MHC Plantations Bhd

4060-V

(Incorporated in Malaysia)

ANNUAL REPORT 2014

MHC Plantations Bhd
4060-V
(Incorporated in Malaysia)

Contents

Financial Statements

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Fifty-Fifth Annual General Meeting ("55th AGM") of the Company will be held at Kompleks Pejabat Behrang 2020, Jalan Persekutuan 1, 35900 Tanjung Malim, Perak, Malaysia on Friday, 12 June 2015 at 11.00 a.m.

	AGENDA	RESOLUTION NO.
1.	To receive the Audited Financial Statements for the year ended 31 December 2014, 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 2014.	**1**
3.	To re-elect the following Director retiring in accordance with the Company's Articles of Association: Dato' Seri Mah King Thian, JP	**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
CHAN EOI LENG
Secretaries

Ipoh
20 May 2015

NOTES:

1. Only members whose names appear on the Record of Depositors as at 08 June 2015 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 30 April 2014. 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.

MHC Plantations Bhd
4060-V
(Incorporated in Malaysia)

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)
Chan Eoi Leng (MAICSA 7030866)

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 56 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 51, 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 3 out of 4 Board Meetings held during the financial year.

Chan Kam Leong
Independent Non-Executive Director

- Chan Kam Leong, a Malaysian, aged 74, 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 a member 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 each in Kuala Lumpur and 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 forty five 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 61, 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 all the Board Meetings held during the financial year.

Heng Beng Fatt
Non-Independent Non-Executive Director

- Heng Beng Fatt, a Malaysian, aged 51, 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 all the 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 2014.

Group Performance

The Group recorded revenue of RM338.30 million and profit before tax of RM30.08 million for the financial year ended 31 December 2014 ("FY2014") as compared to RM294.75 million and RM32.44 million respectively for the financial year ended 31 December 2013 ("FY2013").

The increase in revenue by 15% was mainly due to higher Crude Palm Oil ("CPO") and Palm Kernel ("PK") sales volume of 4% and 10% respectively, higher PK price of 27% and an increase in Fresh Fruit Bunches ("FFB") production of 5%. The Group recorded a profit before tax of RM30.08 million for the financial year under review, which is a decrease of 7% from the previous financial year mainly due to lower profit margin from milling operation and power generation.

The highlights of Group performance are stated below:

Average selling price per tonne:-

	FY2014 RM	FY2013 RM	Difference (%)
CPO	2,314	2,296	1%
Kernel	1,662	1,304	27%
FFB	438	403	9%

Production:-

	FY2014 MT	FY2013 MT	Difference (%)
CPO	108,905	92,139	18%
Kernel	26,990	22,614	19%
FFB	202,261	192,040	5%

Extraction rate:-

	FY2014 %	FY2013 %	Difference (%)
CPO	20.28	20.15	0.6%
Kernel	5.03	4.95	1.6%

The annual FFB yield achieved in 2014 was 20.50 Metric Tonne ("MT") per hectare which includes production from the newly matured areas.

Our 12MW Biomass Power Plant was commissioned in November 2014 and generated 25,805,383 kW amounting to revenue of RM1.21 million in 2014.

Dividend

Your Board has recommended for your approval a final single tier dividend of 2% for the financial year ended 31 December 2014.

Reverse Take-over of Timah Resources Limited

On 10 October 2014, the Group announced that Cash Nexus (M) Sdn. Bhd. ("CNSB"), a subsidiary company of the Group, proposed to undertake a reverse take-over ("RTO") of Timah Resources Limited ("TRL"), a public limited company listed on the National Stock Exchange of Australia, by way of the following:

i) The disposal by CNSB of 100% of the equity interest in Mistral Engineering Sdn. Bhd. to TRL for a total consideration of AUD8,550,000 (equivalent to RM24,116,985) to be fully satisfied by the issuance of 85,500,000 TRL Shares at an issue price of AUD0.10 per Consideration Share ("Proposed Disposal"); and

ii) The subscription by CNSB and/or its nominee(s) of 10,000,000 TRL Shares for a total cash consideration of AUD2,000,000 (equivalent to RM5,641,400) or AUD0.20 per TRL Share in conjunction with the transfer listing from the National Stock Exchange to the Australian Stock Exchange to be undertaken by TRL.

Simultaneous with the execution of the conditional share sale agreement for the Proposed Disposal on 10 October 2014, CNSB had also entered into a call option agreement with Timah Pasir Sdn. Bhd. ("TPSB") or the ("Grantor"), being a substantial shareholder of TRL, for CNSB to have the option to acquire 9,500,000 TRL Shares from TPSB on a pre-consolidation basis at any time within one (1) year from the date of the Call Option Agreement for a total cash consideration of up to AUD950,000 (equivalent to RM2,679,665).

Barring any unforeseen circumstances and subject to all the required approvals being obtained, the Board expects the Proposed RTO to be completed by the second quarter of 2015.

Prospect and Outlook

Currently, there is weaker demand for CPO due to the competition from other oilseeds and lower biodiesel demand following a sharp drop in crude oil price. However, the higher biodiesel subsidy proposed recently in Indonesia to encourage the usage of palm oil in the biodiesel energy sector and lower FFB production due to the recent flooding in Malaysia have boosted the CPO market. Your Board is confident that global population growth and increasing consumption of oil and fat from the emerging economies will continue to support the demand for palm oil.

Barring any unforeseen circumstances, the FFB production of the Group is expected to rise further in 2015 as more young and replanted areas reach maturity. Besides, the Group will continue to improve its operating efficiency and productivity in order to maintain a low operating cost. The Group also expects significant contributions from its bio-renewable energy plants in 2015 especially from the newly commissioned 12MW Biomass Power Plant which commenced operation in November 2014.

On the whole, your Board is confident that, barring any unforeseen circumstances, the Group will continue to perform satisfactorily in 2015.

Corporate Social Responsibility

In furtherance of its Corporate Social Responsibility program for the local community, the Group has contributed RM4 million through Dato' Seri Mah Pooi Soo Benevolent Fund, which is a trust maintained and operated by the majority shareholder of the Company, towards the establishment of Malaysia's first Parkinson Centre at University of Malaya ("UM") during the year under review. Located on prime land in UM Petaling Jaya campus and near UM Medical Centre, this Centre is designed to diagnose, treat and conduct research on the disease and related nervous system disorders. The UM Parkinson Centre is being set up at an estimated total cost of RM10 million excluding land cost, and the Fund's contribution is earmarked for the purchase of equipment, operation and maintenance of the Centre.

In addition, the Group also contributed RM200,000 to Yayasan Orang Asli Semenanjung Malaysia in 2014.

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 2014.

Prestasi Kumpulan

Kumpulan Syarikat telah mencatatkan pendapatan sebanyak RM338.30 juta dan keuntungan sebelum cukai sebanyak RM30.08 juta bagi tahun kewangan berakhir 31 Disember 2014 ("TK2014"), berbanding dengan masing- masing RM294.75 juta dan RM32.44 juta bagi tahun kewangan berakhir 31 Disember 2013 ("TK2013").

Peningkatan pendapatan sebanyak 15% disebabkan terutamanya oleh jualan Minyak Sawit Mentah ("CPO") dan Kernel yang lebih tinggi iaitu masing-masing sebanyak 4% dan 10%, harga Kernel yang meningkat sebanyak 27% dan pengeluaran Buah Tandan Segar ("FFB") yang telah meningkat sebanyak 5%. Kumpulan Syarikat telah mencatatkan keuntungan sebelum cukai sebanyak RM30.08 juta bagi tahun kewangan berakhir 31 Disember 2014, iaitu penurunan sebanyak 7% berbanding dengan tahun kewangan sebelumnya disebabkan terutamanya oleh margin keuntungan yang lebih rendah daripada operasi pengilangan kelapa sawit dan penjanaan kuasa elektrik.

Sorotan prestasi Kumpulan Syarikat adalah seperti berikut:

Harga Purata Jualan Per Tan:-

	TK2014 RM	**TK2013 RM**	**Perbezaan (%)**
CPO	2,314	2,296	1%
Kernel	1,662	1,304	27%
FFB	438	403	9%

Pengeluaran:-

	TK2014 MT	**TK2013 MT**	**Perbezaan (%)**
CPO	108,905	92,139	18%
Kernel	26,990	22,614	19%
FFB	202,261	192,040	5%

Kadar Pengekstrakan:-

	TK2014 %	**TK2013 %**	**Perbezaan (%)**
CPO	20.28	20.15	0.6%
Kernel	5.03	4.95	1.6%

Hasil keluaran tahunan FFB yang dicapai bagi 2014 adalah 20.50 Tan Metrik ("MT") sehektar yang merangkumi pengeluaran dari kawasan-kawasan baru matang.

Loji Kuasa Biomas 12MW kita telah memulakan operasi pada November 2014 dan telah menghasilkan 25,805,383 kW tenaga yang membawa pendapatan sebanyak RM1.21 juta pada tahun 2014.

Dividen

Lembaga Pengarah anda telah mencadangkan dividen muktamad satu tier sebanyak 2% bagi tahun kewangan berakhir 31 Disember 2014.

Prospek dan Pandangan

Pada masa ini, kelemahan permintaan CPO disebabkan oleh persaingan dari minyak bijirin yang lain, dan permintaan biodiesel yang lebih rendah berikutan kejatuhan harga minyak mentah yang mendadak. Walau bagaimanapun, kenaikan subsidi biodiesel yang dicadangkan di Indonesia baru-baru ini bagi menggalakkan penggunaan minyak sawit dalam sektor tenaga biodiesel serta pengeluaran FFB di Malaysia yang lebih rendah akibat banjir pada tahun akhir 2014 telah merangsangkan pasaran CPO. Lembaga Pengarah anda yakin bahawa pertumbuhan penduduk dunia dan penggunaan minyak sawit dan lemak yang meningkat di negara-negara membangun akan terus menyokong permintaan terhadap minyak sawit.

