 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Certain property, plant and equipment have subsequently been revalued and are stated in the statements of financial position at their revalued amounts, being the fair value on the basis of their existing use at the date of revaluation. The Group and the Company have availed themselves of the transitional provision in International Accounting Standard 16 (Revised) - 'Property, Plant and Equipment', as previously adopted by the Malaysian Accounting Standards Board (''MASB''), by virtue of which a reporting enterprise is allowed to retain revalued amounts on the basis of their previous revaluations (subject to continuity in depreciation policy and requirement to write an asset down to its recoverable amounts, as applicable), if it does not further revalue such assets.

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity under the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset carried in the asset revaluation reserve.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The revaluation surplus included in the asset revaluation reserve in respect of an asset is transferred directly to retained earnings on retirement or disposal of the asset.

Direct expenditure incurred on quarry development is capitalised under quarry development expenditure. A portion of the indirect overheads which include general and administrative expenses and interest expense incurred on quarry development is similarly capitalised under quarry development expenditure until such time when the quarry commences operation.

Quarry development expenditure is amortised based on the proportion of stone volume extracted over the estimated volume of extractable stone from the quarry reserve.

Freehold land has an unlimited useful life and therefore is not depreciated whilst leasehold land is amortised over the term of the lease ranging between 60 and 999 years.

2. Summary of significant accounting policies (cont'd)

2.7 Property, plant and equipment (cont'd)

Depreciation is provided on all other property, plant and equipment, at rates calculated to write off the cost or valuation, less estimated residual value of each asset evenly over its expected useful life. The annual rates used are as follows:

	%
Buildings	2 -10
Plant and machinery	5 -10
Furniture and fittings, office equipment, laboratory equipment, electrical installation, road and drainage	5 – 10
Motor vehicles	10 – 20

Assets under construction included in plant and equipment are not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

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

2.8 Biological assets

The expenditure on new planting and replanting of a different produce crop incurred from land clearing to the point of harvesting is capitalised and is not amortised. Replanting expenditure incurred in respect of the same crop is recognised as an expense in profit or loss in the period they are incurred.

Biological assets are initially recorded at cost. Certain biological assets have subsequently been revalued and stated in the statements of financial position at its revalued amount, being the fair value on the basis of their existing use at the date of revaluation. These assets have since not been revalued. The Group and the Company have not adopted a policy of regular revaluation of such assets and have availed themselves of the transitional provisions of International Accounting Standard 16 (Revised) - 'Property, Plant and Equipment', as previously adopted by the MASB, by virtue of which a reporting enterprise is allowed to retain revalued amounts on the basis of their previous revaluations (subject to continuity in depreciation policy and requirement to write an asset down to its recoverable amounts, as applicable), if it does not further revalue such assets. On the subsequent sale or retirement of a revalued asset, the attributable revaluation surplus remaining in the revaluation reserve is transferred directly to retained profits.

2. Summary of significant accounting policies (cont'd)

2.9 Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains or loss arising from changes in the fair values of the investment properties are included in profit or loss in the year in which they arise.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note 2.7 up to the date of change in use.

2.10 Inventories

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

- Processed crude palm oil, milled oil palm produce and quarry inventories: costs of direct materials, direct labour, other direct charges and appropriate proportions of factory overheads. These costs are assigned on weighted average cost method.

- Nursery seedlings are valued at weighted average method of cost of seed, fertilisers and sprays.

- Stores and materials are stated at the lower of cost and net realisable value. Cost is determined on the weighted average method.

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

2.11 Subsidiary companies

A subsidiary company is an entity over which the Company has all the following:

(i) Power over the investee (i.e existing rights that give it the current ability to direct the relevant activities of the investee);

(ii) Exposure, or rights, to variable returns from its investment with the investee; and

(iii) The ability to use its power over the investee to affect its returns.

In the Company's separate financial statements, investments in subsidiary companies are accounted for at cost less any accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

2. Summary of significant accounting policies (cont'd)

2.12 Associated companies

An associated company is an entity, not being a subsidiary company or a joint venture, in which the Group has significant influence. An associated company is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associated company.

The Group's investments in associated companies are accounted for using the equity method. Under the equity method, the investment in associated companies is measured in the consolidated statements of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associated companies. Goodwill relating to associated companies is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the associated company's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associated company's profit or loss for the period in which the investment is acquired.

When the Group's share of losses in an associated company equals or exceeds its interest in the associated company, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associated company.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associated companies. The Group determines at each reporting date whether there is any objective evidence that the investment in the associated company is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associated company and its carrying value and recognises the amount in profit or loss.

The financial statements of the associated companies are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

In the Company's separate financial statements, investments in associated companies are stated at cost less any accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

2.13 Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets.

2. Summary of significant accounting policies (cont'd)

2.13 Financial assets (cont'd)

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

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

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.

The Group and the Company have not designated any financial assets as at fair value through profit or loss.

(b) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

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

(c) Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold the investment to maturity.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

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

2. Summary of significant accounting policies (cont'd)

2.13 Financial assets (cont'd)

(d) Available-for-sale financial assets

Available-for-sale financial assets are financial assets that are designated as available for sale or are not classified in any of the three preceding categories.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group's and the Company's right to receive payment is established.

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

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

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.

2.14 Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

(a) Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

2. Summary of significant accounting policies (cont'd)

2.14 Impairment of financial assets (cont'd)

(a) Trade and other receivables and other financial assets carried at amortised cost (cont'd)

If any such evidence exists, the amount of impairment loss 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. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

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 to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(b) Unquoted equity securities carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

(c) Available-for-sale financial assets

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income. For available-for-sale debt investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

2. Summary of significant accounting policies (cont'd)

2.15 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

(a) Sales of plantation produce

Sales of plantation produce is recognised on an accrual basis upon delivery of products to customers, less returns.

(b) Sales of earth and stones

Sales of earth and stones is recognised upon delivery of products and customers' acceptance.

(c) Hotel operation income

Revenue from hotel operation is recognised upon performance of services.

(d) Interest income

Interest income is recognised using the effective interest method.

(e) Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

(f) Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

2.16 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of FRS 139, are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

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

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

2. Summary of significant accounting policies (cont'd)

2.16 Financial liabilities (cont'd)

(a) Financial liabilities at fair value through profit or loss (cont'd)

Financial liabilities held for trading include derivatives entered into by the Group and the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

The Group and the Company have not designated any financial liabilities as at fair value through profit or loss.

(b) Other financial liabilities

The Group's and the Company's other financial liabilities include trade payables, other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

(c) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

As at reporting date, no values are placed on corporate guarantees provided by the Company to secure bank loans and other banking facilities granted to its subsidiary companies where such loans and banking facilities are fully collateralised by fixed and floating charges over the property, plant and equipment and other assets of the subsidiary companies and where the directors regard the value of the credit enhancement provided by the corporate guarantees as minimal.

2. Summary of significant accounting policies (cont'd)

2.16 Financial liabilities (cont'd)

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.17 Borrowings costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

2.18 Income taxes

(a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2. Summary of significant accounting policies (cont'd)

2.18 Income taxes (cont'd)

(b) Deferred tax (cont'd)

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

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

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 transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.19 Employee benefits

Defined contribution plans

The Group participates in the national pension scheme as defined by the laws of the country in which it has operations. The companies in the Group make contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension scheme are recognised as an expense in the period in which the related service is performed.

2. Summary of significant accounting policies (cont'd)

2.20 Provisions

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

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.21 Leases

(a) As lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(b) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.15(f).

2.22 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

2. Summary of significant accounting policies (cont'd)

2.22 Impairment of non-financial assets (cont'd)

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

2.23 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits 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. These also include bank overdrafts that form an integral part of the Group's cash management.

2.24 Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

2.25 Warrants

The issue of ordinary shares upon exercise of the warrants is treated as new subscription of ordinary shares for the consideration equivalent to the exercise price of the warrants.

2. Summary of significant accounting policies (cont'd)

2.26 Foreign currency

(a) Functional and presentation currency

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

(b) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiary companies and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(c) Foreign operations

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in profit or loss.

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

2.27 Land use rights

Land use rights are initially measured at cost. Following initial recognition, land use rights are measured at cost less accumulated amortisation and any accumulated impairment losses. The land use rights are amortised over their lease terms.

2. Summary of significant accounting policies (cont'd)

2.28 Fair value measurement

The Group measures financial instruments, such as, derivatives, and non-financial assets such as investment properties, at fair value at each balance sheet date. Also, fair values of financial instruments are disclosed in Note 36.

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset 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.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2.29 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group.

2. Summary of significant accounting policies (cont'd)

2.30 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 32, including the factors used to identify the reportable segments and the measurement basis of segment information.

3. Significant accounting estimates and judgements

The preparation of the Group's and the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

3.1 Judgements made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

(a) Control over Cepatwawasan Group Berhad ("CGB")

As disclosed in Note 14, the directors consider that the Group has control of CGB even though it has less than 50% of the voting rights. The Group is the majority shareholder of CGB with a 38.46% equity interest. All other shareholders individually own less than 3% of the equity shares of CGB. Historically, the other shareholders did not form a group to exercise their votes collectively. The directors assessed that the Group has had control over CGB since the acquisition in October 2005. Therefore, in accordance with the requirements of FRS 10, CGB has become a subsidiary company of the Company since 1 January 2013.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Useful lives of plant and equipment

The cost of plant and equipment is depreciated on a straight-line basis over the assets' estimated economic useful lives. Management estimates the useful lives of these plant and equipment to be within 5 to 20 years. These are common life expectancies applied in the palm oil industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of the Group's plant and equipment at the reporting date is disclosed in Note 11. A 5% difference in the expected useful lives of these assets from management's estimates would result in approximately 2.56% variance in the Group's profit for the year.

3. Significant accounting estimates and judgements (cont'd)

3.2 Key sources of estimation uncertainty (cont'd)

(b) Impairment of goodwill

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires an estimation of the fair value less costs to sell and value in use of the cash-generating units to which goodwill is allocated.

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset.

Further details of the carrying value, the key assumptions applied in the impairment assessment of goodwill and sensitivity analysis to changes in the assumptions are given in Note 19.

(c) Impairment of loans and receivables

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

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. The carrying amount of the Group's receivables at the reporting date is disclosed in Note 18.

(d) Investment properties

The Group carries its investment properties at fair value, with changes in fair values being recognised in profit or loss. The Group engaged independent valuation specialists to determine the fair value as at 31 December 2013. Fair value of the investment properties were valued by reference to market-based evidence, using comparable prices adjusted for specific market factors such as nature, location and condition of the property.

The key assumptions used to determine the fair value of the investment properties, are further explained in Note 12.

Notes to the Financial Statements
– 31 December 2013 (cont'd)

4. Revenue

	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Sales of fresh fruit bunches	18,669,965	27,443,905	4,813,991	6,938,321
Sales of crude palm oil	221,520,179	-	-	-
Sales of palm kernel	28,790,972	-	-	-
Sales of earth and stones	2,958,069	-	-	-
Revenue from hotel operations	620,796	645,065	620,796	645,065
	272,559,981	28,088,970	5,434,787	7,583,386

5. Finance costs

	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Interests on:				
- hire purchase	190,182	35,812	5,919	4,985
- revolving credit	1,156,665	292,815	266,001	292,815
- term loan	5,370,446	1,552,229	530,854	629,469
	6,717,293	1,880,856	802,774	927,269
Interest expense capitalised in capital work-progress	(4,090,912)	(922,760)	-	-
	2,626,381	958,096	802,774	927,269

6. Income from investments

	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Gain on disposal of investment in securities	23,353	145,253	1	10,501
Gross dividend income from:				
- subsidiary companies	-	-	5,223,464	33,986,753
- associated companies	-	-	-	2,664,936
- quoted investments in Malaysia	27,693	18,011	7,858	5,598
- unquoted investments in Malaysia	3,629	57,850	3,629	-
	54,675	221,114	5,234,952	36,667,788

7. Profit before taxation

	Group 2013 RM	Group 2012 RM (Restated)	Company 2013 RM	Company 2012 RM (Restated)
This is arrived at after charging:				
Auditors' remuneration				
- Ernst & Young				
- current year's provision	210,025	76,500	40,000	36,500
- under provision in prior year	14,000	9,500	3,500	4,500
- other assurance services*	6,300	30,500	4,800	30,500
- other non-audit services	57,600	19,350	7,400	7,000
Amortisation of land use rights	179,093	-	-	-
Bad debts written off	267,799	-	8,075	-
Depreciation of property, plant and equipment	14,584,152	1,120,741	410,722	408,245
Directors' emoluments:				
- directors of the Company (Note 31)	3,256,928	1,482,292	808,336	809,956
- other directors of the subsidiary companies (Note 31)	1,783,347	652,318	-	-
Loss on disposal of property, plant and equipment	-	40,056	7,471	-
Property, plant and equipment written off	104,948	-	-	-
Rentals				
- premises	248,547	60,600	62,000	60,600
- land	87,160	96,320	4,175	4,640
and crediting:				
Fair value gains on investment properties	4,661,203	704,784	50,000	50,000
Gain on disposal of property, plant and equipment	33,168	-	-	-
Interest income from:				
- fixed deposits	382,680	18,841	10,168	14,369
- advances to subsidiary companies	-	-	-	24,716
Tax exempt interest from short term investments	349,349	13,917	11,851	13,129

7. Profit before taxation (cont'd)

	Group		Company	
	2013 RM	2012 RM (Restated)	2013 RM	2012 RM (Restated)
and crediting: (cont'd)				
Realised gain on foreign exchange	426,488	-	-	-
Rental income				
- equipment hire income	187,267	-	47,034	20,884
- landed property	39,571	40,512	38,161	40,272
- investment properties	68,200	66,000	68,200	66,000
- land	1,152	-	-	-
Unrealised gain on foreign exchange	194,405	-	-	-

* Auditors' remuneration amounting to RMNil (2012 - RM26,000) for the bonus issue has been included in expenses incurred for bonus issue.

8. Income tax expense

	Group		Company	
	2013 RM	2012 RM (Restated)	2013 RM	2012 RM (Restated)
Current tax:				
- Malaysian income tax	6,857,633	2,762,872	36,280	341,434
- under/(over) provision in prior years	372,505	(24,291)	207,373	(724)
	7,230,138	2,738,581	243,653	340,710
Deferred taxation (Note 27):				
- relating to origination and reversal of temporary differences	(99,260)	(1,484)	(35,444)	(5,860)
- effect of change in tax rate	(7,166,222)	-	(12,113)	-
- under provision in prior years	129,226	10,937	4,783	14,439
	(7,136,256)	9,453	(42,774)	8,579
	93,882	2,748,034	200,879	349,289

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2012 - 25%) of the estimated assessable profit for the year. The statutory tax rate will be reduced to 24% with effect from the year of assessment 2016.

8. Income tax expense (cont'd)

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

	Group		Company	
	2013 RM	2012 RM (Restated)	2013 RM	2012 RM (Restated)
Profit before taxation	28,532,931	21,135,896	4,089,578	37,727,754
Taxation at applicable statutory tax rate at 25%	7,133,233	5,283,974	1,022,395	9,431,938
Effect of share of associated companies' results	-	(2,519,804)	-	-
Income not subject to tax	(314,205)	(37,225)	(1,308,829)	(9,169,035)
Deferred tax recognised at different tax rate	(932,241)	(143,961)	(10,000)	(13,004)
Deferred tax asset not recognised	100,000	-	-	-
Effect of change in tax rate in deferred tax	(7,166,222)	-	(12,113)	-
Expenses not deductible for tax purposes	830,288	178,404	273,867	85,675
Effect of utilisation of previously unrecognised unabsorbed capital allowances	(58,702)	-	-	-
Others	-	-	23,403	-
Under/(Over) provision in prior years				
- current tax	372,505	(24,291)	207,373	(724)
- deferred tax	129,226	10,937	4,783	14,439
Tax expense for the year	93,882	2,748,034	200,879	349,289

9. Earnings per share

(a) Basic earnings per share

The basic earnings per share is calculated by dividing the Group's profit for the year, net of tax, attributable to owners of the Company of RM12,488,683 (2012 (restated) - RM18,343,263) by the number of ordinary shares of 196,543,970.

9. Earnings per share (cont'd)

(b) Diluted earnings per share

Diluted earnings per share is calculated by dividing the profit for the year, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year after adjustment for the effects of dilutive potential ordinary shares, calculated as follows:

	Group 2013 RM	Group 2012 RM (Restated)
Profit attributable to owners of the Company	12,488,683	18,343,263
	Number of shares	**Number of shares**
Number of ordinary shares for basic earnings per share computation	196,543,970	196,543,970
Effect of dilution:		
- On assumption that all warrants are exercised	56,155,420	56,155,420
Number of ordinary shares for diluted earnings per share computation	252,699,390	252,699,390
Diluted earnings per share (sen)	4.94	7.26

10. Dividends

	Amount 2013 RM	Amount 2012 RM
In respect of financial year ended 31 December 2012:		
Final single tier dividend of 2.25%: 2.25 sen per share	4,422,242	-
In respect of financial year ended 31 December 2011:		
Final single tier dividend of 2.25%: 2.25 sen per share	-	3,158,742
Proposed but not recognised as liabilities as at 31 December 2013:		
Final single tier dividend of 2.00%: 2.00 sen per share	3,930,879	-
Proposed but not recognised as liabilities as at 31 December 2012:		
Final single tier dividend of 2.25%: 2.25 sen per share	-	4,422,242

At the forthcoming Annual General Meeting, a final single tier dividend of 2.00% in respect of the current financial year ended 31 December 2013 on 196,543,970 ordinary shares, amounting to a dividend payable of RM3,930,879 (2.00 sen per share) will be proposed for shareholders' approval.

The financial statements for the current financial year do not reflect these proposed dividends. Such dividend, if approved by the shareholders, will be accounted for in shareholders' equity as an appropriation of retained profits in the next financial year ending 31 December 2014.

11. Property, plant and equipment

Group	Freehold land RM	Long term leasehold land RM	Short term leasehold land RM	Buildings* RM	Plant and machinery RM	Furniture and fittings RM	Office equipment and laboratory equipment RM	Electrical installation, road and drainage RM	Motor vehicles RM	Assets under construction RM	Total RM
At 31 December 2013											
Cost/Valuation											
At 1 January 2013	8,664,704	19,996,380	7,139,309	10,137,604	1,974,118	2,821,846	514,941	1,830,915	3,835,518	42,606,482	99,521,817
Effects of adopting FRS 10	-	162,219,360	-	129,638,871	30,548,115	1,128,502	-	-	2,381,029	102,535,599	428,451,476
At 1 January 2013	8,664,704	182,215,740	7,139,309	139,776,475	32,522,233	3,950,348	514,941	1,830,915	6,216,547	145,142,081	527,973,293
Adjustment	-	-	-	-	-	-	-	(350)	-	-	(350)
Additions	-	-	-	2,471,526	3,158,775	644,561	32,186	495,801	533,052	40,506,466	47,842,367
Disposals/write off	-	-	-	-	(204,984)	(17,288)	-	-	(155,900)	(100,872)	(479,044)
Transfers	-	-	-	20,505,785	41,000,482	20,682,389	64,283	3,427,779	-	(85,680,718)	-
At 31 December 2013	8,664,704	182,215,740	7,139,309	162,753,786	76,476,506	25,260,010	611,410	5,754,145	6,593,699	99,866,957	575,336,266
Representing:											
At cost	5,760,751	182,215,740	7,139,309	162,617,890	76,476,506	25,260,010	611,410	5,754,145	6,593,699	99,866,957	572,296,417
At valuation - 1976	2,903,953	-	-	135,896	-	-	-	-	-	-	3,039,849
	8,664,704	182,215,740	7,139,309	162,753,786	76,476,506	25,260,010	611,410	5,754,145	6,593,699	99,866,957	575,336,266
Accumulated depreciation											
At 1 January 2013	-	7,568,014	1,537,281	2,779,636	888,000	1,529,455	341,042	704,379	1,349,033	-	16,696,840
Charge for the year	-	2,422,763	125,313	4,875,747	4,885,359	1,048,027	36,338	283,826	906,779	-	14,584,152
Disposals/write off	-	-	-	-	(78,063)	(13,118)	-	-	(125,898)	-	(217,079)
At 31 December 2013	-	9,990,777	1,662,594	7,655,383	5,695,296	2,564,364	377,380	988,205	2,129,914	-	31,063,913
Net carrying amount											
At 31 December 2013	8,664,704	172,224,963	5,476,715	155,098,403	70,781,210	22,695,646	234,030	4,765,940	4,463,785	99,866,957	544,272,353

11. Property, plant and equipment (cont'd)

Group (cont'd)	Freehold land RM	Long term leasehold land RM	Short term leasehold land RM	Buildings* RM	Plant and machinery RM	Furniture and fittings RM	Office equipment RM	Electrical installation, road and drainage RM	Motor vehicles RM	Assets under construction RM	Total RM
At 31 December 2012											
Cost/Valuation											
At 1 January 2012	8,664,704	19,996,380	7,139,309	6,962,727	1,352,728	2,339,526	512,491	1,112,577	3,682,089	16,028,871	67,791,402
Additions	-	-	-	114,426	291,890	89,717	2,450	45,424	265,255	31,051,409	31,860,571
Disposals/Write off	-	-	-	-	-	-	-	-	(130,156)	-	(130,156)
Transfers	-	-	-	3,060,451	329,500	392,603	-	672,914	18,330	(4,473,798)	-
At 31 December 2012	8,664,704	19,996,380	7,139,309	10,137,604	1,974,118	2,821,846	514,941	1,830,915	3,835,518	42,606,482	99,521,817
Representing:											
At cost	5,760,751	19,996,380	7,139,309	10,001,708	1,974,118	2,821,846	514,941	1,830,915	3,835,518	42,606,482	96,481,968
At valuation - 1976	2,903,953	-	-	135,896	-	-	-	-	-	-	3,039,849
	8,664,704	19,996,380	7,139,309	10,137,604	1,974,118	2,821,846	514,941	1,830,915	3,835,518	42,606,482	99,521,817
Accumulated depreciation											
At 1 January 2012	-	7,425,617	1,411,968	2,537,937	843,655	1,283,521	309,573	626,085	1,187,843	-	15,626,199
Charge for the year	-	142,397	125,313	241,699	44,345	245,934	31,469	78,294	211,290	-	1,120,741
Written back	-	-	-	-	-	-	-	-	(50,100)	-	(50,100)
At 31 December 2012	-	7,568,014	1,537,281	2,779,636	888,000	1,529,455	341,042	704,379	1,349,033	-	16,696,840
Net carrying amount											
At 31 December 2012	8,664,704	12,428,366	5,602,028	7,357,968	1,086,118	1,292,391	173,899	1,126,536	2,486,485	42,606,482	82,824,977

11. Property, plant and equipment (cont'd)

*Buildings comprise:

Group	Leasehold property RM	Oil mill and other buildings RM	Plantation infrastructure development expenditure RM	Quarry RM	Total RM
At 31 December 2013					
Cost/Valuation					
At 1 January 2013	-	10,137,604	-	-	10,137,604
Effects of adopting FRS 10	592,166	20,277,348	88,769,357	20,000,000	129,638,871
At 1 January 2013	592,166	30,414,952	88,769,357	20,000,000	139,776,475
Additions	-	2,270,860	200,666	-	2,471,526
Transfers	-	19,962,482	543,303	-	20,505,785
At 31 December 2013	592,166	52,648,294	89,513,326	20,000,000	162,753,786
Representing:					
At cost	592,166	52,512,398	89,513,326	20,000,000	162,617,890
At valuation - 1976	-	135,896	-	-	135,896
	592,166	52,648,294	89,513,326	20,000,000	162,753,786
Accumulated depreciation					
At 1 January 2013	-	2,779,636	-	-	2,779,636
Charge for the year	-	2,875,403	1,252,189	748,155	4,875,747
At 31 December 2013	-	5,655,039	1,252,189	748,155	7,655,383
Net carrying amount					
At 31 December 2013	592,166	46,993,255	88,261,137	19,251,845	155,098,403

In prior year, buildings of the Group comprised oil mill and other buildings only.