Kecuali berlaku sesuatu diluar jangkaan, pengeluaran FFB Kumpulan dijangka akan terus meningkat pada tahun 2015 memandangkan lebih banyak kawasan-kawasan tanam semula dan baru yang akan matang. Selain dari itu, Kumpulan akan terus meningkatkan pengeluaran serta kecekapan operasi dan produktiviti bagi mengekalkan kos operasi yang rendah. Kumpulan juga menjangkakan sumbangan dari loji-loji tenaga yang boleh diperbaharui pada 2015, khususnya dari Loji Kuasa Biomas 12MW yang baru memulakan operasinya pada November 2014.

Secara keseluruhannya, Lembaga Pengarah anda yakin bahawa prospek Kumpulan untuk tahun 2015 akan terus menunjukkan prestasi yang memuaskan, melainkan berlaku sesuatu diluar jangkaan.

Pengambilalihan Timah Resources Limited

Pada 10 Oktober 2014, Kumpulan telah mengumumkan bahawa Cash Nexus (M) Sdn. Bhd. ("CNSB"), sebuah anak syarikat Kumpulan, bercadang untuk melaksanakan pengambilalihan balikan ("RTO") Timah Resources Limited ("TRL"), sebuah syarikat berhad awam yang tersenarai di Bursa Saham Nasional Australia, dengan cara berikut:

i) Pelupusan 100% kepentingan ekuiti milik CNSB dalam Mistral Engineering Sdn. Bhd. kepada TRL untuk pertimbangan berjumlah AUD8,550,000 (bersamaan dengan RM24,116,985) yang akan dijelaskan sepenuhnya dengan penerbitan 85,500,000 Saham TRL pada harga terbitan sebanyak AUD0.10 setiap saham pertimbangan ("Cadangan Pelupusan"); dan

ii) Langganan sebanyak 10,000,000 saham TRL oleh CNSB dan/atau penamanya untuk pertimbangan tunai berjumlah AUD2,000,000 (bersamaan dengan RM5,641,400) atau AUD0.20 setiap saham TRL sempena penyenaraian pemindahan dari Bursa Saham Nasional kepada Bursa Saham Australia yang akan dilaksanakan oleh TRL.

Pada 10 Oktober 2014, serentak dengan pelaksanaan perjanjian jualan saham bersyarat bagi Cadangan Pelupusan, CNSB juga telah menandatangani perjanjian opsyen panggilan dengan Timah Pasir Sdn. Bhd. ("TPSB") atau ("Grantor"), yang merupakan pemegang saham utama TRL, yang membenarkan pilihan kepada CNSB untuk merperolehi 9,500,000 Saham TRL dari TPSB pada bila-bila masa dalam tempoh satu (1) tahun dari tarikh Perjanjian Opsyen Panggilan untuk pertimbangan tunai sehingga AUD950,000 (bersamaan dengan RM2,679,665).

Melainkan berlaku sesuatu diluar jangkaan dan tertakluk kepada semua kelulusan yang diperlukan diperolehi, Lembaga Pengarah menjangka RTO yang dicadangkan di atas akan siap disempurnakan pada suku tahun kedua tahun 2015.

Tanggungjawab Sosial Korporat (CSR)

Dalam usaha memantapkan program CSRnya untuk kebajikan masyarakat tempatan, Kumpulan telah menderma RM4 juta kepada penubuhan Pusat Parkinson Malaysia yang pertama, di Universiti Malaya ("UM"). Sumbangan tersebut telah disalurkan melalui Tabung Amal Dato' Seri Mah Pooi Soo, yang merupakan dana amanah yang dikendalikan oleh pemegang saham majoriti syarikat.

Pusat Parkinson tersebut, yang terletak di kampus UM di Petaling Jaya dan berhampiran Pusat Perubatan UM, direka untuk menjalankan diagnosis, rawatan dan penyelidikan mengenai penyakit Parkinson serta lain-lain penyakit sistem saraf yang berkaitan. Pusat Parkinson ini dibangunkan dengan anggaran kos berjumlah RM10 juta, tidak termasuk harga tapak. Sumbangan dari Tabung Amal diperuntukkan untuk membeli peralatan, operasi dan pengendalian Pusat tersebut.

Kumpulan juga telah menderma RM200,000 kepada Yayasan Orang Asli Semenanjung Malaysia pada tahun 2014.

Penghargaan

Saya ingin mengambil kesempatan ini untuk merakamkan ribuan terima kasih yang tidak terhingga kepada pihak pengurusan dan semua kakitangan atas khidmat dan dedikasi mereka sepanjang tahun 2014.

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 di atas 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 6 to 8 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 2014, 30 April 2014, 24 July 2014 and 30 October 2014. 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	3 of 4
Chan Kam Leong	4 of 4
Wan Salmah Binti Wan Abdullah	4 of 4
Heng Beng Fatt	4 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

The Board has undertaken an assessment of the training needs of each Director. All Directors have complied with the Continuous Training Programme prescribed by Bursa Malaysia Securities Berhad. However every Director is encouraged to evaluate their own training needs and undergo continuous training to equip himself with enhanced knowledge and effectively contribute his duties to the Board. The Directors have participated in conferences, seminars and training programmes and during the financial year ended 31 December 2014, the following training programmes and seminars were attended by the Directors:

- Goods & Services Tax
- Rabobank's seminar : Exclusive Outlook & Solutions
- NVIVO 10 Advance Training
- Enterprise Risk Management
- Risk-based Internal Audit
- Leadership Pipeline

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 25 to 26 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)*

Nominating Committee

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 of whom majority are 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	191,000	680,200
(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 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. The Group has also built a new learning centre for the children of foreign plantation workers, who are unable to enrol in national schools, at its estate in Beaufort, Sabah.

In furtherance of its Corporate Social Responsibility program for the local community, the Group has contributed RM4 million through the Fund towards the establishment of Malaysia's first Parkinson Centre at University of Malaya during the year under review. Located on prime land in UM Petaling Jaya campus and near UM Medical Centre, this Parkinson Centre is designed to diagnose, treat and conduct research on the disease and related nervous system disorders. The Parkinson Centre is being set up at an estimated total cost of RM10 million excluding land cost, and the Fund's contribution is earmarked for the purchase of equipment, operation and maintenance of the Centre. Besides, the Group also contributed RM200,000 to Yayasan Orang Asli Semenanjung Malaysia in 2014.

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 22 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 23 to 24 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 23 to 24 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 Audited 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.
- Prepared the financial statements on a going concern basis.

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 2014 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 2014 and reported to the Board that nothing has come to their attention that caused them to believe that the Statement which is intended to be included in the annual report 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 17 February 2015.

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 2014, 30 April 2014, 24 July 2014 and 30 October 2014 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	4 of 4
Heng Beng Fatt	4 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:

- Controls over harvesting and collection of FFB;
- Estate yield management (estate maintenance and fertiliser application); and
- Estate payroll and compliance with labour law and regulations.

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 2014

- **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 RM63,950.

- **Variation in Results**
  There was no material variance between the audited results for the financial year ended 31 December 2014 and unaudited results previously released for the financial quarter ended 31 December 2014.

- **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 109 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 2014

Location of Property Peninsular Malaysia	Tenure	Year of Expiry	Land Area	Description	Net Book Value As At 31.12.2014 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	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	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	1,247	1998
4 MHC Plantations Bhd Lot No. 4453, Town of Teluk Intan, District of Hilir Perak, Perak Darul Ridzuan	Grant in perpetuity	N/A	2,325 sq. feet	3-storey commercial shophouse	1,200	2014
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	6,546	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	3,689	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	2014
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	4,384	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	2,985	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	2,229	1998

List of Properties
as at 31 December 2014 (cont'd)

Location of Property Peninsular Malaysia	Tenure	Year of Expiry	Land Area	Description	Net Book Value As At 31.12.2014 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	5,632	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	1998

Location of Property Sabah	Tenure	Year of Expiry	Land Area	Description	Net Book Value As At 31.12.2014 RM'000	Year Acquired
13 Prolific, Wong Tet-Jung Plantations Off KM 63.7, Sandakan-Lahad Datu Highway	Leasehold 99 years	2069 2070 2074 2075 2076 2077 2082 2082	39.752 hectares 30.607 hectares 8.010 hectares 207.991 hectares 9.967 hectares 24.460 hectares 6.463 hectares 72.790 hectares	Oil palm plantation & oil mill	17,947	2001
	Perpetuity (Sublease 99 years)	2097	6.435 hectares			
Kolapis-Beluran Area District of Labuk Sugut	Leasehold 99 years	2073	2.250 hectares **408.725 hectares**	Plantable reserve		2002
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	139	2002
14 Melabau, Suara Baru, Gelang Usaha 0.2 Km East of KM 96, Sandakan-Lahad Datu Highway	Leasehold 99 years	2069 2078 2079 2080 2081 2082 2085 2086 2095 2093 2097	27.480 hectares 17.110 hectares 260.780 hectares 202.303 hectares 136.615 hectares 88.690 hectares 252.660 hectares 14.930 hectares 4.993 hectares 154.700 hectares 12.300 hectares	Oil palm plantation Oil palm plantation & quarry	602 35,809	2002 2001
	Perpetuity (Sublease 99 years)	2075 2080 2093 2097	316.549 hectares 136.763 hectares 5.751 hectares 10.930 hectares			
KM 28, Jalan Labuk	Leasehold 99 years	2065	3.055 hectares **1,645.609 hectares**	Plantable reserve		