11. Property, plant and equipment (cont'd)

Company	Freehold land RM	Long term leasehold land RM	Buildings RM	Plant and machinery RM	Furniture and fittings RM	Office equipment RM	Electrical installation RM	Motor vehicles RM	Assets under construction RM	Total RM
At 31 December 2013										
Cost/Valuation										
At 1 January 2013	3,006,617	388,220	4,937,210	205,641	2,393,215	511,541	158,565	844,461	70,000	12,515,470
Additions	-	-	600	24,335	14,773	8,144	-	94,679	-	142,531
Transfers	-	-	-	70,000	-	-	-	-	(70,000)	-
Disposals	-	-	-	-	-	-	-	(128,800)	-	(128,800)
Adjustment	-	-	-	-	-	-	(350)	-	-	(350)
At 31 December 2013	3,006,617	388,220	4,937,810	299,976	2,407,988	519,685	158,215	810,340	-	12,528,851
Representing:										
At cost	102,664	388,220	4,801,914	299,976	2,407,988	519,685	158,215	810,340	-	9,489,002
At valuation - 1976	2,903,953	-	135,896	-	-	-	-	-	-	3,039,849
	3,006,617	388,220	4,937,810	299,976	2,407,988	519,685	158,215	810,340	-	12,528,851
Accumulated depreciation										
At 1 January 2013	-	-	2,098,308	74,202	1,650,495	341,041	118,795	501,872	-	4,784,713
Charge for the year	-	-	113,717	14,461	213,766	28,995	4,390	35,393	-	410,722
Disposals	-	-	-	-	-	-	-	(98,800)	-	(98,800)
At 31 December 2013	-	-	2,212,025	88,663	1,864,261	370,036	123,185	438,465	-	5,096,635
Net carrying amount										
At 31 December 2013	3,006,617	388,220	2,725,785	211,313	543,727	149,649	35,030	371,875	-	7,432,216

11. Property, plant and equipment (cont'd)

Company (cont'd)	**Freehold land RM**	**Long term leasehold land RM**	**Buildings RM**	**Plant and machinery RM**	**Furniture and fittings RM**	**Office equipment RM**	**Electrical installation RM**	**Motor vehicles RM**	**Assets under construction RM**	**Total RM**
At 31 December 2012										
Cost/Valuation										
At 1 January 2012	3,006,617	388,220	4,595,103	179,691	2,387,647	509,091	146,251	778,461	154,815	12,145,896
Additions	-	-	35,455	25,950	5,568	2,450	12,314	66,000	221,837	369,574
Transfer	-	-	306,652	-	-	-	-	-	(306,652)	-
At 31 December 2012	3,006,617	388,220	4,937,210	205,641	2,393,215	511,541	158,565	844,461	70,000	12,515,470
Representing:										
At cost	102,664	388,220	4,801,314	205,641	2,393,215	511,541	158,565	844,461	70,000	9,475,621
At valuation - 1976	2,903,953	-	135,896	-	-	-	-	-	-	3,039,849
	3,006,617	388,220	4,937,210	205,641	2,393,215	511,541	158,565	844,461	70,000	12,515,470
Accumulated depreciation										
At 1 January 2012	-	-	1,986,858	64,147	1,429,786	309,572	112,273	473,832	-	4,376,468
Charge for the year	-	-	111,450	10,055	220,709	31,469	6,522	28,040	-	408,245
At 31 December 2012	-	-	2,098,308	74,202	1,650,495	341,041	118,795	501,872	-	4,784,713
Net carrying amount										
At 31 December 2012	3,006,617	388,220	2,838,902	131,439	742,720	170,500	39,770	342,589	70,000	7,730,757

11. Property, plant and equipment (cont'd)

Group and Company

Property, plant and equipment of the Group and of the Company shown at valuation are based on fair market value expressed by independent licensed appraisers. As allowed by the transitional provisions of International Accounting Standard 16 (Revised), 'Property, Plant and Equipment', previously adopted by the MASB, these assets have continued to be stated on the basis of their valuations in 1976.

Information on the carrying amounts of the revalued assets that would have been included in these financial statements had these assets been carried at cost less accumulated depreciation is not available and therefore has not been disclosed as required by FRS 116 - Property, Plant and Equipment.

In prior year, the subsidiary companies of the Group obtained approval from the relevant authorities to extend the leasehold period of the leasehold land of the subsidiary companies from 60 years to 99 years.

(i) Capitalisation of borrowing cost

The Group's assets under construction included borrowing costs arising from term loans borrowed specifically for the purpose of the construction of a plant. During the financial year, the borrowing costs capitalised as cost of assets under construction amounted to RM4,090,912 (2012 - RM922,760).

(ii) Assets held under finance leases

The carrying amounts of motor vehicles of the Group held under hire purchase arrangements are as follows:

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Motor vehicles	2,332,665	1,628,972	211,771	150,852
Plant and machinery	4,221,794	-	-	-
	6,554,459	1,628,972	211,771	150,852

11. Property, plant and equipment (cont'd)

(iii) Assets pledged as security

In addition to assets held under finance leases, the net carrying amounts of the Group's and Company's property, plant and equipment pledged as securities for the Group's and Company's bank loans (Note 26) are as follows:

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Freehold land	3,006,617	3,006,617	3,006,617	3,006,617
Long term leasehold land	33,338,472	17,642,175	-	-
Buildings	10,474,123	1,239,664	1,209,176	1,239,664
Motor vehicles	371,875	342,589	371,875	342,589
Plantation infrastructure development expenditure	18,984,883	-	-	-
Plant and machinery	36,367,139	131,439	211,313	131,439
Work in progress	83,432,546	-	-	-
Fuel preparation plant	7,299,169			
Furniture and fittings	970,285	742,720	543,727	742,720
Office equipment	149,648	170,500	149,649	170,500
Electrical installation	35,030	39,770	35,030	39,770
	194,429,787	23,315,474	5,527,387	5,673,299

12. Investment properties

Group

	2013 RM	2012 RM (Restated)
Fair value		
At 1 January	5,301,216	4,596,432
Effects of adopting FRS 10	37,000,000	-
	42,301,216	4,596,432
Gain from fair value adjustment recognised in profit or loss	4,661,203	704,784
At 31 December	46,962,419	5,301,216

Company

Fair value		
At 1 January	1,150,000	1,100,000
Gain from fair value adjustment recognised in profit or loss	50,000	50,000
At 31 December	1,200,000	1,150,000

12. Investment properties (cont'd)

The Group has elected to change the measurement of its investment properties from the cost model to the fair value model. For this purpose, the management has appointed an accredited independent valuer during the financial year to carry out fair valuation of the Group's investment properties as at 31 December 2013 and 31 December 2012 and 31 December 2011. The independent valuers are specialists in valuing this type of investment property. The fair value of the properties take into account of the ability to generate economic benefits by using the assets in their highest and best use. These properties were valued by reference to market-based evidence, using comparable prices adjusted for specific market factors such as nature, location and condition of the properties.

Fair value information

Fair value of investment properties are categories as follows:

	Group 2013			
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Freehold land	-	45,762,419	-	45,762,419
Shophouse	-	1,200,000	-	1,200,000

	Company 2013			
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Shophouse	-	1,200,000	-	1,200,000

	Group 2012			
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Freehold land	-	4,151,216	-	4,151,216
Shophouse	-	1,150,000	-	1,150,000

	Company 2012			
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Shophouse	-	1,150,000	-	1,150,000

Policy on transfer between levels

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

Level 1 fair value

Level 1 fair value is derived from quoted market price (unadjusted) in active markets for identical investment properties that the entity can access at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted market prices included within Level 1 that are observable for the investment property, either directly or indirectly.

The most significant input into this valuation approach is price per square foot of comparable properties.

12. Investment properties (cont'd)

Transfer between Level 1 and Level 2 fair values

There is no transfer between Level 1 and Level 2 fair values during the financial year.

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the investment property.

Transfer into or out of Level 3

There is no transfer from Level 1 and Level 2 into or out of Level 3 during the financial year.

13. Biological assets

	Group		Company	
	2013 RM	**2012 RM**	**2013 RM**	**2012 RM**
Plantation development expenditure				
At 1 January	16,535,556	16,535,556	3,565,843	3,565,843
Effects of adopting FRS 10	438,850,000	-	-	-
	455,385,556	16,535,556	3,565,843	3,565,843
Additions	1,710,055	-	-	-
At 31 December	457,095,611	16,535,556	3,565,843	3,565,843
Representing:				
At cost	447,751,968	7,191,913	3,565,843	3,565,843
At valuation				
- 1982	5,351,230	5,351,230	-	-
- 1988	3,992,413	3,992,413	-	-
	457,095,611	16,535,556	3,565,843	3,565,843

Plantation development expenditure shown at valuation is based on the opinion of open market value expressed by independent licensed appraisers. Certain plantation development expenditure of the Group have not been revalued since they were revalued in 1982 and 1988. As allowed by the transitional provisions of International Accounting Standard 16 (Revised), 'Property, Plant and Equipment', previously adopted by MASB, these assets have continued to be stated on the basis of their valuation in the respective years.

Information on the carrying amounts of the revalued assets that would have been included in these financial statements had these assets been carried at cost is not available and therefore has not been disclosed as required by FRS 116 - Property, Plant and Equipment.

The Group's and the Company's biological assets with carrying amount of RM46,122,761 and RM3,565,843 (2012 - RM16,169,038 and RM3,565,843) respectively are pledged as securities for banking facilities granted to the Group and the Company.

14. Investment in subsidiary companies

	Company 2013 RM	Company 2012 RM
At cost		
Unquoted investments	103,921,270	103,921,270
Quoted investment	99,266,114	-
	203,187,384	103,921,270

(a) Details of the Group's subsidiary companies are as follows:

Subsidiary companies	Country of incorporation	Principal activities	% of ownership interest held by the Group* 2013	2012	% of ownership interest held by non-controlling Interest* 2013	2012
Held by the Company						
Champion Point Sdn. Bhd.	Malaysia	Cultivation of oil palm and sale of fresh fruit bunches.	95	95	5	5
Yew Lee Holdings Sdn. Berhad	Malaysia	Cultivation of oil palm and sale of fresh fruit bunches.	100	100	-	-
Majuperak Plantation Sdn. Bhd.	Malaysia	Cultivation of oil palm and sale of fresh fruit bunches.	100	100	-	-
Anson Oil Industries Sdn. Bhd.	Malaysia	Cultivation of oil palm, milling and sales of oil palm products.	100	100	-	-
Ayu Gemilang Sdn. Bhd.	Malaysia	Investment holding.	100	100	-	-
Telok Anson Hotel Sdn. Berhad	Malaysia	Property development.	75	75	25	25
Bisikan Gemilang Sdn. Bhd.	Malaysia	Investment holding.	100	100	-	-
Citarasa Lestari Sdn. Bhd.	Malaysia	Investment holding.	100	100	-	-
Cepatwawasan Group Berhad ("CGB") (Note 3.1(a))	Malaysia	Investment holding and provision of management services to its subsidiary companies.	38.46	38.46	61.54	61.54
Held through Yew Lee Holdings Sdn. Berhad						
Sharikat Muzwin Bersaudara Sdn. Bhd.	Malaysia	Cultivation of oil palm and sale of fresh fruit bunches.	99	99	1	1
Hutan Melintang Plantations Sdn. Berhad	Malaysia	Cultivation of oil palm and sale of fresh fruit bunches.	100	100	-	-
Held through Majuperak Plantation Sdn. Bhd.						
Majuperak Sawit Sdn. Bhd.	Malaysia	Dormant.	100	100	-	-

14. Investment in subsidiary companies (cont'd)

(a) Details of the Group's subsidiary companies are as follows: (cont'd)