List of Properties
as at 31 December 2014 (cont'd)

Location of Property Sabah Tenure	Expiry	Year of Area	Land Description	RM'000	Net Book Value As At 31.12.2014 Revaluation	Year Acquired
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	13,838	2001
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	12,876	2001
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	40,374	2001
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	15,005	2001
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	37,340	2003
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	7,393	2005
21 Ladang Cepat-KPD 85 KM South-West of Beaufort	Leasehold 99 years	2087	**1,614.440 hectares**	Oil palm plantation	48,652	1998
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	1,539	2009
23 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	204	2011
24 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	222	2011
25 Cepatwawasan Group Berhad Unit no. B1-10-1, Sri Utama Condominiums Mile 6, North Road, Sandakan	Leasehold 99 years	2081	**122.140 Sq.M**	Eight Storey Condominium	354	2014
26 Cepatwawasan Group Berhad Unit no. B1-10-3, Sri Utama Condominiums Mile 6, North Road, Sandakan	Leasehold 99 years	2081	**105.140 Sq.M**	Eight Storey Condominium	275	2014

List of Properties
as at 31 December 2014 (cont'd)

Location of Property Sabah	Tenure	Year of Expiry	Land Area	Description	Net Book Value As At 31.12.2014 RM'000	Year Acquired
27 Mistral Engineering Sdn Bhd Off KM 63.7, Sandakan-Lahad Datu Highway	Leasehold 99 years	2074	**3.115 hectares**	Biogas power plant	2,906	2012
28 Cash Horse (M) Sdn Bhd Off KM 63.7, Sandakan-Lahad Datu Highway	Leasehold 99 years	2074	**7.070 hectares**	Biomass power plant	15,712	2012

Location of Property Kuala Lumpur	Tenure	Year of Expiry	Land Area	Description	Net Book Value As At 31.12.2014 RM'000	Date of last Revaluation
29 Minelink HS (D) 118739, No. PT 9103 Damansara Heights Mukim of Kuala Lumpur	Freehold	-	**896.976 Sq.M**	High-end residential property	7,230	2014
Minelink HS (D) 118740, No. PT 9104 Damansara Heights Mukim of Kuala Lumpur	Freehold	-	**877.693 Sq.M**	High-end residential property	7,075	2014
Minelink HS (D) 118741, No. PT 9105 Damansara Heights Mukim of Kuala Lumpur	Freehold	-	**896.829 Sq.M**	High-end residential property	7,229	2014
Minelink HS (D) 118742, No. PT 9106 Damansara Heights Mukim of Kuala Lumpur	Freehold	-	**878.490 Sq.M**	High-end residential property	7,081	2014
Minelink HS (D) 118743, No. PT 9107 Damansara Heights Mukim of Kuala Lumpur	Freehold	-	**884.183 Sq.M**	High-end residential property	7,127	2014
Minelink HS (D) 118744, No. PT 9108 Damansara Heights Mukim of Kuala Lumpur	Freehold	-	**863.043 Sq.M**	High-end residential property	6,958	2014

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 2014.

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	26,206,620	6,386,795
Attributable to:		
Owners of the Company	14,316,943	6,386,795
Non-controlling interests	11,889,677	-
	26,206,620	6,386,795

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 2013 were as follows:

	RM
Final single tier dividend of 2.00%	3,930,879

At the forthcoming Annual General Meeting, a final single tier dividend of 2.00% in respect of the current financial year ended 31 December 2014 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 2015.

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 30 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 32 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 2014**	**Bought**	**Sold**	**31 December 2014**
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	321,086	163,000	-	484,086

	Number of warrants (2012/2017)			
MHC Plantations Bhd	**1 January 2014**	**Bought**	**Exercised**	**31 December 2014**
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) 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.

Significant events

Details of significant events are disclosed in Note 37 to the financial statements.

Subsequent events

Details of subsequent events 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 30 April 2015.

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 40 to 120 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 2014 and of their financial performance and cash flows for the year then ended.

The information set out in Note 41 on page 121 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 30 April 2015.

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 40 to 121 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 30 April 2015.

Chan Kim Meng

Before me,

Wilson Arumai Dhas (A 182)
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 31December 2014, 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 40 to 120.

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 2014 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.

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 in form 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 41 on page 121 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. 1231/03/17 (J)
Chartered Accountant

Ipoh, Perak Darul Ridzuan, Malaysia
Date: 30 April 2015

Statements of Comprehensive Income
for the financial year ended 31 December 2014

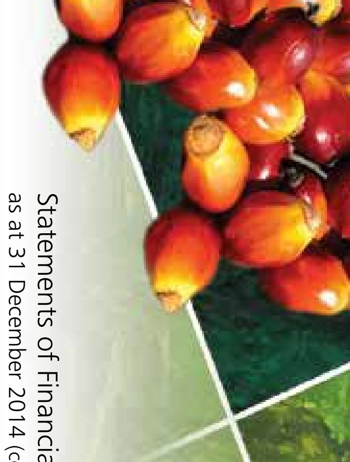
	Note	Group 2014 RM	Group 2013 RM (Restated)	Company 2014 RM	Company 2013 RM
Revenue	4	338,299,735	294,749,649	4,992,129	5,434,787
Cost of sales		(285,652,291)	(249,006,171)	(3,679,272)	(4,063,874)
Gross profit		52,647,444	45,743,478	1,312,857	1,370,913
Other income		7,277,562	10,979,993	227,754	275,294
Administrative expenses		(16,349,033)	(12,149,880)	(2,315,930)	(1,988,807)
Other operating expenses		(6,957,582)	(6,407,231)	-	-
Operating profit		36,618,391	38,166,360	(775,319)	(342,600)
Finance costs	5	(6,577,516)	(5,779,276)	(792,172)	(802,774)
Income from investments	6	37,766	54,675	7,830,450	5,234,952
Profit before taxation	7	30,078,641	32,441,759	6,262,959	4,089,578
Income tax expense	8	(3,872,021)	(1,182,896)	123,836	(200,879)
Profit net of tax		26,206,620	31,258,863	6,386,795	3,888,699
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)	-	-
- (Loss)/Gain on fair value changes		(16,037)	9,112	(16,466)	9,112
Exchange differences on translation of foreign operations		4,816	(62,651)	-	-
		(11,221)	(76,377)	(16,466)	9,112
Total comprehensive income for the year		26,195,399	31,182,486	6,370,329	3,897,811
Profit attributable to:					
Owners of the Company		14,316,943	14,462,553	6,386,795	3,888,699
Non-controlling interests		11,889,677	16,796,310	-	-
		26,206,620	31,258,863	6,386,795	3,888,699
Total comprehensive income attributable to:					
Owners of the Company		14,305,722	14,386,176	6,370,329	3,897,811
Non-controlling interests		11,889,677	16,796,310	-	-
		26,195,399	31,182,486	6,370,329	3,897,811
Earnings per share attributable to owners of the Company					
Basic	9	7.28 sen	7.36 sen		
Diluted	9	5.67 sen	5.72 sen		
Net dividends per share	10	2.00 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 2014

MHC Plantations Bhd
4060-V
(Incorporated in Malaysia)

Assets	Note	Group As at 31.12.2014 RM	 As at 31.12.2013 RM (Restated)	 As at 1.1.2013 RM (Restated)	Company As at 31.12.2014 RM	 As at 31.12.2013 RM
Non-current assets						
Property, plant and equipment	11	468,160,519	460,591,220	448,834,652	7,138,364	7,432,216
Investment properties	12	48,062,419	46,962,419	42,301,216	1,200,000	1,200,000
Biological assets	13	460,124,739	457,095,611	455,385,556	3,565,843	3,565,843
Investment in subsidiary companies	14	-	-	-	204,917,419	203,187,384
Investment in securities	15	490,457	406,702	332,963	475,837	392,511
Land use rights	16	13,541,814	13,720,907	13,900,000	-	-
Deferred tax assets	26	4,195,439	3,045,524	2,442,771	-	-
Trade and other receivables	17	108,183,683	94,855,030	69,536,831	-	-
Goodwill on consolidation	18	109,017,339	109,017,339	109,017,339	-	-
		1,211,776,409	1,185,694,752	1,141,751,328	217,297,463	215,777,954
Current assets						
Inventories	19	22,516,238	19,442,661	21,793,583	286,750	318,178
Trade and other receivables	17	24,516,822	21,724,582	17,115,523	1,485,054	1,097,244
Tax recoverable		3,888,950	2,238,974	3,707,629	414,414	432,377
Short term investments	20	12,024,583	12,530,498	13,895,656	56,275	1,561,874
Fixed deposits with licensed banks	21	10,824,788	14,760,679	16,359,558	338,991	328,816
Cash and bank balances	21	17,072,297	15,231,786	9,903,003	425,183	683,445
		90,843,678	85,929,180	82,774,952	3,006,667	4,421,934
Total assets		1,302,620,087	1,271,623,932	1,224,526,280	220,304,130	220,199,888



Statements of Financial Position
as at 31 December 2014 (cont'd)

	Note	Group As at 31.12.2014 RM	Group As at 31.12.2013 RM (Restated)	Group As at 1.1.2013 RM (Restated)	Company As at 31.12.2014 RM	Company As at 31.12.2013 RM
Equity and liabilities						
Equity attributable to owners of the Company						
Share capital	22	196,543,970	196,543,970	196,543,970	196,543,970	196,543,970
Reserves	23	216,157,511	208,072,936	198,109,002	6,090,406	3,650,956
		412,701,481	404,616,906	394,652,972	202,634,376	200,194,926
Non-controlling interests		515,686,124	507,529,262	493,269,641	-	-
Total equity		928,387,605	912,146,168	887,922,613	202,634,376	200,194,926
Non-current liabilities						
Hire purchase payables	24	738,719	1,389,830	1,696,950	48,786	86,059
Borrowings	25	89,925,609	104,753,036	109,048,452	6,250,000	8,450,000
Deferred tax liabilities	26	165,950,323	168,726,175	174,170,664	274,267	385,545
Lease rental payable	27	267,050	267,050	267,050	-	-
		256,881,701	275,136,091	285,183,116	6,573,053	8,921,604
Current liabilities						
Payables	28	36,231,523	37,952,181	30,710,897	2,159,428	2,138,927
Hire purchase payables	24	969,250	1,516,766	1,303,873	37,273	44,431
Borrowings	25	80,150,008	44,205,919	18,699,507	8,900,000	8,900,000
Taxation		-	666,807	706,274	-	-
		117,350,781	84,341,673	51,420,551	11,096,701	11,083,358
Total liabilities		374,232,482	359,477,764	336,603,667	17,669,754	20,004,962
Total equity and liabilities		1,302,620,087	1,271,623,932	1,224,526,280	220,304,130	220,199,888

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

MHC Plantations Bhd
4060-V
(Incorporated in Malaysia)

Statements of Changes in Equity
for the financial year ended 31 December 2014

		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 2014		196,543,970	5,736,883	789,026	80,221	(62,651)	8,169	201,521,288	404,616,906	507,529,262	912,146,168
Net profit for the financial year		-	-	-	-	-	-	14,316,943	14,316,943	11,889,677	26,206,620
Other comprehensive income		-	-	-	(16,037)	4,816	-	-	(11,221)	-	(11,221)
Total comprehensive income		-	-	-	(16,037)	4,816	-	14,316,943	14,305,722	11,889,677	26,195,399
Acquisition of Non-controlling interest		-	-	-	-	-	-	(2,290,268)	(2,290,268)	485,234	(1,805,034)
Transactions with owners:											
Dividends	10	-	-	-	-	-	-	(3,930,879)	(3,930,879)	-	(3,930,879)
Dividends paid to non-controlling shareholders		-	-	-	-	-	-	-	-	(4,218,049)	(4,218,049)
Total transactions with owners		-	-	-	-	-	-	(3,930,879)	(3,930,879)	(4,218,049)	(8,148,928)
Closing balance at 31 December 2014		196,543,970	5,736,883	789,026	64,184	(57,835)	8,169	209,617,084	412,701,481	515,686,124	928,387,605

	Note	Equity attributable to owners of the Company: Non - distributable					Distributable				
		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	190,472,514	393,644,509	492,837,443	886,481,952
Prior year adjustment		-	-	-	-	-	-	1,008,463	1,008,463	432,198	1,440,661
As restated		196,543,970	5,736,883	789,026	93,947	-	8,169	191,480,977	394,652,972	493,269,641	887,922,613
Net profit for the financial year		-	-	-	-	-	-	14,462,553	14,462,553	16,796,310	31,258,863
Other comprehensive income		-	-	-	(13,726)	(62,651)	-	-	(76,377)	-	(76,377)
Total comprehensive income		-	-	-	(13,726)	(62,651)	-	14,462,553	14,386,176	16,796,310	31,182,486
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 (Restated)		196,543,970	5,736,883	789,026	80,221	(62,651)	8,169	201,521,288	404,616,906	507,529,262	912,146,168

Statements of Changes in Equity
for the financial year ended 31 December 2014 (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 2014		196,543,970	80,220	3,570,736	200,194,926
Net profit for the financial year		-	-	6,386,795	6,386,795
Other comprehensive income		-	(16,466)	-	(16,466)
Total comprehensive income		-	(16,466)	6,386,795	6,370,329
Transactions with owners: - Dividends, representing total transaction with owners	10	-	-	(3,930,879)	(3,930,879)
Closing balance at 31 December 2014		196,543,970	63,754	6,026,652	202,634,376
Opening balance at 1 January 2013		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

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 2014

	Group 2014 RM	Group 2013 RM (Restated)	Company 2014 RM	Company 2013 RM
Operating activities				
Profit before taxation	30,078,641	32,441,759	6,262,959	4,089,578
Adjustments for:				
Amortisation of land use rights	179,093	179,093	-	-
Allowance for doubtful debts	2,304,027	-	-	-
Bad debts written off	7,532	267,799	782	8,075
Depreciation of property, plant and equipment	16,479,486	14,280,118	318,996	410,722
Dividend income	(37,766)	(31,322)	(7,830,450)	(5,234,951)
Fair value gains on investment properties	(1,100,000)	(4,661,203)	-	(50,000)
Gain on disposal of investment in securities	-	(23,353)	-	(1)
Loss/(Gain) on disposal of property, plant and equipment	13,000	(33,168)	13,000	7,471
Interest expense	6,577,516	5,779,276	792,172	802,774
Interest income	(4,438,425)	(3,341,173)	(24,025)	(10,168)
Property, plant and equipment written off	40,496	104,948	-	-
Tax exempt interest from short term investments	(308,372)	(349,349)	(16,055)	(11,851)
Unrealised gain on foreign exchange	(74,109)	(194,405)	-	-
Total adjustments	19,642,478	11,977,261	(6,745,580)	(4,077,929)
Operating cash flows before changes in working capital	49,721,119	44,419,020	(482,621)	11,649
Changes in working capital:				
Inventories	(3,073,577)	2,350,784	31,428	131,403
Receivables	(14,243,036)	(27,042,655)	203,444	(117,087)
Payables	(1,720,658)	7,242,036	172,565	(308,633)
Subsidiary companies' accounts	-	-	(744,100)	(203,357)
Total changes in working capital	(19,037,271)	(17,449,835)	(336,663)	(497,674)
Cash flows from/(used in) operations	30,683,848	26,969,185	(819,284)	(486,025)
Interest received	631,489	732,029	40,080	22,019
Interest paid	(7,239,299)	(6,717,293)	(792,172)	(802,774)
Tax (paid)/refund	(10,114,570)	(5,798,978)	30,521	(277,657)
Net cash flows from/(used in) operating activities	13,961,468	15,184,943	(1,540,855)	(1,544,437)

Statements of Cash Flows
for the financial year ended 31 December 2014 (cont'd)

	Group 2014 RM	Group 2013 RM (Restated)	Company 2014 RM	Company 2013 RM
Investing activities				
Dividends received	37,766	29,357	7,830,450	5,232,986
Proceeds from disposal of investment in securities	-	26,608	-	3
Proceeds from disposal of property, plant and equipment	7,000	190,185	7,000	22,530
Purchase of property, plant and equipment	(23,077,098)	(23,901,286)	(45,144)	(80,531)
Purchase of biological assets	(3,029,128)	(1,710,055)	-	-
Net cash flows arising from adoption of FRS 10	-	22,361,810	-	-
Net redemption/(investment in) of short term investments	505,915	1,365,158	1,505,599	(632,382)
Acquisition from non-controlling interest	(1,805,034)	-	(1,730,035)	-
Additional investment in securities	(99,792)	(90,720)	(99,792)	(90,720)
Additional placement of pledged fixed deposits	(10,175)	(160,976)	(10,175)	(10,168)
Net cash flows (used in)/from investing activities	(27,470,546)	(1,889,919)	7,457,903	4,441,718
Financing activities				
Drawdown of revolving credit	30,500,000	19,600,000	-	2,600,000
Drawdown of term loan	-	6,391,837	-	-
Repayment of term loan	(9,383,338)	(4,780,839)	(2,200,000)	(2,200,000)
Repayment of hire purchase obligations	(1,569,027)	(1,553,926)	(44,431)	(34,789)
Dividends paid to shareholders	(3,930,879)	(4,422,242)	(3,930,879)	(4,422,242)
Dividends paid to non-controlling shareholders	(4,218,049)	(2,536,689)	-	-
Net cash flows from/(used in) financing activities	11,398,707	12,698,141	(6,175,310)	(4,057,031)

Statements of Cash Flows
for the financial year ended 31 December 2014 (cont'd)

	Group 2014 RM	Group 2013 RM (Restated)	Company 2014 RM	Company 2013 RM
Net (decrease)/increase in cash and cash equivalents	(2,110,371)	25,993,165	(258,262)	(1,159,750)
Effect of foreign exchange rate changes on cash and cash equivalents	4,816	(62,427)	-	-
Cash and cash equivalents as at 1 January	29,392,841	3,462,103	683,445	1,843,195
Cash and cash equivalents as at 31 December (Note 21)	27,287,286	29,392,841	425,183	683,445
During the financial year, the Group and the Company acquired property, plant and equipment by:				
Cash	23,077,098	23,901,286	45,144	80,531
Borrowing costs capitalised	661,783	938,017	-	-
Hire purchase arrangement	370,400	1,459,698	-	62,000
	24,109,281	26,299,001	45,144	142,531

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

Notes to the Financial Statements
– 31 December 2014

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 2014 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 2014, 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 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

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.