Subsidiary companies	Country of incorporation	Principal activities	% of ownership interest held by the Group* 2013	2012	% of ownership interest held by non-controlling Interest* 2013	2012
Held through Cepatwawasan Group Berhad						
Cepatwawasan Sdn. Bhd.	Malaysia	Cultivation of oil palm.	38.46	38.46	61.54	61.54
Syarikat Melabu Sdn. Bhd.	Malaysia	Cultivation of oil palm.	38.46	38.46	61.54	61.54
Wong Tet-Jung Plantations Sdn. Bhd.	Malaysia	Cultivation of oil palm.	38.46	38.46	61.54	61.54
Razijaya Sdn. Bhd.	Malaysia	Cultivation of oil palm and operation of a quarry.	38.46	38.46	61.54	61.54
Sri Likas Mewah Sdn. Bhd.	Malaysia	Cultivation of oil palm.	38.46	38.46	61.54	61.54
Kovusak Sdn. Bhd.	Malaysia	Cultivation of oil palm.	38.46	38.46	61.54	61.54
Libarran Island Resort Sdn. Bhd.	Malaysia	Investment holding.	38.46	38.46	61.54	61.54
Bakara Sdn. Bhd.	Malaysia	Cultivation of oil palm.	38.46	38.46	61.54	61.54
Sungguh Mulia Sdn. Bhd.	Malaysia	Cultivation of oil palm.	38.46	38.46	61.54	61.54
Prima Semasa Sdn. Bhd.	Malaysia	Cultivation of oil palm.	38.46	38.46	61.54	61.54
Ayu Sempurna Sdn. Bhd.	Malaysia	Investment holding.	38.46	38.46	61.54	61.54
Cash Nexus (M) Sdn. Bhd.	Malaysia	Investment holding.	38.46	38.46	61.54	61.54
Magnum Kapital Sdn. Bhd.	Malaysia	Investment holding.	38.46	38.46	61.54	61.54
Hikayat Anggun Sdn. Bhd.	Malaysia	Investment holding.	38.46	38.46	61.54	61.54
Held through Cepatwawasan Sdn. Bhd.						
Prolific Yield Sdn. Bhd.	Malaysia	Mining and sales of oil palm products.	38.46	38.46	61.54	61.54
Jutategak Sdn. Bhd.	Malaysia	Cultivation of oil palm.	38.46	38.46	61.54	61.54
Liga Semarak Sdn. Bhd.	Malaysia	Cultivation of oil palm.	38.46	38.46	61.54	61.54
Tentu Cergas Sdn. Bhd.	Malaysia	Cultivation of oil palm.	38.46	38.46	61.54	61.54
Tentu Bernas Sdn. Bhd.	Malaysia	Cultivation of oil palm.	38.46	38.46	61.54	61.54

14. Investment in subsidiary companies (cont'd)

(a) Details of the Group's subsidiary companies are as follows: (cont'd)

Subsidiary companies	Country of incorporation	Principal activities	% of ownership interest held by the Group* 2013	% of ownership interest held by the Group* 2012	% of ownership interest held by non-controlling Interest* 2013	% of ownership interest held by non-controlling Interest* 2012
Held through Syarikat Melabu Sdn. Bhd.						
Suara Baru Sdn. Bhd.	Malaysia	Cultivation of oil palm and operation of a quarry.	38.46	38.46	61.54	61.54
Gelang Usaha Sdn. Bhd.	Malaysia	Cultivation of oil palm.	38.46	38.46	61.54	61.54
Swifturn Sdn. Bhd.	Malaysia	Dormant.	38.46	38.46	61.54	61.54
Held through Sri Likas Mewah Sdn. Bhd.						
Ultisearch Trading Sdn. Bhd.	Malaysia	Cultivation of oil palm.	38.46	38.46	61.54	61.54
Held through Libarran Island Resort Sdn. Bhd.						
Minelink Sdn. Bhd.	Malaysia	Investment property holding.	38.46	38.46	61.54	61.54
Held through Ayu Sempurna Sdn. Bhd. and Ayu Gemilang Sdn. Bhd.						
Ladang Cepat - KPD Sdn. Bhd.	Malaysia	Cultivation of oil palm.	43.08	43.08	56.92	56.92
Held through Cash Nexus (M) Sdn. Bhd.						
Mistral Engineering Sdn. Bhd.	Malaysia	Power generation and selling Certified Emission Reduction.	26.92	26.92	73.08	73.08
Cash Horse (M) Sdn. Bhd.	Malaysia	Intended for power generation and selling Certified Emission Reduction.	26.92	26.92	73.08	73.08
Held through Magnum Kapital Sdn. Bhd.						
Richester Pte Ltd.	Singapore	Investment holding.	38.46	38.46	61.54	61.54
Held through Hikayat Anggun Sdn. Bhd.						
Carbon Asia Pacific Pty Ltd.	Australia	Dormant.	38.46	38.46	61.54	61.54

All the above companies, except for Richester Pte Ltd. and Carbon Asia Pacific Pty Ltd. ("CAPPL") are audited by Ernst & Young, Malaysia. CAPPL is not required to be audited in the country of incorporation. The results of this Company are consolidated based on unaudited financial statements.

* equals to the proportion of voting rights held

14. Investment in subsidiary companies (cont'd)

2012

(i) The Company subscribed for and was allotted an additional 1,500,000 ordinary shares of RM1 each at RM7.20 per share for a total consideration of RM10,800,000 by Yew Lee Holdings Sdn Berhad (YLH). The consideration was contraed against amount owing to the Company by YLH.

(ii) The Company subscribed for and was allotted an additional 3,338,896 ordinary shares of RM1 each at RM4.80 per share for a total consideration of RM16,026,700 by Anson Oil Industries Sdn Bhd (AOI). The consideration was contraed against amount owing to the Company by AOI.

(iii) On 30 April 2012, Magnum Kapital Sdn. Bhd., a subsidiary company of CGB acquired 2 ordinary shares of S$1 each in Richester Pte. Ltd, a company registered in Singapore, representing its entire equity interest for a total consideration of RM5, resulting in the latter becoming a wholly-owned subsidiary company of CGB.

(iv) On 1 November 2012, Hikayat Anggun Sdn. Bhd., a subsidiary company of CGB, acquired 100 shares of AUD$1 each in Carbon Asia Pacific Pty Ltd., a company registered in Australia, representing its entire equity interest for a total consideration of RM322, resulting in the latter becoming a wholly owned subsidiary company of CGB.

(b) Summarised financial information of Cepatwawasan Group Berhad which has non-controlling interests that are material to the Group is set out below. The summarised financial information presented below is the amount before inter-company elimination. The non-controlling interests in respect of Champion Point Sdn. Bhd., Telok Anson Hotel Sdn. Berhad, Sharikat Muzwin Bersaudara Sdn. Bhd., Ladang Cepat-KPD Sdn. Bhd., Mistral Engineering Sdn. Bhd. and Cash Horse (M) Sdn. Bhd. are not material to the Group.

(i) Summarised statement of financial position

	2013 RM
Non-current assets	564,767,036
Current assets	70,413,659
Total Assets	635,180,695
Current liabilities	62,054,693
Non-current liabilities	116,290,220
Total liabilities	178,344,913
Net assets	456,835,782
Equity attributable to owners of the Company	175,699,042
Non-controlling interests	281,136,740

14. Investment in subsidiary companies (cont'd)

(b) (ii) Summarised statement of comprehensive income

	2013 RM
Revenue	211,720,877
Profit for the year	23,620,352
Profit attributable to owners of the Company	8,865,460
Profit attributable to the non-controlling interests	14,754,892
Total comprehensive income	23,557,701
Total comprehensive income attributable to owners of the Company	8,841,364
Total comprehensive income attributable to non-controlling interests	14,716,337
	23,557,701

(iii) Summarised statement of cash flows

	2013 RM
Net cash generated from operating activities	28,637,551
Net cash used in investing activities	(36,995,510)
Net cash generated from financing activities	7,827,459
Net decrease in cash and cash equivalents	(530,500)
Cash and cash equivalents at acquisition date	35,304,333
Cash and cash equivalents at end of the year	34,773,833

15. Investment in associated companies

	Group		Company	
	2013 RM	2012 RM (Restated)	2013 RM	2012 RM
In Malaysia:				
Quoted shares at cost	-	135,389,515	-	99,266,114
Unquoted shares at cost	-	1,879,000	-	-
	-	137,268,515	-	99,266,114
Share of post acquisition reserves	-	65,197,064	-	-
Negative goodwill recognised	-	15,449,311	-	-
	-	217,914,890	-	99,266,114
At market value				
Quoted shares in Malaysia	-	111,701,328	-	83,501,328

15. Investment in associated companies (cont'd)

The summarised financial information of the associated companies are as follows:

	2013 RM	2012 RM (Restated)
Assets and liabilities		
Current assets	-	73,107,876
Non-current assets	-	523,513,335
Total assets	-	596,621,211
Current liabilities	-	36,785,567
Non-current liabilities	-	122,267,561
Total liabilities	-	159,053,128
Results		
Revenue	-	219,034,023
Profit for the year	-	25,445,322

The details of goodwill included within the Group's carrying amount of investment in associated companies are as follows:

	2013 RM	2012 RM
At 1 January and 31 December	-	45,069,902

Details of the associated companies incorporated in Malaysia, are as follows:

	Group's effective equity interest 2013 %	Group's effective equity interest 2012 %	Principal activities
Cepatwawasan Group Berhad ("CGB")	-	38.46	Investment holding and provision of management services to its subsidiary companies
Ladang Cepat-KPD Sdn Bhd [1]	-	20	Cultivation of oil palm and sale of fresh fruit bunches.

[1] through Ayu Gemilang Sdn Bhd

15. Investment in associated companies (cont'd)

As disclosed in Note 3.1(a), CGB has become a subsidiary company of the Company since 1 January 2013 in accordance with the requirements of FRS 10.

The financial statements of the above associated companies are coterminous with those of the Company.

In previous year, the directors were of the opinion that the investment in an associated company whose shares are quoted in Malaysia shall be held for the long term with no intention of disposal below cost and that its market value which was below its carrying amount as at 31 December 2012 was not reflective of the associated company's net tangible assets or earnings potential. Based on the fair value less cost to sell, the recoverable amount was above its carrying amount. The directors were therefore of the opinion that there was no impairment in the value of the investment in the associated company as at 31 December 2012.

16. Investment in securities

	2013		2012	
Group	**Carrying amount RM**	**Market value of quoted investments RM**	**Carrying amount RM**	**Market value of quoted investments RM**
Non-current				
Available-for-sale financial assets				
- Equity instruments (quoted in Malaysia)	125,796	125,796	142,776	142,776
- Equity instruments (unquoted), at cost	280,906	-	190,187	-
	406,702		332,963	
Company				
Non-current				
Available-for-sale financial assets				
- Equity instruments (quoted in Malaysia)	113,791	113,791	104,681	104,681
- Equity instruments (unquoted), at cost	278,720	-	188,000	-
	392,511		292,681	

17. Land use rights

	Group 2013 RM
Cost	
At 1 January	-
Effect of adopting FRS 10	13,900,000
At 31 December	13,900,000
Accumulated amortisation	
At 1 January	-
Amortisation for the year	179,093
At 31 December	179,093
Net carrying amount	13,720,907
Amount to be amortised:	
- Not later than one year	179,093
- Later than one year but not later than five years	716,371
- Later than five years	12,825,443
	13,720,907

18. Trade and other receivables

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Current				
Trade receivables				
Third parties	15,625,259	888,166	271,284	266,889
Less: Allowance for impairment	(228,588)	-	-	-
	15,396,671	888,166	271,284	266,889
Other receivables				
Sundry receivables	2,688,248	1,431,118	291,798	202,038
Prepayments and deposits	3,749,169	315,384	149,644	134,787
Amounts owing by subsidiary companies	-	-	384,518	1,087,064
	6,437,417	1,746,502	825,960	1,423,889
Less: Allowance for impairment	(753,484)	-	-	-
	5,683,933	1,746,502	825,960	1,423,889
	21,080,604	2,634,668	1,097,244	1,690,778

18. Trade and other receivables (cont'd)

	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Non current				
Prepayment for equity shares in a foreign company	6,035,793	-	-	-
Total trade and other receivables (current and non-current)	27,116,397	2,634,668	1,097,244	1,690,778
Less: Prepayments and non-refundable deposits	(7,860,779)	(107,960)	(107,297)	(86,970)
	19,255,618	2,526,708	989,947	1,603,808
Cash and cash equivalents (Note 22)	42,522,963	4,853,884	2,574,135	3,091,335
Total loans and receivables	61,778,581	7,380,592	3,564,082	4,695,143

The Group's primary exposure to credit risk arises through its trade receivables. The Group's trading terms with its customers are mainly on credit. The credit period is generally for a period of one month. Each customer has a maximum credit limit. Overdue balances are reviewed regularly by senior management. In view of the aforementioned, there is no significant concentration of credit risk. Trade receivables are non-interest bearing. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Included in trade receivables is an amount owing from a subsidiary company amounting to RM262,393 (2012 - RM13,953).

Ageing analysis of trade receivables

The ageing analysis of the trade receivables is as follows:

	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Neither past due nor impaired	13,818,355	888,166	271,284	266,889
1 to 30 days past due not impaired	356,774	-	-	-
31 to 60 days past due not impaired	140,832	-	-	-
61 to 90 days past due not impaired	223,895	-	-	-
More than 91 days past due not impaired	856,815	-	-	-
	1,578,316	-	-	-
Impaired	228,588	-	-	-
	15,625,259	888,166	271,284	266,889

18. Trade and other receivables (cont'd)

(a) Trade receivables

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group and the Company. In prior year, the Group's and the Company's trade receivables amounting to approximately RM579,341 and RM142,411 were secured by financial guarantees given by banks of the debtors. It was impracticable to estimate the fair values of the guarantees obtained.