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

2.3 Standards issued but not yet effective

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

FRS and Amendments to FRS	Effective for annual periods beginning on or after
Amendments to FRS 119: Defined Benefits 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
Annual Improvements to FRSs 2012-2014 Cycle	1 January 2016
Amendments to FRS 116 and FRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to FRS 10 and FRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Amendments to FRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to FRS 127: Equity Method in Separate Financial Statements	1 January 2016
Amendments to FRS 101: Disclosure Initiatives	1 January 2016
Amendments to FRS 10, FRS 12 and FRS 128: Investment Entities: Applying the Consolidation Exception	1 January 2016
FRS 14: Regulatory Deferral Accounts	1 January 2016
FRS 9: Financial Instruments	1 January 2018

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

Amendments to FRS 116 and FRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments clarify that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through the use of an asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets.

The amendments are effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group as the Group has not used a revenue-based method to depreciate its non-current assets.

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

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

Amendments to FRS 101: Disclosure Initiatives

The amendments to FRS 101 include narrow-focus improvements in the following five areas:

- Materiality
- Disaggregation and subtotals
- Notes structure
- Disclosure of accounting policies
- Presentation of items of other comprehensive income arising from equity accounted investments.

The Directors of the Company do not anticipate that the application of these amendments will have a material impact on the Group's and the Company's financial statements.

FRS 9 Financial Instruments

In November 2014, MASB issued the final version of FRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces FRS 139 Financial Instruments: Recognition and Measurement and all previous versions of FRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. FRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required but comparative information is not compulsory. The adoption of FRS 9 will have an effect on the classification and measurement of the Group's and the Company's financial assets, but no impact on the classification and measurement of the Group's and the Company's financial liabilities.

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.

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 Transitioning 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.

On 2 September 2014, MASB announced that Transitioning Entities shall be required to apply the MFRS Framework for annual periods beginning on or after 1 January 2017.

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 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 2017. 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 2014 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 2017.

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.

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.

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

2.4 Basis of consolidation (cont'd)

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 loses 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 profits. 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.

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. Summary of significant accounting policies (cont'd)

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.

2.7 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.

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

2.7 Property, plant and equipment (cont'd)

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.

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. Summary of significant accounting policies (cont'd)

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.

2.9 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 losses 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. Summary of significant accounting policies (cont'd)

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.

2.12 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.

(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.

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

2.12 Financial assets (cont'd)

(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.

(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.

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

2.12 Financial assets (cont'd)

(d) Available-for-sale financial assets (cont'd)

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.

2.13 Service concession arrangements

A subsidiary of the Company, Cash Horse (M) Sdn Bhd, and Sabah Electricity Sdn Bhd ("SESB") have entered into the Renewable Energy Power Purchase Agreement on 2 November 2001 ("REPPA") to design, construct, own, operate and maintain a Renewable Energy Power Plant ("the Facilities"), to sell and deliver electrical energy to SESB under the Small Renewable Energy Power Programme.

In accordance to the terms of the REPPA, SESB agrees to purchase the Annual Baseline Energy generated from the Facilities at a fixed tariff for 16 years from the commercial operation date.

The Group recognises revenue from the construction of the Facilities in accordance with its accounting policy for construction contracts set out in Note 2.14. Where the Group performs more than one service under the arrangement, consideration received or receivable is allocated to the components by reference to the relative fair values of the services delivered, when the amounts are separately identifiable.

The Group recognises the consideration received or receivable as a financial asset to the extent that it has an unconditional right to receive cash or another financial asset for the construction services. Financial assets are accounted for in accordance with the accounting policy set out in Note 2.12.

2.14 Construction contracts

Where the outcome of a construction contract can be reliably estimated, contract revenue and contract costs are recognised as revenue and expenses respectively by using the stage of completion method. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

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

2.14 Construction contracts (cont'd)

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.

When the total of costs incurred on construction contracts plus recognised profits (less recognised losses) exceeds progress billings, the balance is classified as amount due from customers on contracts. When progress billings exceed costs incurred plus, recognised profits (less recognised losses), the balance is classified as amount due to customers on contracts.

2.15 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.

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.

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

2.15 Impairment of financial assets (cont'd)

(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.

2.16 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) Supply of electricity

Supply of electricity is recognised when electricity is generated and exported.

(e) Interest income

Interest income is recognised using the effective interest method.

(f) Dividend income

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

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

2.17 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.

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.

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

2.17 Financial liabilities (cont'd)

(c) Financial guarantee contracts (cont'd)

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.

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.

2.18 Borrowing 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.

2.19 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)

2.19 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.

2.20 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)

2.21 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.

2.22 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 2.16(g).

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

2.23 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.

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.

2.24 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.

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

2.26 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.

2.27 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.

2.28 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)

2.29 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 35.

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.

2.30 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)

2.31 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 31, 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:

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. During the year under review, the Group reassessed and concluded that it controls CGB, despite having less than a majority of the voting rights, based on the guidance under FRS 10.

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 2.83% (2013 - 2.16%) 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 18.

(c) 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 2014. 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.

4. Revenue

	Group		Company	
	2014 RM	2013 RM (Restated)	2014 RM	2013 RM
Sales of fresh fruit bunches	18,100,853	18,669,965	4,324,090	4,813,991
Sales of crude palm oil	255,468,850	221,520,179	-	-
Sales of palm kernel	45,033,649	28,790,972	-	-
Sales of earth and stones	2,876,740	2,958,069	-	-
Sales of empty fruit bunches oil	2,058,911	-	-	-
Revenue from hotel operations	668,039	620,796	668,039	620,796
Construction	13,152,768	22,189,668	-	-
Supply of electricity	939,925	-	-	-
	338,299,735	294,749,649	4,992,129	5,434,787

5. Finance costs

	Group		Company	
	2014 RM	2013 RM (Restated)	2014 RM	2013 RM
Interests on:				
- hire purchase	147,213	190,182	5,573	5,919
- revolving credit	2,238,854	1,156,665	333,212	266,001
- term loan	4,853,232	5,370,446	453,387	530,854
	7,239,299	6,717,293	792,172	802,774
Interest expense capitalised in assets under construction	(661,783)	(938,017)	-	-
	6,577,516	5,779,276	792,172	802,774

6. Income from investments

	Group		Company	
	2014 RM	2013 RM (Restated)	2014 RM	2013 RM
Gain on disposal of investment in securities	-	23,353	-	1
Gross dividend income from:				
- subsidiary companies	-	-	7,827,624	5,223,464
- quoted investments in Malaysia	34,726	27,693	2,826	7,858
- unquoted investments in Malaysia	3,040	3,629	-	3,629
	37,766	54,675	7,830,450	5,234,952

7. Profit before taxation

	Group		Company	
	2014 RM	2013 RM (Restated)	2014 RM	2013 RM
This is arrived at after charging:				
Auditors' remuneration				
- Ernst & Young				
- current year's provision	239,700	210,025	48,000	40,000
- under provision in prior year	32,000	14,000	8,000	3,500
- other assurance services	7,300	6,300	4,800	4,800
- other non-audit services	63,950	57,600	7,800	7,400
Allowance for doubtful debts	2,304,027	-	-	-
Amortisation of land use rights	179,093	179,093	-	-
Bad debts written off	7,532	267,799	782	8,075
Depreciation of property, plant and equipment	16,479,486	14,280,118	318,996	410,722
Directors' emoluments:				
- directors of the Company (Note 30)	3,258,928	3,256,928	810,336	808,336
- other directors of the subsidiary companies (Note 30)	1,514,488	1,783,347	-	-
Loss on disposal of property, plant and equipment	13,000	-	13,000	7,471
Property, plant and equipment written off	40,496	104,948	-	-
Rentals				
- premises	250,437	248,547	63,600	62,000
- land	93,565	87,160	4,175	4,175
and crediting:				
Fair value gains on investment properties	1,100,000	4,661,203	-	50,000
Gain on disposal of property, plant and equipment	-	33,168	-	-
Interest income from:				
- fixed deposits	277,777	382,680	10,175	10,168
- advances to subsidiary companies	-	-	6,230	-
- amount due from customer on service concession	4,115,308	2,958,493	-	-
- others	45,340	-	7,620	-

7. Profit before taxation (cont'd)

	Group 2014 RM	Group 2013 RM (Restated)	Company 2014 RM	Company 2013 RM
and crediting: (cont'd)				
Tax exempt interest from short term investments	308,372	349,349	16,055	11,851
Realised gain on foreign exchange	-	426,488	-	-
Rental income				
- equipment hire income	218,172	187,267	25,458	47,034
- landed property	31,200	39,571	31,200	38,161
- investment properties	69,300	68,200	69,300	68,200
- land	2,600	1,152	-	-
- canteen and staff quarter	4,443	-	-	-
Unrealised gain on foreign exchange	74,109	194,405	-	-

8. Income tax expense

	Group 2014 RM	Group 2013 RM (Restated)	Company 2014 RM	Company 2013 RM
Current tax:				
- Malaysian income tax	8,077,234	6,857,633	-	36,280
- (over)/under provision in prior years	(279,446)	372,505	(12,558)	207,373
	7,797,788	7,230,138	(12,558)	243,653
Deferred taxation (Note 26):				
- relating to origination and reversal of temporary differences	(2,202,915)	974,984	(116,995)	(35,444)
- effect of change in tax rate	(202,259)	(7,138,921)	(16,303)	(12,113)
- (over)/under provision in prior years	(1,520,593)	116,695	22,020	4,783
	(3,925,767)	(6,047,242)	(111,278)	(42,774)
	3,872,021	1,182,896	(123,836)	200,879

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2013 - 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 2014 RM	Group 2013 RM (Restated)	Company 2014 RM	Company 2013 RM
Profit before taxation	30,078,641	32,441,759	6,262,959	4,089,578
Taxation at applicable statutory tax rate at 25%	7,519,660	8,110,440	1,565,740	1,022,395
Income not subject to tax	(637,006)	(314,205)	(1,961,626)	(1,308,829)
Deferred tax recognised at different tax rate	(220,000)	(932,241)	-	(10,000)
Deferred tax asset not recognised	-	100,000	-	-
Effect of change in tax rate in deferred tax	(202,259)	(7,138,921)	(16,303)	(12,113)
Expenses not deductible for tax purposes	2,052,296	927,325	278,891	273,867
Effect of utilisation of previously unrecognised unabsorbed capital allowances	(52,653)	(58,702)	-	-
Effect of recognition of investment tax allowance as a deferred tax asset	(2,787,978)	-	-	-
Others	-	-	-	23,403
(Over)/Under provision in prior years				
- current tax	(279,446)	372,505	(12,558)	207,373
- deferred tax	(1,520,593)	116,695	22,020	4,783
Tax expense for the year	3,872,021	1,182,896	(123,836)	200,879

9. Earnings per share

(a) Basic earnings per share

The basic earnings per share of 7.28 sen (2013 - 7.36 sen) is calculated by dividing the Group's profit for the year, net of tax, attributable to owners of the Company of RM14,316,943 (2013 - RM14,462,553 (restated) by the number of ordinary shares of RM196,543,970.

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	
	2014 RM	2013 RM (Restated)
Profit attributable to owners of the Company	14,316,943	14,462,553
	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)	5.67	5.72

10. Dividends

	Amount	
	2014 RM	2013 RM
In respect of financial year ended 31 December 2013:		
Final single tier dividend of 2.00%: 2.00 sen per share	3,930,879	-
In respect of financial year ended 31 December 2012:		
Final single tier dividend of 2.25%: 2.25 sen per share	-	4,422,242
Proposed but not recognised as liabilities as at 31 December 2014:		
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 2013:		
Final single tier dividend of 2.00%: 2.00 sen per share	-	3,930,879

At the forthcoming Annual General Meeting, a final single tier dividend of 2.00% in respect of the current financial year ended 31 December 2014 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 2015.

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 2014											
Cost/Valuation											
At 1 January 2014	8,664,704	182,215,740	7,139,309	162,753,786	68,871,382	25,260,010	611,410	5,754,145	6,593,699	23,486,914	491,351,099
Additions	-	-	-	6,536,956	6,285,043	782,527	22,954	90,235	328,279	10,063,287	24,109,281
Disposals/write off	-	-	-	-	(104,873)	(3,062)	-	-	(45,000)	(20,000)	(172,935)
Reclassification	-	-	-	-	20,686,970	(20,686,970)	-	-	-	-	-
Transfers	-	-	-	11,943,102	9,266,902	34,877	-	197,871	-	(21,442,752)	-
At 31 December 2014	8,664,704	182,215,740	7,139,309	181,233,844	105,005,424	5,387,382	634,364	6,042,251	6,876,978	12,087,449	515,287,445
Representing:											
At cost	5,760,751	182,215,740	7,139,309	181,097,948	105,005,424	5,387,382	634,364	6,042,251	6,876,978	12,087,449	512,247,596
At valuation - 1976	2,903,953	-	-	135,896	-	-	-	-	-	-	3,039,849
	8,664,704	182,215,740	7,139,309	181,233,844	105,005,424	5,387,382	634,364	6,042,251	6,876,978	12,087,449	515,287,445
Accumulated depreciation											
At 1 January 2014	-	9,990,777	1,662,594	7,655,383	5,391,262	2,564,364	377,380	988,205	2,129,914	-	30,759,879
Charge for the year	-	2,422,902	125,313	5,634,744	6,765,801	494,632	33,948	290,793	711,353	-	16,479,486
Disposals/write off	-	-	-	-	(85,555)	(1,885)	-	-	(24,999)	-	(112,439)
Reclassification	-	-	-	-	517,237	(517,237)	-	-	-	-	-
At 31 December2014	-	12,413,679	1,787,907	13,290,127	12,588,745	2,539,874	411,328	1,278,998	2,816,268	-	47,126,926
Net carrying amount											
At 31 December 2014	8,664,704	169,802,061	5,351,402	167,943,717	92,416,679	2,847,508	223,036	4,763,253	4,060,710	12,087,449	468,160,519

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 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 (As previously stated)	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
Prior year adjustment	-	-	-	-	-	-	-	-	-	(62,441,801)	(62,441,801)
At 1 January 2013 (As restated)	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	82,700,280	465,531,492
Adjustment	-	-	-	-	-	-	-	(350)	-	-	(350)
Additions	-	-	-	2,471,526	3,152,154	644,561	32,186	495,801	533,052	18,969,721	26,299,001
Disposals/write off	-	-	-	-	(204,984)	(17,288)	-	-	(155,900)	(100,872)	(479,044)
Transfers	-	-	-	20,505,785	33,401,979	20,682,389	64,283	3,427,779	-	(78,082,215)	-
At 31 December 2013 (Restated)	8,664,704	182,215,740	7,139,309	162,753,786	68,871,382	25,260,010	611,410	5,754,145	6,593,699	23,486,914	491,351,099
Representing:											
At cost	5,760,751	182,215,740	7,139,309	162,617,890	68,871,382	25,260,010	611,410	5,754,145	6,593,699	23,486,914	488,311,250
At valuation - 1976	2,903,953	-	-	135,896	-	-	-	-	-	-	3,039,849
	8,664,704	182,215,740	7,139,309	162,753,786	68,871,382	25,260,010	611,410	5,754,145	6,593,699	23,486,914	491,351,099
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 (Restated)	-	2,422,763	125,313	4,875,747	4,581,325	1,048,027	36,338	283,826	906,779	-	14,280,118
Disposals/write off	-	-	-	-	(78,063)	(13,118)	-	-	(125,898)	-	(217,079)
At 31 December 2013	-	9,990,777	1,662,594	7,655,383	5,391,262	2,564,364	377,380	988,205	2,129,914	-	30,759,879
Net carrying amount											
At 31 December 2013 (Restated)	8,664 704	172,224,963	5,476,715	155,098,403	63,480,120	22,695,646	234,030	4,765,940	4,463,785	23,486,914	460,591,220

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 2014					
Cost/Valuation					
At 1 January 2014	592,166	52,648,294	89,513,326	20,000,000	162,753,786
Additions	-	1,198,209	5,338,747	-	6,536,956
Transfers	-	8,589,492	3,353,610	-	11,943,102
At 31 December 2014	592,166	62,435,995	98,205,683	20,000,000	181,233,844
Representing:					
At cost	592,166	62,300,099	98,205,683	20,000,000	181,097,948
At valuation - 1976	-	135,896	-	-	135,896
	592,166	62,435,995	98,205,683	20,000,000	181,233,844
Accumulated depreciation					
At 1 January 2014	-	5,655,039	1,252,189	748,155	7,655,383
Charge for the year	-	3,511,447	1,358,357	764,940	5,634,744
At 31 December 2014	-	9,166,486	2,610,546	1,513,095	13,290,127
Net carrying amount					
At 31 December 2014	592,166	53,269,509	95,595,137	18,486,905	167,943,717
At 31 December 2013					
Cost/Valuation					
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

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	Total RM
At 31 December 2014									
Cost/Valuation									
At 1 January 2014	3,006,617	388,220	4,937,810	299,976	2,407,988	519,685	158,215	810,340	12,528,851
Additions	-	-	-	2,470	12,510	19,654	5,500	5,010	45,144
Disposals	-	-	-	-	-	-	-	(35,000)	(35,000)
At 31 December 2014	3,006,617	388,220	4,937,810	302,446	2,420,498	539,339	163,715	780,350	12,538,995
Representing:									
At cost	102,664	388,220	4,801,914	302,446	2,420,498	539,339	163,715	780,350	9,499,146
At valuation - 1976	2,903,953	-	135,896	-	-	-	-	-	3,039,849
	3,006,617	388,220	4,937,810	302,446	2,420,498	539,339	163,715	780,350	12,538,995
Accumulated depreciation									
At 1 January 2014	-	-	2,212,025	88,663	1,864,261	370,036	123,185	438,465	5,096,635
Charge for the year	-	-	113,727	15,122	129,859	26,290	4,521	29,477	318,996
Disposals	-	-	-	-	-	-	-	(15,000)	(15,000)
At 31 December 2014	-	-	2,325,752	103,785	1,994,120	396,326	127,706	452,942	5,400,631
Net carrying amount									
At 31 December 2014	3,006,617	388,220	2,612,058	198,661	426,378	143,013	36,009	327,408	7,138,364

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 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)

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.

(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 RM661,783 (2013 - RM938,017).