None of the trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM1,578,316 (2012 - RMNil) that are past due at the reporting date but not impaired.

(b) Trade and other receivables

Receivables that are impaired

The allowance for impairment for both trade and other receivables arise from the consolidation of Cepatwawasan Group Berhad as subsidiary company. Receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

There has been no movement in the allowance for impairment account during the financial year ended 31 December 2013.

(c) Amounts owing by subsidiary companies

The amounts owing by subsidiary companies are unsecured, non-interest bearing and repayable on demand.

(d) Prepayment for equity shares in foreign company

The amount is for the purpose of acquiring plantation land in Indonesia. It has been classified as prepayment on the assumption that the amount would be converted into cost of investment in equity shares upon successful acquisition of plantation land in Indonesia.

19. Goodwill on consolidation

	Group	
	2013	**2012**
	RM	**RM**
At cost		
At 1 January	16,929,220	16,929,220
Effect of adopting FRS 10	92,088,119	-
At 31 December	109,017,339	16,929,220

19. Goodwill on consolidation (cont'd)

Allocation of goodwill

The carrying amount of goodwill has been allocated to the Group's CGU identified according to business segments as follows:

	Group 2013 RM	Group 2012 RM
Plantation segment	72,195,860	16,929,220
Oil mill segment	32,105,116	-
Quarry segment	4,716,363	-
	109,017,339	16,929,220

Plantation segment

The recoverable amounts of the CGUs have been determined based on (i) value in use calculations using cash flow projections from financial budgets approved by the management covering a five-year period and (ii) indicative market value information of oil palm land and fair value less cost to sell.

The calculations of value in use for the CGUs are most sensitive to the following assumptions:

Budgeted gross margin - Gross margins are based on average values achieved in the three years preceding the start of the budget period.

Growth rates - The growth rates are based on the management's estimate of commodity prices and palm yields as well as cost of production.

Pre-tax discount rates - Discount rates reflect the current market assessment of the risks specific to the CGUs. This is the benchmark used by the management to assess operating performance and to evaluate future investment proposals. In determining appropriate discount rates for the CGUs, regard has been given to the yield on a ten-year government bond at the beginning of the budgeted year.

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

Fair value less costs to sell are estimated based on valuations performed by a registered valuer.

Oil mill and quarry segment

The recoverable amount of the CGUs have been determined based on fair value less costs to sell of the CGUs. Fair value less costs to sell are estimated based on valuations performed by a registered valuer.

20. Inventories

	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
At cost				
Crude palm oil	3,663,526	-	-	-
Palm kernel	1,545,841	-	-	-
Quarry stocks	10,494,388	-	-	-
Nursery seedlings, stores and materials	3,738,906	1,326,115	318,178	449,581
	19,442,661	1,326,115	318,178	449,581

There were no inventories stated at net realisable value as at 31 December 2013 and 2012.

21. Short term investments

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
AmIncome	9,977,845	13,874	-	-
AmCash Management	2,552,653	939,259	1,561,874	929,492
	12,530,498	953,133	1,561,874	929,492

Group and Company

(a) AmIncome

AmIncome is a short to medium-term money market fund that aims to provide investors with a stream of income. The withdrawal proceeds will be received in the following manner:

(i) the first RM2 million and below, not later than the 7th day of receipt of repurchase notice; and

(ii) any amount above RM2 million, not later than the 30th day of receipt of repurchase notice.

(b) AmCash Management

AmCash Management is a short term money market fund designed to provide investors with a stream of income. It is managed with the aim of maintaining the Fund's unit price at RM1. The redemption proceeds for investments in AmCash Management will normally be collected by the next business day.

22. Cash and cash equivalents

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Short term investments (Note 21)	12,530,498	953,133	1,561,874	929,492
Fixed deposits with licensed banks	14,760,679	473,648	328,816	318,648
Cash and bank balances	15,231,786	3,427,103	683,445	1,843,195
	42,522,963	4,853,884	2,574,135	3,091,335
Fixed deposits pledged	(599,624)	(438,648)	(328,816)	(318,648)
	41,923,339	4,415,236	2,245,319	2,772,687

22. Cash and cash equivalents (cont'd)

The floating interest rates of short term investments and the fixed interest rates of fixed deposits at the reporting date are as follows:

	Group		Company	
	2013 % per annum	2012 % per annum	2013 % per annum	2012 % per annum
Short term investments	2.41 - 2.84	2.20 - 2.80	2.41	2.20
Fixed deposits with licensed banks	2.95 - 3.00	3.00	3.00	3.00

The maturities of short term investments and deposits as at the end of the financial year are as follows:

	Group		Company	
	2013 Days	2012 Days	2013 Days	2012 Days
Short term investments	1 - 30	1 - 7	1	1
Fixed deposits with licensed banks	30 - 31	30 - 31	30 - 31	30 - 31

Group

Fixed deposits with licensed banks amounting to RM599,624 (2012 - RM438,648), in which fixed deposits amounting to RM328,816 (2012 - RM318,648) are registered in the name of two of the Company's directors and held in trust for the Company, are pledged as securities for bankers' guarantee facilities granted to the Group.

Company

Fixed deposits with a licensed bank amounting to RM328,816 (2012 - RM318,648) are registered in the name of two of the Company's directors and held in trust for the Company. They are pledged as securities for bankers' guarantee facilities granted to the Company.

23. Share capital

	Group and Company			
	Number of ordinary shares of RM1 each		Amount	
	2013	2012	2013 RM	2012 RM
Authorised				
At 1 January and 31 December	500,000,000	500,000,000	500,000,000	500,000,000
Issued and fully paid				
At 1 January	196,543,970	140,388,550	196,543,970	140,388,550
Bonus issue	-	56,155,420	-	56,155,420
At 31 December	196,543,970	196,543,970	196,543,970	196,543,970

23. Share capital (cont'd)

In prior year, the Company increased its issued and paid up share capital from RM140,388,550 to RM196,543,970 by way of a bonus issue of 56,155,420 new ordinary shares of RM1 each on the basis of two (2) new ordinary shares of RM1 each for every five (5) existing ordinary shares of RM1 each held via capitalisation of retained profits of the Company. The new ordinary shares issued during the prior year ranked pari passu in all respects with the existing ordinary shares of the Company.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company residual assets.

Warrants 2012/2017

On 30 July 2012, a total of 56,155,420 free Warrants have been issued and allotted to the shareholders pursuant to the Bonus Issue of two (2) free Warrants for every five (5) existing ordinary shares of RM1.00 each in MHC Plantations Bhd ("MHC Share(s)") held on 25 July 2012. The Warrants were granted listing and quotation on the Main Market of Bursa Malaysia Securities Berhad on 3 August 2012.

Each Warrant carries the entitlement to subscribe for one (1) new MHC Share at the exercise price of RM1.56 and at any time during the exercise period up to the date of expiry on 29 July 2017. Any Warrants not exercised during the exercise period will thereafter lapse and cease to be valid for any purpose.

The new shares to be issued arising from the exercise of Warrants shall, upon allotment and issuance, rank pari passu in all respects with the existing issued ordinary shares of the Company except that they shall not be entitled to any dividends, rights, allotments and/or other form of distribution ("Distribution") that may be declared, made or paid for which the entitlement date for the Distribution precedes the date of allotment and issuance of the new shares arising from the exercise of Warrants.

As of the end of the reporting period, the entire allotted Warrants remained unexercised.

24. Reserves

Group

	As at 31.12.2013 RM	As at 31.12.2012 RM (Restated)	As at 1.1.2012 RM (Restated)
Distributable			
- Capital reserve	8,169	8,169	2,435,749
- Retained profits	198,538,955	92,472,896	131,265,532
	198,547,124	92,481,065	133,701,281
Non-distributable			
- Capital reserve	5,736,883	5,736,883	5,736,883
- Revaluation reserve	789,026	789,026	789,026
- Foreign currency translation reserve	(62,651)	-	-
- Fair value adjustment reserve	80,221	93,947	217,862
	6,543,479	6,619,856	6,743,771
	205,090,603	99,100,921	140,445,052

24. Reserves (cont'd)

Company

	As at 31.12.2013 RM	As at 31.12.2012 RM (Restated)	As at 1.1.2012 RM (Restated)
Distributable			
- Retained profits	3,570,736	4,104,279	26,289,293
Non-distributable			
- Fair value adjustment reserve	80,220	71,108	91,193
	3,650,956	4,175,387	26,380,486

Distributable reserves

As at 31 December 2013, the Company has a tax exempt account balance available for distribution of tax exempt dividends of approximately RM3,557,000 (2012 - RM3,557,000), subject to the agreement of the Inland Revenue Board.

The Company may distribute dividends out of its entire distributable reserves as at 31 December 2013 and 31 December 2012 under the single tier system.

Capital reserve

The distributable capital reserve comprises mainly gains arising from disposal of property, plant and equipment and investments whereas the non-distributable capital reserve represents amount capitalised for bonus issue from post-acquisition reserve of a subsidiary company.

In prior year, the capital reserve of the Group amounting to RM2,427,580 was transferred to retained profits to frank dividends.

Revaluation reserve

Revaluation reserve represents net surplus arising from the revaluation of the Company's and certain subsidiary companies' freehold land, buildings and biological assets in 1976, 1982 and 1988 respectively.

On the subsequent sale or retirement of a revalued asset, the attributable surplus remaining in the revaluation reserve is transferred to distributable reserve.

Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign subsidiary companies whose functional currencies are different from that of the Group's presentation currency.

Fair value adjustment reserve

Fair value adjustment reserve represents the cumulative fair value changes, net of tax, of available-for-sale financial assets until they are disposed of or impaired.

25. Hire purchase payables

	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Future minimum hire purchase payments:				
- within one year	1,651,734	277,558	50,004	36,060
- within one to two years	933,733	265,449	40,450	36,060
- within two and not later than five years	536,945	342,996	51,302	40,656
	3,122,412	886,003	141,756	112,776
Finance charges on hire purchase	(215,816)	(74,741)	(11,266)	(9,497)
Present value of hire purchase liabilities	2,906,596	811,262	130,490	103,279
Analysis of present value of hire purchase liabilities:				
- within one year	1,516,766	241,670	44,431	31,124
- within one to two years	882,943	242,807	37,273	33,033
- within two and not later than five years	506,887	326,785	48,786	39,122
	2,906,596	811,262	130,490	103,279
Less: Amounts due within 12 months	(1,516,766)	(241,670)	(44,431)	(31,124)
Amounts due after 12 months	1,389,830	569,592	86,059	72,155

The hire purchase payables of the Group and the Company bear effective fixed interest rates of 2.46% to 6.85% (2012 - 2.40% to 3.35%) and 2.48% to 3.35% (2012 - 2.64% to 3.35%) per annum respectively.

26. Borrowings

	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Short term borrowings				
Secured:				
Term loans				
- Loan at COF + 1.00%	2,200,000	2,200,000	2,200,000	2,200,000
- Loan at COF + 1.10%	2,000,004	-	-	-
- Loan at COF + 1.125%	2,155,915	-	-	-
- Loan at COF + 1.50%	4,150,000	-	-	-
Short term revolving credit				
- RC at COF + 1.10%	9,200,000	4,100,000	6,700,000	4,100,000
- RC at COF + 1.125%	16,000,000	-	-	-
- RC at COF + 1.50%	8,500,000	-	-	-
	44,205,919	6,300,000	8,900,000	6,300,000

26. Borrowings (cont'd)

	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Long term borrowings				
Secured:				
Term loans				
- Loan at COF + 1.00%	8,450,000	8,450,000	8,450,000	10,650,000
- Loan at COF + 1.10%	27,399,996	26,700,000	-	-
- Loan at COF + 1.125%	8,190,540	-	-	-
- Loan at COF + 1.50%	60,712,500	-	-	-
	104,753,036	35,150,000	8,450,000	10,650,000
Total borrowings				
Secured:				
Term loans	115,258,955	37,350,000	10,650,000	12,850,000
Short term revolving credit	33,700,000	4,100,000	6,700,000	4,100,000
	148,958,955	41,450,000	17,350,000	16,950,000
Maturity of borrowings:				
Within one year	44,205,919	6,300,000	8,900,000	6,300,000
More than 1 year and less than 2 years	15,951,944	4,200,004	2,200,000	2,200,000
More than 2 years and less than 5 years	50,169,543	18,600,024	6,250,000	6,600,000
5 years and more	38,631,549	12,349,972	-	1,850,000
	148,958,955	41,450,000	17,350,000	16,950,000

Loan at Cost of Finance ("COF") + 1.00% p.a.