(ii) Assets held under finance leases

The carrying amounts of property, plant and equipment of the Group and of the Company held under hire purchase arrangements are as follows:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Motor vehicles	2,081,601	2,332,665	194,935	211,771
Plant and machinery	2,617,214	4,221,794	-	-
	4,698,815	6,554,459	194,935	211,771

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 the Company's property, plant and equipment pledged as securities for banking facilities granted to the Group and the Company (Note 25) are as follows:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Freehold land	3,006,617	3,006,617	3,006,617	3,006,617
Leasehold land	28,054,688	33,338,472	-	-
Buildings	12,117,478	10,474,123	1,178,079	1,209,176
Motor vehicles	327,408	371,875	327,408	371,875
Plantation infrastructure development expenditure	24,795,125	18,984,883	-	-
Plant and machinery	42,246,544	36,367,139	198,661	211,313
Assets under construction	8,595,979	-	-	-
Furniture and fittings	1,183,197	970,285	426,378	543,727
Office equipment	143,013	149,649	143,013	149,649
Electrical installation	36,009	35,030	36,009	35,030
	120,506,058	103,698,073	5,316,165	5,527,387

12. Investment properties

Group

	2014 RM	2013 RM
Fair value		
At 1 January	46,962,419	42,301,216
Gain from fair value adjustment recognised in profit or loss	1,100,000	4,661,203
At 31 December	48,062,419	46,962,419

Company

	2014 RM	2013 RM
Fair value		
At 1 January	1,200,000	1,150,000
Gain from fair value adjustment recognised in profit or loss	-	50,000
At 31 December	1,200,000	1,200,000

12. Investment properties (cont'd)

The Group measures its investment properties using fair value model. 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 2014. 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 categorised as follows:

		Group 2014		
	Level 1 RM	**Level 2 RM**	**Level 3 RM**	**Total RM**
Freehold land	-	46,862,419	-	46,862,419
Shophouse	-	1,200,000	-	1,200,000

		Company 2014		
	Level 1 RM	**Level 2 RM**	**Level 3 RM**	**Total RM**
Shophouse	-	1,200,000	-	1,200,000

		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

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.

12. Investment properties (cont'd)

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.

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	
	2014 RM	2013 RM	2014 RM	2013 RM
Plantation development expenditure				
At 1 January	457,095,611	455,385,556	3,565,843	3,565,843
Additions	3,029,128	1,710,055	-	-
At 31 December	460,124,739	457,095,611	3,565,843	3,565,843
Representing:				
At cost	450,781,096	447,751,968	3,565,843	3,565,843
At valuation				
- 1982	5,351,230	5,351,230	-	-
- 1988	3,992,413	3,992,413	-	-
	460,124,739	457,095,611	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 RM45,110,665 and RM3,565,843 (2013 - RM46,122,761 and RM3,565,843) respectively are pledged as securities for banking facilities granted to the Group and the Company (Note 25).

14. Investment in subsidiary companies

	Company 2014 RM	Company 2013 RM
At cost		
Unquoted investments	105,651,305	103,921,270
Quoted investment	99,266,114	99,266,114
	204,917,419	203,187,384

(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* 2014	% of ownership interest held by the Group* 2013	% of ownership interest held by non-controlling Interest* 2014	% of ownership interest held by non-controlling Interest* 2013
Held by the Company						
Champion Point Sdn. Bhd.	Malaysia	Cultivation of oil palm and sale of fresh fruit bunches.	100	95	-	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")	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* 2014	% of ownership interest held by the Group* 2013	% of ownership interest held by non-controlling Interest* 2014	% of ownership interest held by non-controlling Interest* 2013
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
Aspenglade Sdn. Bhd.	Malaysia	Dormant.	38.46	-	61.54	-
Ekuity Etika Sdn. Bhd.	Malaysia	Dormant.	38.46	-	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* 2014	2013	% of ownership interest held by non-controlling Interest* 2014	2013
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	Letting of oil palm fresh fruit bunches collection center.	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	38.46	26.92	61.54	73.08
Cash Horse (M) Sdn. Bhd.	Malaysia	Power generation and sale of biomass by-products.	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)

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

2014

(i) On 10 February 2014, CGB acquired 2 ordinary shares of RM1 each in Aspenglade Sdn. Bhd., representing its entire equity interest for a total consideration of RM2, resulting in the latter becoming a wholly-owned subsidiary company of CGB.

(ii) On 10 February 2014, CGB acquired 2 ordinary shares of RM1 each in Ekuiti Etika Sdn. Bhd., representing its entire equity interest for a total consideration of RM2, resulting in the latter becoming a wholly-owned subsidiary company of CGB.

(iii) On 15 August 2014, Cash Nexus (M) Sdn. Bhd., a wholly-owned subsidiary company of CGB, acquired 75,000 ordinary shares of RM1 each in Mistral Engineering Sdn. Bhd., representing its remaining 30% of the equity interest for a total consideration of RM75,000, resulting in the latter becoming a wholly-owned subsidiary company of CGB.

(iv) On 24 December 2014, the Company completed the acquisition of 100,000 ordinary shares of RM1 each in Champion Point Sdn. Bhd., representing the balance of the equity interest that it does not own for a total consideration of RM1,730,035. As a result, Champion Point Sdn. Bhd. became a wholly-owned subsidiary company of the Company.

(v) On 26 December 2014, Yew Lee Holdings Sdn Berhad ("YLH") subscribed for and was allotted an additional 10,000 ordinary shares of RM1 each at RM167 per share for a total consideration of RM1,670,000 in Hutan Melintang Plantations Sdn Berhad ("HMP") which was paid for by offsetting against the amount owing to YLH by HMP.

(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.

(i) Summarised statement of financial position

	2014 RM	**2013 RM (Restated)**
Non-current assets	596,827,300	569,764,636
Current assets	79,863,471	71,057,637
Total assets	676,690,771	640,822,273
Current liabilities	93,440,455	62,110,171
Non-current liabilities	107,733,270	117,615,408
Total liabilities	201,173,725	179,725,579
Net assets	475,517,046	461,096,694
Equity attributable to owners of the Company	182,883,856	177,337,789
Non-controlling interests	292,633,190	283,758,905

14. Investment in subsidiary companies (cont'd)

(b) (ii) Summarised statement of comprehensive income

	2014 RM	2013 RM (Restated)
Revenue	243,911,919	233,910,545
Profit for the year	21,470,701	26,440,166
Profit attributable to owners of the Company	8,367,358	9,939,734
Profit attributable to the non-controlling interests	13,103,343	16,500,432
Total comprehensive income	21,475,517	26,508,035
Total comprehensive income attributable to owners of the Company	8,369,210	10,459,916
Total comprehensive income attributable to non-controlling interests	13,106,307	16,048,119
	21,475,517	26,508,035

(iii) Summarised statement of cash flows

	2014 RM	2013 RM (Restated)
Net cash generated from operating activities	3,293,835	10,247,082
Net cash used in investing activities	(20,714,835)	(16,256,648)
Net cash generated from financing activities	16,523,281	7,827,457
Net decrease in cash and cash equivalents	(897,719)	1,817,891
Cash and cash equivalents at 1 January/ acquisition date	24,179,701	22,361,810
Cash and cash equivalents at end of the year	23,281,982	24,179,701

15. Investment in securities

	2014		2013	
	Carrying amount RM	Market value of quoted investments RM	Carrying amount RM	Market value of quoted investments RM
Group				
Non-current				
Available-for-sale financial assets				
- Equity instruments (quoted in Malaysia)	109,759	109,759	125,796	125,796
- Equity instruments (unquoted), at cost	314,170	-	280,906	-
Held-to-maturity investment				
- 6% preference shares	66,528	-	-	-
	490,457		406,702	
Company				
Non-current				
Available-for-sale financial assets				
- Equity instruments (quoted in Malaysia)	97,325	97,325	113,791	113,791
- Equity instruments (unquoted), at cost	311,984	-	278,720	-
Held-to-maturity investment				
- 6% preference shares	66,528	-	-	-
	475,837		392,511	

16. Land use rights

	Group 2014 RM	2013 RM
Cost		
At 1 January and 31 December	13,900,000	13,900,000
Accumulated amortisation		
At 1 January	179,093	-
Amortisation for the year	179,093	179,093
At 31 December	358,186	179,093
Net carrying amount	13,541,814	13,720,907
Amount to be amortised:		
- Not later than one year	179,093	179,093
- Later than one year but not later than five years	716,372	716,371
- Later than five years	12,646,349	12,825,443
	13,541,814	13,720,907

17. Trade and other receivables

	Group 2014 RM	2013 RM (Restated)	Company 2014 RM	2013 RM
Current				
Trade receivables				
Third parties	14,488,104	15,625,259	159,362	271,284
Amount due from customer on service concession	3,536,487	643,978	-	-
	18,024,591	16,269,237	159,362	271,284
Less: Allowance for impairment	(532,615)	(228,588)	-	-
	17,491,976	16,040,649	159,362	271,284
Other receivables				
Sundry receivables	2,422,025	2,688,248	44,933	291,798
Prepayments and deposits	5,356,305	3,749,169	304,205	149,644
Amounts owing by subsidiary companies	-	-	976,554	384,518
	7,778,330	6,437,417	1,325,692	825,960
Less: Allowance for impairment	(753,484)	(753,484)	-	-
	7,024,846	5,683,933	1,325,692	825,960
	24,516,822	21,724,582	1,485,054	1,097,244

17. Trade and other receivables (cont'd)

	Group 2014 RM	Group 2013 RM (Restated)	Company 2014 RM	Company 2013 RM
Non current				
Trade receivables				
Amount due from customer on service concession	102,922,869	88,819,237	-	-
Other receivables				
Prepayment for equity shares in a foreign company	3,594,847	3,516,624	-	-
Other receivables	3,665,967	2,519,169	-	-
	7,260,814	6,035,793	-	-
Less: Allowance for impairment	(2,000,000)	-	-	-
	5,260,814	6,035,793	-	-
	108,183,683	94,855,030	-	-
Total trade and other receivables (current and non-current)	132,700,505	116,579,612	1,485,054	1,097,244
Less: Prepayments and non-refundable deposits	(7,498,958)	(7,860,779)	(260,988)	(107,297)
	125,201,547	108,718,833	1,224,066	989,947
Cash and cash equivalents (Note 21)	27,897,085	29,992,465	764,174	1,012,261
Total loans and receivables	153,098,632	138,711,298	1,988,240	2,002,208

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 RM142,501 (2013 - RM262,393).