This loan is secured by legal charges over freehold agricultural lands and a specific debenture over the land together with the buildings erected thereon, fixtures and fittings, all plant, machinery, vehicles, computers and office and other equipment, together with all accessories and spare parts and tools on the properties of the Company.

Loan at COF + 1.10% p.a.

This loan is secured by legal charges over leasehold agricultural lands, specific debenture over the land together with the fixture and fittings of a subsidiary company, corporate guarantee given by the Company and Credit Guarantee Corporation (M) Bhd under Green Technology Financing Scheme ("GTFS").

26. Borrowings (cont'd)

Loan at COF + 1.125% p.a.

This loan is secured by legal charges over certain leasehold plantations together with the plant and machinery and oil mill of subsidiary companies, debentures incorporating fixed and floating charges over all the assets of subsidiary companies presently owned and subsequently acquired and corporate guarantees given by the subsidiary companies.

Loan at COF + 1.5% p.a.

This loan is secured by legal charges over sub-divided land together with the plant erected thereon of a subsidiary company, debentures incorporating fixed and floating charges over all the assets of the subsidiary company and corporate guarantees given by the subsidiary company.

Revolving credit ("RC") at COF + 1.10% p.a.

This revolving credit is secured by legal charges over freehold agricultural land of the Company and leasehold lands of a subsidiary company and specific debenture over the land together with the fixture and fittings and corporate guarantee given by the Company.

RC at COF + 1.125% p.a. and at COF + 1.50% p.a.

These are denominated in RM, and secured by legal charges over certain leasehold plantations together with the plant and machinery and palm oil mill of subsidiary companies, sub-divided land together with the power plant erected thereon of a subsidiary company, debentures incorporating fixed and floating charges over all the assets of subsidiary companies presently owned and subsequently acquired and corporate guarantees given by the subsidiary companies.

The weighted average floating interest rates per annum as at the reporting date for borrowings were as follows:

	Group		Company	
	2013	2012	2013	2012
	%	%	%	%
Term loans	4.67 - 5.48	4.58 - 4.83	4.67	4.58
Short term revolving credit	4.68 - 4.80	4.68	4.77	4.68

27. Deferred tax liabilities

	Group 2013 RM	Group 2012 RM (Restated)	Company 2013 RM	Company 2012 RM (Restated)
At 1 January	3,153,168	3,143,715	428,319	419,740
Effects of adopting FRS 10	168,142,132	-	-	-
	171,295,300	3,143,715	428,319	419,740
Recognised in profit or loss (Note 8)	(7,136,256)	9,453	(42,774)	8,579
At 31 December	164,159,044	3,153,168	385,545	428,319
Presented after appropriate offsetting as follows:				
Deferred tax liabilities	181,120,380	3,291,751	427,898	428,319
Deferred tax assets	(16,931,336)	(138,583)	(42,353)	-
	164,159,044	3,153,168	385,545	428,319

The components and movements of deferred tax liabilities/(assets) during the financial year prior to offsetting are as follows:

Deferred tax liabilities of the Group:

	Property, plant and equipment RM	Biological assets RM	Revaluation of leasehold land and buildings RM	Fair value changes to investment property RM	Total RM
At 1 January 2012 (restated)	784,025	1,435,271	896,655	27,764	3,143,715
Recognised in profit or loss	154,218	-	(42,172)	35,990	148,036
At 31 December 2012 (restated)	938,243	1,435,271	854,483	63,754	3,291,751
Effects of adopting FRS 10	73,909,704	106,082,429	-	836,046	180,828,179
	74,847,947	107,517,700	854,483	899,800	184,119,930
Recognised in profit or loss	(1,331,564)	(1,822,344)	(78,702)	233,060	(2,999,550)
At 31 December 2013	73,516,383	105,695,356	775,781	1,132,860	181,120,380

27. Deferred tax liabilities (cont'd)

Deferred tax assets of the Group:

	Unabsorbed business losses RM	Unabsorbed capital and agriculture allowances RM	Others RM	Total RM
At 1 January 2012	-	-	-	-
Recognised in profit or loss	(109,130)	(29,453)	-	(138,583)
At 31 December 2012	(109,130)	(29,453)	-	(138,583)
Effects of adopting FRS 10	(6,050,929)	(6,635,118)	-	(12,686,047)
	(6,160,059)	(6,664,571)	-	(12,824,630)
Recognised in profit or loss	(180,000)	(3,906,123)	(50,583)	(4,136,706)
At 31 December 2013	(6,340,059)	(10,570,694)	(50,583)	(16,961,336)

Deferred tax liabilities of the Company:

	Property, plant and equipment RM	Biological assets RM	Revaluation of leasehold land and buildings RM	Fair value changes to investment property RM	Total RM
At 1 January 2012 (restated)	239,303	140,054	16,176	24,207	419,740
Recognised in profit or loss	5,328	-	-	3,251	8,579
At 31 December 2012 (restated)	244,631	140,054	16,176	27,458	428,319
Recognised in profit or loss	3,328	(5,602)	(647)	2,500	(421)
At 31 December 2013	247,959	134,452	15,529	29,958	427,898

Deferred tax assets of the Company:

	Unabsorbed capital and agriculture allowances RM
At 1 January 2012, 31 December 2012 and 1 January 2013	-
Recognised in profit or loss	(42,353)
At 31 December 2013	(42,353)

27. Deferred tax liabilities (cont'd)

Unrecognised capital allowances

At the reporting date, the Group has unabsorbed capital allowances of approximately RM1,321,173 that are available for offset against future taxable profits of the companies in which the unabsorbed capital allowances arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The availability of unabsorbed capital allowances for offsetting against future taxable profits of the respective subsidiary companies in Malaysia are subject to no substantial changes in shareholdings of those subsidiary companies under the Income Tax Act, 1967 and guidelines issued by the tax authority.

28. Lease rental payable

This represents sublease rental for 107 parcels of leasehold land of certain subsidiary companies which is payable over the remaining lease term of 49 years commencing in the year 2049.

29. Payables

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Trade payables	13,056,613	48,451	-	-
Other payables	15,336,765	6,715,478	204,544	449,492
Accruals and deposits	9,558,803	1,114,216	417,644	481,679
Amounts owing to subsidiary companies	-	-	1,516,739	2,422,642
	37,952,181	7,878,145	2,138,927	3,353,813
Total trade and other payables	37,952,181	7,878,145	2,138,927	3,353,813
Hire purchase payables (Note 25)	2,906,596	811,262	130,490	103,279
Borrowings (Note 26)	148,958,955	41,450,000	17,350,000	16,950,000
Total financial liabilities carried at amortised cost	189,817,732	50,139,407	19,619,417	20,407,092

Group

(a) Trade payables are non-interest bearing and are normally settled on 30- 90 days terms.

(b) Other payables are non-interest bearing. The normal trade credit terms granted to the Group range from 30 days to 90 days.

Company

The amounts owing to subsidiary companies are unsecured, non-interest bearing and repayable on demand.

30. Employee information

	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Staff costs				
Salaries, wages, bonus, overtime, allowances, annual leave pay and other related expenses	28,230,990	5,399,977	2,522,308	2,408,200
Employees Provident Fund contributions	1,542,119	392,218	184,955	182,841
	29,773,109	5,792,195	2,707,263	2,591,041

Included in staff costs of the Group and of the Company are directors' remuneration amounting to RM3,256,928 (2012 - RM1,482,292) and RM808,336 (2012 - RM809,956) respectively as further disclosed in Note 31.

31. Directors' emoluments

	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Directors of the Company				
Executive:				
Salaries and other emoluments	2,741,360	1,201,220	600,300	600,920
Employees Provident Fund contributions	326,568	144,072	72,036	72,036
Total executive directors' remuneration	3,067,928	1,345,292	672,336	672,956
Non-Executive:				
Allowance	189,000	137,000	136,000	137,000
Total directors' remuneration	3,256,928	1,482,292	808,336	809,956

31. Directors' emoluments (cont'd)

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Directors of the subsidiary companies				
Executive:				
Salaries and other emoluments	1,564,410	600,300	-	-
Employees Provident Fund contributions	64,287	36,018	-	-
Total executive directors' remuneration	1,628,697	636,318	-	-
Non-executive:				
Allowance	154,650	16,000	-	-
Total directors' remuneration	1,783,347	652,318	-	-

The number of directors of the Company whose total remuneration during the financial year fall within the following bands are as follows:

	Number of directors	
	2013	2012
Executive directors:		
RM1,500,001 – RM1,550,000	2	-
RM650,001 – RM700,000	-	2
Non-executive directors:		
RM50,001 – RM100,000	1	-
Below RM50,000	2	3

32. Segment information

For management purposes, the Group is organised into business units based on their products and services, and has three reportable segments as follows:

(i) Plantation - Cultivation of oil palm
(ii) Oil mill - Milling and sale of oil palm products
(iii) Power plant - Power generation
(iv) All other segments - Extraction and sale of earth stones, operation of a hotel and others

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

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

32. Segment information (cont'd)

	Plantation		Oil mill		Power plant		All other segments		Adjustment and elimination		Note	Per consolidated financial statements	
	2013 RM	2012 RM	2013 RM	2012 RM	2013 RM	2012 RM	2013 RM	2012 RM	2013 RM	2012 RM		2013 RM	2012 RM (Restated)
Revenue:													
External customers	18,669,965	27,443,905	250,311,151	-	-	-	3,578,865	645,065	-	-		272,559,981	28,088,970
Inter-segment	60,129,812	81,356	-	-	437,564	-	4,826,029	-	(65,393,405)	(81,356)	A	-	-
Total revenue	78,799,777	27,525,261	250,311,151	-	437,564	-	8,404,894	645,065	(65,393,405)	(81,356)		272,559,981	28,088,970
Results:													
Fair value gains on investment properties	-	-	-	-	-	-	4,661,203	704,784	-	-		4,661,203	704,784
Interest income	413,340	57,475	2,062,222	-	65,461	-	803,854	-	(2,612,848)	(24,717)		732,029	32,758
Depreciation and amortisation	3,028,643	724,089	4,212,430	103,529	1,015,006	-	1,136,828	196,624	5,370,338	96,499		14,763,245	1,120,741
Segment profit	23,374,418	11,057,210	8,344,434	(651,065)	(1,019,985)	-	9,513,684	39,682,508	(11,679,620)	(28,952,757)	B	28,532,931	21,135,896

32. Segment information (cont'd)

Note	Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements
A	Inter-segment revenues are eliminated on consolidation.
B	The profit from inter-segment sales is deducted from segment profit to arrive at "Profit before tax" presented in the consolidated statement of comprehensive income.

Geographical information

No geographical information has been provided as the Group activities are predominantly in Malaysia.

33. Related party disclosures

(a) Significant related party transactions

In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	Group	
	2013 RM	2012 RM
Transaction with a Director's spouse:		
Rent of premises	11,700	-
Transactions with non-group enterprise:		
Consultancy fees	-	45,000
Rental of premises	48,000	48,000

	Company	
	2013 RM	2012 RM
Transactions with subsidiary companies:		
Interest receivable on advances	-	24,716
Rental of equipment	47,034	20,884
Sale of fresh fruit bunches	4,558,792	13,953
Non-group enterprise:		
Rental of premises	48,000	48,000

Non-group enterprise is considered to be related where the directors have control over the financial and operating decisions of the enterprise or where the directors have significant financial interest.

Information regarding outstanding balances arising from related party transactions as at 31 December 2013 are disclosed in the respective notes to the financial statements.

33. Related party disclosures (cont'd)

(b) Compensation of key management personnel

The remuneration of the key management personnel other than the directors of the Group and of the Company are as follows:

	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Salaries and other emoluments	5,086,333	610,271	174,637	272,330
Employees Provident Fund contributions	484,188	61,478	18,069	20,838
Total key management personnel's remuneration	5,570,521	671,749	192,706	293,168

34. Commitments

	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
(a) Capital commitments				
Property, plant and equipment				
- Approved and contracted for	20,674,010	8,951,800	-	-
- Approved but not contracted for	9,092,690	-	-	-

(b) Operating lease commitments – as lessor

The Group and the Company have entered into cancellable operating lease agreements on certain investment properties. The lessee is required to give 3 months' notice for the termination of the agreement.

35. Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, interest rate risk, foreign currency risk, liquidity risk, commodity price risk and market price risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Management. The Audit Committee provides independent oversight to the effectiveness of the risk management process.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

35. Financial risk management objectives and policies (cont'd)

(a) Credit risk

The Group's and the Company's credit risk is primarily attributable to trade and other receivables. For other financial assets (including investment securities, cash and cash equivalents), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group trades only with recognised and creditworthy customers. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivables balances are monitored on an going basis and the Group's exposure to bad debts is very minimal. The Group usually trades only with recognised and creditworthy customers in which there is no requirement for collateral. For new customers, the Group will request financial guarantees from them.

Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by:

- The carrying amount of each class of financial assets recognised in the statements of financial position.

- A nominal amount of RM110,190,000 relating to corporate guarantees provided by Cepatwawasan Group Berhad to banks for credit facilities granted to its subsidiary companies.

Information regarding credit enhancements for trade and other receivables is disclosed in Note 18.

Credit risk concentration profile

At the reporting date, approximately 86% of the Group's trade receivables were due from 5 major customers.

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 18. Deposits with banks and other financial institutions, and short-term investment that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 18.

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

35. Financial risk management objectives and policies (cont'd)

(b) Interest rate risk (cont'd)

The Group and the Company have no significant interest-bearing financial assets, while the Group's and the Company's income and operating cash flows are substantially independent of changes in market interest rates. The Group's and the Company's interest-bearing financial assets are mainly short term in nature.

The Group's and the Company's interest rate risk arises primarily from interest-bearing borrowings. Borrowings at floating rates expose the Group and the Company to cash flow interest rate risk. The Group and the Company manage their interest rate exposure by minimizing its borrowings using a mix of fixed and floating rate debts.

The interest rates as at the reporting date and the remaining maturities of the Group's and the Company's financial instruments that are exposed to interest rate risk have been disclosed in Notes 22, 25 and 26 to the financial statements.

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 25 basis points lower/higher, with all other variables held constant, the impact is immaterial to the Group's and the Company's profit net of tax.

(c) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group holds cash and cash equivalents denominated in foreign currency for working capital purposes. At the reporting date, such foreign currency balances (mainly Euro) amounted to RM4.2 million.

Sensitivity analysis for foreign currency risk

At the reporting date, if the Euro had been 5% strengthened/weakened, with all other variables held constant, the impact is immaterial to the Group's profit net of tax.

(d) Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of maturities of financial assets and liabilities. The Group and the Company actively manage their debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group and the Company maintain sufficient levels of cash or cash convertible investments to meet its working capital requirements.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

35. Financial risk management objectives and policies (cont'd)

(d) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities (cont'd)

	2013			
	On demand or within one year RM	**One to five years RM**	**Over five years RM**	**Total RM**
Group				
Financial liabilities:				
Borrowings	49,887,474	86,512,528	42,394,017	178,794,019
Hire purchase payables	1,651,734	1,470,678	-	3,122,412
Payables	37,952,181	-	-	37,952,181
Total undiscounted financial liabilities	89,491,389	87,983,206	42,394,017	219,868,612
Company				
Financial liabilities:				
Borrowings	9,678,171	9,254,677	-	18,932,848
Hire purchase payables	50,004	91,752	-	141,756
Payables	2,138,927	-	-	2,138,927
Total undiscounted financial liabilities	11,867,102	9,346,429	-	21,213,531

	2012			
	On demand or within one year RM	**One to five years RM**	**Over five years RM**	**Total RM**
Group				
Financial liabilities:				
Borrowings	8,225,733	27,396,667	13,590,565	49,212,965
Hire purchase payables	277,558	608,445	-	886,003
Payables	7,878,145	-	-	7,878,145
Total undiscounted financial liabilities	16,381,436	28,005,112	13,590,565	57,977,113
Company				
Financial liabilities:				
Borrowings	7,042,383	9,994,518	1,894,395	18,931,296
Hire purchase payables	36,060	76,716	-	112,776
Payables	3,353,813	-	-	3,353,813
Total undiscounted financial liabilities	10,432,256	10,071,234	1,894,395	22,397,885

35. Financial risk management objectives and policies (cont'd)

(e) Commodity price risk

The prices of agricultural commodities are subject to wide fluctuations due to unpredictable factors such as weather, government policies, changes in global demand resulting from population growth and changes in standards of living, and global production of similar and competitive crops.

Sensitivity analysis for commodity price risk

At the reporting date, if the Crude Palm Oil price had been 5% higher/lower, with all other variables held constant, the Group's profit net of tax would have been RM2,952,905 higher/lower.

(f) Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market prices (other than interest).

The Group and the Company are exposed to equity price risk arising from its investment in quoted equity instruments. The quoted equity instruments in Malaysia are listed on the Bursa Malaysia Securities Berhad and classified as available-for-sale financial assets.

Sensitivity analysis for equity price risk

At the reporting date, the impact of changes in 5% on the FTSE Bursa Malaysia KLCI, with all other variables constant, is immaterial to the Group's and the Company's profit net of tax and equity.

36. Fair value of financial instruments

(A) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

	2013		2012	
	Carrying amount	Fair value	Carrying amount	Fair value
Group	RM	RM	RM	RM
Financial assets:				
Investment securities (non-current)				
- Unquoted investment (Note 16)	280,906	*	190,187	*
Company				
Financial assets:				
Investment securities (non-current)				
- Unquoted investment at cost (Note 16)	278,720	*	188,000	*

36. Fair value of financial instruments (cont'd)

(A) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value (cont'd)

* Investment in equity investment carried at cost (Note 16)

Fair value information has not been disclosed for the Group's and the Company's investments in equity instruments that are carried at cost because fair value cannot be measured reliably. These equity instruments are not quoted on any market and does not have any comparable industry peer that is listed. The Group and the Company do not intend to dispose of these investments in the foreseeable future.

(B) Determination of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Trade and other receivables	18
Hire purchase payables	25
Borrowings	26
Payables	29

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

The carrying amount of hire purchase payables are reasonable approximations of fair values due to the insignificant impact of discounting.

The following methods and assumptions were used to estimate the fair value:

Financial guarantees

Fair value is determined based on probability weighted discounted cash flow method. The probability has been estimated and assigned for the following key assumptions:

- The likelihood of the guaranteed party defaulting within the guaranteed period;
- The exposure on the portion that is not expected to be recovered due to the guaranteed party's default;
- The estimated loss exposure if the party guaranteed were to default.

The fair value of the financial guarantees is negligible as the probability of the financial guarantees being called is remote as these subsidiary companies will be able to meet their short term loans and borrowings obligations as and when they are due.

36. Fair value of financial instruments (cont'd)

(B) Determination of fair value (cont'd)

Quoted equity instruments

The fair value of quoted shares is determined directly by reference to their published market bid price at the reporting date.

(C) Fair value of financial instruments that are carried at fair value

The following table shows an analysis of financial instruments carried at fair value by level of fair value hierarchy:

	Quoted prices in active markets for identical instruments Level 1 RM	Significant other observable inputs Level 2 RM	Significant unobservable inputs Level 3 RM	Total RM
At 31 December 2013				
Group				
Financial assets:				
Available-for-sale investments (Note 16)				
- Equity instruments (quoted in Malaysia)	125,796	-	-	125,796
Company				
Financial assets:				
Available-for-sale investments (Note 16)				
- Equity instruments (quoted in Malaysia)	113,791	-	-	113,791
At 31 December 2012				
Group				
Financial assets:				
Available-for-sale investments (Note 16)				
- Equity instruments (quoted in Malaysia)	142,776	-	-	142,776
Company				
Financial assets:				
Available-for-sale investments (Note 16)				
- Equity instruments (quoted in Malaysia)	104,681	-	-	104,681

36. Fair value of financial instruments (cont'd)

(C) Fair value of financial instruments that are carried at fair value (cont'd)

Fair value hierarchy

The Group and the Company classify fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly (i.e., as prices) or indirectly (i.e., derived from prices), and

Level 3 - Inputs for the asset that are not based on observable market data (unobservable inputs)

There have been no transfers between Level 1 and Level 2 fair value measurements during the financial year ended 31 December 2013 and 31 December 2012.

37. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2013 and 31 December 2012.

38. Subsequent event

On 10 February 2014, the subsidiary company, Cepatwawasan Group Berhad ("CGB"), acquired 2 ordinary shares of RM 1.00 each in Aspenglade Sdn. Bhd. and Equiti Etika Sdn. Bhd., representing the entire equity interest for a total consideration of RM 2 respectively, resulting in these companies becoming wholly-owned subsidiary companies of CGB.

39. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2013 were authorised for issue in accordance with a resolution of the directors on 21 March 2014.

40. Supplementary information – breakdown of retained profits into realised and unrealised

The breakdown of the retained profits of the Group and of the Company as at 31 December 2013 and 31 December 2012 into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 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.

	Group		Company	
	2013 RM	2012 RM (Restated)	2013 RM	2012 RM (Restated)
Total retained profits/ (accumulated losses) of the Company and its subsidiary companies				
- Realised	196,254,916	20,026,593	3,357,112	3,983,429
- Unrealised	5,713,640	(2,158,901)	213,624	120,850
	201,968,556	17,867,692	3,570,736	4,104,279
Total retained profits/ (accumulated losses) from associated companies				
- Realised	-	59,268,780	-	-
- Unrealised	-	(12,467,779)	-	-
	-	46,801,001	-	-
Less: Consolidation adjustments	(3,429,601)	27,804,203	-	-
Total retained profits as per audited financial statements	198,538,955	92,472,896	3,570,736	4,104,279

Statement of Shareholdings
as at 28.02.2014

Authorised Capital	:	RM500,000,000.00
Issued and Fully Paid-up Capital	:	RM196,543,970.00
Class of Shares	:	Ordinary shares of RM1.00 each fully paid
Voting Rights	:	One vote per RM1.00 share

DISTRIBUTION OF SHAREHOLDINGS

Range of Shareholdings	No. of Holders	% of Holders	No. of RM1.00 Shares	% of Issued Capital
Less than 100	450	9.62	20,990	0.01
100 – 1,000	233	4.98	121,932	0.06
1,001 – 10,000	2,497	53.36	12,743,995	6.48
10,001 – 100,000	1,382	29.54	38,360,673	19.52
100,001 – 9,827,197 (*)	116	2.48	56,108,356	28.55
9,827,198 and above (**)	1	0.02	89,188,024	45.38
TOTAL	4,679	100.00	196,543,970	100.00

Note: * - Less than 5% of issued holdings
** - 5% and above of issued holdings

THIRTY LARGEST REGISTERED HOLDERS AS AT 28.02.2014

	Name of Holder	Holdings	% of Issued Capital
1.	Dato Mah Pooi Soo Realty Sdn. Bhd.	89,188,024	45.38
2.	Tan Lai Kim (Holdings) Sdn. Bhd.	7,593,314	3.86
3.	Juwitawan Sdn. Bhd.	5,441,738	2.77
4.	Reg. Board of T'Tees of Dato Mah Pooi Soo Benelovent Fund	4,108,066	2.09
5.	Menjelang Citarasa Sdn. Bhd.	3,500,000	1.78
6.	HSBC Nominees (Asing) Sdn. Bhd. Exempt An for Credit Suisse (SG BR-TST-Asing)	2,857,000	1.45
7.	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Yap Qwee Beng	2,339,800	1.19
8.	Tan Lai Kim (Holdings) Sdn. Bhd.	2,234,621	1.14
9.	Datin Seri Ooi Ah Thin	1,905,888	0.97
10.	Syarikat Majuperak Berhad	1,653,866	0.84
11.	Juwitawan Sdn. Bhd.	1,629,600	0.83
12.	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Chin Kiam Hsung	1,069,832	0.54
13.	Seng Siaw Wei	1,046,400	0.53
14.	Ngoi Eva	772,400	0.39
15.	Tan Sri Dato' Dr Tan Lai Kim	600,000	0.31
16.	Lee Choo Seong @ Lee Cho Seng	565,369	0.29
17.	Cimsec Nominees (Tempatan) Sdn. Bhd. CIMB Bank for Tang King Hua	560,000	0.28

Statement of Shareholdings
as at 28.02.2014 (cont'd)

THIRTY LARGEST REGISTERED HOLDERS AS AT 28.02.2014

Name of Holder	Holdings	% of Issued Capital
18. Yeoh Kim Leng	513,800	0.26
19. Alliancegroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Tan Heng Chew	466,666	0.24
20. Cheong Hock Soon	436,600	0.22
21. Lim Ming Lang @ Lim Ming Ann	427,800	0.22
22. Teo Soo Cheng	409,032	0.21
23. Ken Fruits Sdn Bhd	407,960	0.21
24. Vensta Co Sdn Bhd	393,120	0.20
25. Mercsec Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Siow Wong Yen @ Siow Kwang Hwa	360,000	0.18
26. MKW Jaya Sdn. Bhd.	353,332	0.18
27. Dato' Seri Mah King Seng	338,948	0.17
28. Leong Lai Ngan	321,086	0.16
29. Maybank Securities Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Chong Yuk Sang	306,000	0.16
30. Leong Siew Mun	300,500	0.16
TOTAL	**132,100,762**	**67.21**

SUBSTANTIAL SHAREHOLDERS AS AT 28.02.2014

According to the Register of Substantial Shareholders required to be kept under Section 69L of the Companies Act, 1965, the following are the substantial shareholders of the Company:

Name of Substantial Shareholder	Direct Interest (A)	%	Deemed Interest (B)	%	Total Interest (A+B)	%
Dato Mah Pooi Soo Realty Sdn. Bhd.	89,188,024	45.38	-	-	89,188,024	45.38
Dato' Seri Mah King Seng	338,948	0.17	92,688,024 *	47.16	93,026,972	47.33
Dato' Seri Mah King Thian, JP	93,248	0.05	92,688,024 *	47.16	92,781,272	47.21
Datin Seri Ooi Ah Thin	1,905,888	0.97	93,120,220 **	47.38	95,026,108	48.35
Tan Lai Kim (Holdings) Sdn. Bhd.	9,827,935	5.00	-	-	9,827,935	5.00

Notes:-

* Deemed interest by virtue of his shareholdings in Dato Mah Pooi Soo Realty Sdn Bhd and Menjelang Citarasa Sdn Bhd

** Deemed interest by virtue of the shareholdings of her children, namely Dato' Seri Mah King Seng and Dato' Seri Mah King Thian in MHC and her shareholdings in Dato Mah Pooi Soo Realty Sdn Bhd and Menjelang Citarasa Sdn Bhd.

DIRECTORS' INTEREST AS AT 28.02.2014

According to the Register of Directors' Shareholdings required to be kept under Section 134 of the Companies Act, 1965 the Directors' interests in the ordinary share capital of RM1/- each of the Company and its subsidiary companies are as follows:

MHC PLANTATIONS BHD.

Name of Director	Direct Interest (A)	%	Deemed Interest (B)	%	Total Interest (A+B)	%
Dato' Seri Mah King Seng	338,948	0.17	92,688,024 *	47.16	93,026,972	47.33
Dato' Seri Mah King Thian, JP	93,248	0.05	92,688,024 *	47.16	92,781,272	47.21
Chan Kam Leong	-	-	321,086 **	0.16	321,086	0.16
Wan Salmah Binti Wan Abdullah	-	-	-	-	-	-
Heng Beng Fatt	-	-	-	-	-	-

Notes:-

* Deemed interest by virtue of his shareholdings in Dato Mah Pooi Soo Realty Sdn Bhd and Menjelang Citarasa Sdn Bhd

** Deemed interest through his spouse

Subsidiary company
CHAMPION POINT SDN. BHD.

Name of Director	Direct Interest (A)	%	Deemed Interest (B)	%	Total Interest (A+B)	%
Dato' Seri Mah King Seng	-	-	1,999,998	100.00	1,999,998	100.00
Dato' Seri Mah King Thian, JP	1	0.00	1,999,998	100.00	1,999,999	100.00

By virtue of their interests in the Company, Dato' Seri Mah King Seng and Dato' Seri Mah King Thian, JP are deemed to have interests in shares in the subsidiary companies to the extent that the Company has an interest.

None of the other Directors had any interest in shares in the Company's related corporations.

Statement of Shareholdings
as at 28.02.2014 (cont'd)

Class of Securities	:	Warrants
No. of Warrants Issued	:	56,155,420
Voting Rights	:	1 vote per warrant holder (on a poll) and 1 vote per warrant holder (on show of hands) in respect of a meeting of warrant holders

ANALYSIS OF WARRANT HOLDINGS AS AT 28.02.2014

Size of Warrant Holdings	No. of Warrant Holders	% of Warrant Holders	No. of Warrants	% of Warrant Issued
Less than 100	580	16.88	15,418	0.03
100 to 1,000	922	26.84	720,791	1.28
1,001 to 10,000	1,593	46.38	5,674,838	10.11
10,001 to 100,000	305	8.88	8,592,027	15.30
100,001 to 2,807,770 (*)	34	0.99	15,669,873	27.90
2,807,771 and above (**)	1	0.03	25,482,473	45.38
Total	3,435	100.00	56,155,420	100.00

Note: * - Less than 5% of issued holdings
** - 5% and above of issued holdings

DIRECTORS' INTERESTS AS AT 28.02.2014

Name of Directors	Direct		Deemed	
	No. of Warrants	%	No. of Warrants	%
Dato' Seri Mah King Seng	96,842	0.17	26,482,473 *	47.16
Dato' Seri Mah King Thian	26,642	0.05	26,482,473 *	47.16
Wan Salmah Binti Wan Abdullah	-	-	-	-
Chan Kam Leong	-	-	133,653 **	0.24
Heng Beng Fatt	-	-	-	-

Notes:-

* Deemed interest by virtue of his shareholdings in Dato Mah Pooi Soo Realty Sdn Bhd and Menjelang Citarasa Sdn Bhd

** Deemed interest through his spouse

30 LARGEST WARRANT HOLDERS AS AT 28.02.2014

No.	Name	No. of Warrants	%
1	Dato Mah Pooi Soo Realty Sdn Bhd	25,482,473	45.38
2	Tan Lai Kim (Holdings) Sdn Bhd	2,169,518	3.86
3	HSBC Nominees (Asing) Sdn Bhd Exempt An for Credit Suisse (SG BR-TST-ASING)	1,625,160	2.89
4	Juwitawan Sdn Bhd	1,554,782	2.77
5	RHB Capital Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Sher Khan Bin Khan Mohamad	1,421,700	2.53
6	Reg. Board of T'Tees of Dato Mah Pooi Soo Benelovent Fund	1,173,733	2.09
7	Menjelang Citarasa Sdn Bhd	1,000,000	1.78
8	Kenanga Nominees (Tempatan) Sdn. Bhd Pledged Securities Account for Kwong Ming Kwei	683,600	1.22
9	Tan Lai Kim (Holdings) Sdn Bhd	638,463	1.14
10	RHB Capital Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Low Bee Kiew	580,500	1.03
11	Sia Kek King	515,000	0.92
12	Syarikat Majuperak Berhad	472,533	0.84
13	Juwitawan Sdn Bhd	465,600	0.83
14	Pang Choong Hin	288,000	0.51
15	Kenanga Nominees (Tempatan) Sdn. Bhd. Michael Heng Chun Hong	211,800	0.38
16	Lim Chin Hong	205,000	0.37
17	Phoon Yoon Sim	200,000	0.36
18	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chin Kiam Hsung	185,666	0.33
19	Cimsec Nominees (Tempatan) Sdn Bhd CIMB Bank for Chin Fah Onn	177,900	0.32
20	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chong Teck Mon	165,000	0.29
21	Cimsec Nominees (Tempatan) Sdn Bhd CIMB Bank for Tang King Hua	160,000	0.28
22	Yeoh Kim Leng	146,800	0.26
23	Ang Ming Ann	146,666	0.26
24	Tan Sri Dato' Dr Tan Lai Kim	144,000	0.26
25	Leong Lai Ngan	133,653	0.24
26	Alliancegroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Tan Heng Chew	133,333	0.24
27	Ng Thian Leong	131,800	0.23
28	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Wong Tui Wan	130,120	0.23
29	Saw Kok Leng	124,000	0.22
30	Ewe Chor Lay	121,800	0.22
	TOTAL	**40,588,600**	**72.28**

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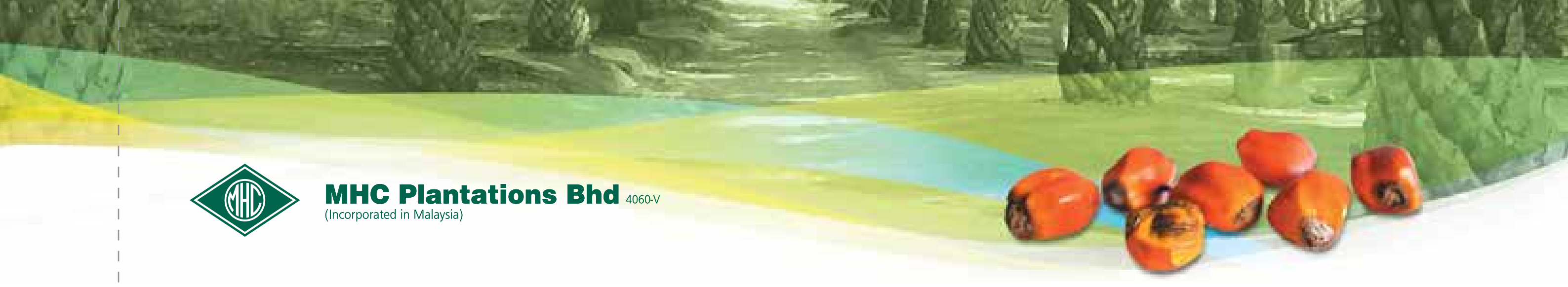

MHC Plantations Bhd 4060-V
(Incorporated in Malaysia)

Form of Proxy

I/We, ____

NRIC No./Company No. ____________________ of ____________________

____ being a member of
MHC Plantations Bhd hereby appoint the following person(s):

	Name of proxy & NRIC No.	No. of shares	%
1.			
2.			

or failing him/her

1.			
2.			

or failing him/her, the Chairman of the Meeting as my/our proxy, to vote for me/us and on my/our behalf at the Fifty-Fourth Annual General Meeting of the Company to be held on 30 April 2014 and at any adjournment thereof in the manner indicated below in respect of the following Resolutions:

Resolutions relating to:-	For	Against
1. The declaration of a Final Dividend		
2. The re-election of Directors:		
Dato' Seri Mah King Seng		
Heng Beng Fatt		
3. The appointment of Chan Kam Leong in accordance with Section 129(6) of the Companies Act, 1965		
4. The appointment of Auditors and their remuneration		
5. **Special Business** Ordinary Resolution – Authority to Allot and Issue Shares in General Pursuant to Section 132D of the Companies Act, 1965		

Please indicate with (✓) how you wish your vote to be cast. If you do not indicate how you wish your proxy to vote on any resolution, the proxy shall vote as he thinks fit, or at his discretion, abstain from voting.

Date:

No. of shares held	
CDS A/C No.	

____
Signature of Shareholder

NOTES:

1. Only members whose names appear on the Record of Depositors as at 25 April 2014 shall be entitled to attend the Annual General Meeting or appoint proxies in his/her stead or in the case of a corporation, a duly authorised representative to attend and to vote in his/her stead.
2. A member entitled to attend and vote at the Meeting is entitled to appoint not more than two (2) proxies to attend and vote instead of him. A proxy may but need not be a member of the Company.
3. Where a member appoints two (2) proxies, the appointments shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.
4. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company in an Omnibus Account, there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.
5. The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing or if the appointer is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.
6. The instrument appointing a proxy must be deposited with the Company Secretaries, 55A, Medan Ipoh 1A, Medan Ipoh Bistari, 31400 Ipoh, Perak Darul Ridzuan, Malaysia not less than 48 hours before the time appointed for holding the Meeting.

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80 SEN STAMP
(within Malaysia)

The Secretary

MHC Plantations Bhd 4060-V

NO. 55A MEDAN IPOH 1A,
MEDAN IPOH BISTARI,
31400 IPOH, PERAK DARUL RIDZUAN,
MALAYSIA.

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MHC Plantations Bhd 4060-V
(Incorporated in Malaysia)

Kompleks Pejabat Behrang 2020, Jalan Persekutuan 1,
35900 Tanjung Malim, Perak Darul Ridzuan.
Tel: 05-4590001 Fax: 05-4590003

www.mhc.com.my