17. Trade and other receivables (cont'd)

Ageing analysis of trade receivables

The ageing analysis of the trade receivables is as follows:

	Group		Company	
	2014 RM	2013 RM (Restated)	2014 RM	2013 RM
Neither past due nor impaired	119,702,052	103,281,570	159,362	271,284
1 to 30 days past due not impaired	36,287	356,774	-	-
31 to 60 days past due not impaired	75,955	140,832	-	-
61 to 90 days past due not impaired	35,720	223,895	-	-
More than 91 days past due not impaired	564,831	856,815	-	-
	712,793	1,578,316	-	-
Impaired	532,615	228,588	-	-
	120,947,460	105,088,474	159,362	271,284

(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.

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 RM712,793 (2013 - RM1,578,316) 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.

17. Trade and other receivables (cont'd)

(b) Trade and other receivables (cont'd)

Receivables that are impaired (cont'd)

	Group 2014 RM	Group 2013 RM
Trade receivables		
At 1 January	228,588	228,588
Charge for the year	304,027	-
At 31 December	532,615	228,588
Other receivables		
At 1 January	753,484	753,484
Charge for the year	2,000,000	-
At 31 December	2,753,484	753,484

(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 a foreign company

On 7 September 2011, a wholly-owned subsidiary company of CGB, Magnum Kapital Sdn. Bhd. entered into a Conditional Sale and Purchase Agreement ("CSPA") with three Indonesian citizens in relation to the Proposed Acquisition of 500 fully paid up shares of IDR250,000 each in PT Mukti Sejahtera Abadi, at a maximum purchase consideration of IDR125,000,000 (approximately RM46,125).

The acquisition is yet to be completed pending the satisfaction of certain conditions as stated in the CSPA. As at 31 December 2014, costs and prepayments totalling RM5,260,814 (2013 - RM6,035,793) had been incurred or paid for the purpose of acquiring plantation land in Indonesia.

18. Goodwill on consolidation

	Group 2014 RM	Group 2013 RM
At cost		
At 1 January and 31 December	109,017,339	109,017,339

18. 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 2014 RM	Group 2013 RM
Plantation segment	72,195,860	72,195,860
Oil mill segment	32,105,116	32,105,116
Quarry segment	4,716,363	4,716,363
	109,017,339	109,017,339

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 costs 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.

19. Inventories

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
At cost				
Crude palm oil	3,115,942	3,663,526	-	-
Palm kernel	1,297,991	1,545,841	-	-
Quarry stocks	14,666,926	10,494,388	-	-
Empty fruit bunches oil	66,174	-	-	-
Nursery seedlings, stores and materials	3,369,205	3,738,906	286,750	318,178
	22,516,238	19,442,661	286,750	318,178

During the year, the amount of inventories recognised as an expense in cost of sales of the Group was RM20,373,810 (2013 - RM21,772,383). There were no inventories stated at net realisable value as at 31 December 2014 and 31 December 2013.

20. Short term investments

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
AmIncome	10,691,984	9,977,845	-	-
AmCash Management	1,332,599	2,552,653	56,275	1,561,874
	12,024,583	12,530,498	56,275	1,561,874

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.

20. Short term investments (cont'd)

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

	Group		Company	
	2014 % per annum	2013 % per annum	2014 % per annum	2013 % per annum
Short term investments	3.01 - 3.27	2.41 - 2.84	3.01	2.41

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

	Group		Company	
	2014 Days	2013 Days	2014 Days	2013 Days
Short term investments	1 - 7	1 - 30	1	1

21. Cash and cash equivalents

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Fixed deposits with licensed banks	10,824,788	14,760,679	338,991	328,816
Cash and bank balances	17,072,297	15,231,786	425,183	683,445
	27,897,085	29,992,465	764,174	1,012,261
Fixed deposits pledged	(609,799)	(599,624)	(338,991)	(328,816)
	27,287,286	29,392,841	425,183	683,445

The floating interest rates of the fixed interest rates of fixed deposits at the reporting date are as follows:

	Group		Company	
	2014 % per annum	2013 % per annum	2014 % per annum	2013 % per annum
Fixed deposits with licensed banks	2.92 - 3.15	2.95 - 3.00	3.15	3.00

The maturities of deposits as at the end of the financial year are as follows:

	Group		Company	
	2014 Days	2013 Days	2014 Days	2013 Days
Fixed deposits with licensed banks	1 - 31	30 - 31	30 - 31	30 - 31

21. Cash and cash equivalents (cont'd)

Group

Fixed deposits with licensed banks of RM609,799 (2013 - RM599,624) are pledged as securities for bankers' guarantee facilities granted to the Group. These fixed deposits include fixed deposits amounting to RM338,991 (2013 - RM328,816), which are registered in the name of two of the Company's directors and held in trust for the Company.

Company

Fixed deposits with licensed banks of RM338,991 (2013 - RM328,816) which 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.

22. Share capital

	Group and Company			
	Number of ordinary shares of RM1 each		Amount	
	2014	2013	2014 RM	2013 RM
Authorised	500,000,000	500,000,000	500,000,000	500,000,000
Issued and fully paid	196,543,970	196,543,970	196,543,970	196,543,970

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's 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.

23. Reserves

Group

	2014 RM	2013 RM (Restated)
Distributable		
- Capital reserve	8,169	8,169
- Retained profits	209,617,084	201,521,288
	209,625,253	201,529,457
Non-distributable		
- Capital reserve	5,736,883	5,736,883
- Revaluation reserve	789,026	789,026
- Foreign currency translation reserve	(57,835)	(62,651)
- Fair value adjustment reserve	64,184	80,221
	6,532,258	6,543,479
	216,157,511	208,072,936

Company

	2014 RM	2013 RM
Distributable		
- Retained profits	6,026,652	3,570,736
Non-distributable		
- Fair value adjustment reserve	63,754	80,220
	6,090,406	3,650,956

Distributable reserves

The Company may distribute dividends out of its entire distributable reserves as at 31 December 2014 and 31 December 2013 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.

Revaluation reserve

Revaluation reserve represents net surplus arising from the revaluation of 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.

23. Reserves (cont'd)

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.

24. Hire purchase payables

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Future minimum hire purchase payments:				
- within one year	1,046,832	1,651,734	40,450	50,004
- within one to two years	528,549	933,733	28,094	40,450
- within two and not later than five years	243,430	536,945	23,208	51,302
	1,818,811	3,122,412	91,752	141,756
Finance charges on hire purchase	(110,842)	(215,816)	(5,693)	(11,266)
Present value of hire purchase liabilities	1,707,969	2,906,596	86,059	130,490
Analysis of present value of hire purchase liabilities:				
- within one year	969,250	1,516,766	37,273	44,431
- within one to two years	514,254	882,943	26,460	37,273
- within two and not later than five years	224,465	506,887	22,326	48,786
	1,707,969	2,906,596	86,059	130,490
Less: Amounts due within 12 months	(969,250)	(1,516,766)	(37,273)	(44,431)
Amounts due after 12 months	738,719	1,389,830	48,786	86,059

The hire purchase payables of the Group and the Company bear effective fixed interest rates of 2.46% to 6.75% (2013 - 2.46% to 6.85%) and 2.48% to 3.35% (2013 - 2.48% to 3.35%) per annum respectively.

25. Borrowings

	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Short term borrowings				
Secured:				
Term loans				
- Loan at COF + 1.00% p.a.	2,200,000	2,200,000	2,200,000	2,200,000
- Loan at COF + 1.10% p.a.	4,000,008	2,000,004	-	-
- Loan at COF + 1.125% p.a.	2,100,000	2,155,915	-	-
- Loan at COF + 1.50% p.a.	7,650,000	4,150,000	-	-
Short term revolving credit				
- RC at COF + 1.10% p.a.	9,200,000	9,200,000	6,700,000	6,700,000
- RC at ICOF + 1.20% p.a.	29,000,000	-	-	-
- RC at COF + 1.125% p.a.	16,000,000	16,000,000	-	-
- RC at COF + 1.5% p.a.	10,000,000	8,500,000	-	-
	80,150,008	44,205,919	8,900,000	8,900,000
Long term borrowings				
Secured:				
Term loans				
- Loan at COF + 1.00% p.a.	6,250,000	8,450,000	6,250,000	8,450,000
- Loan at COF + 1.10% p.a.	23,966,654	27,399,996	-	-
- Loan at COF + 1.125% p.a.	6,146,455	8,190,540	-	-
- Loan at COF + 1.50% p.a.	53,562,500	60,712,500	-	-
	89,925,609	104,753,036	6,250,000	8,450,000
Total borrowings				
Secured:				
Term loans	105,875,617	115,258,955	8,450,000	10,650,000
Short term revolving credit	64,200,000	33,700,000	6,700,000	6,700,000
	170,075,617	148,958,955	15,150,000	17,350,000
Maturity of borrowings:				
Within one year	80,150,008	44,205,919	8,900,000	8,900,000
More than 1 year and less than 2 years	15,954,088	15,951,944	2,200,000	2,200,000
More than 2 years and less than 5 years	51,567,399	50,169,543	4,050,000	6,250,000
5 years and more	22,404,122	38,631,549	-	-
	170,075,617	148,958,955	15,150,000	17,350,000

25. Borrowings (cont'd)

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 ("CGC") under Green Technology Financing Scheme ("GTFS"). An interest subsidy of 2% p.a is granted to its subsidiary company under GTFS.

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., at ICOF + 1.20% p.a. and at COF + 1.5% 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 subisidiary 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.

26. Deferred tax liabilities

	Group		Company	
	2014 RM	2013 RM (Restated)	2014 RM	2013 RM
At 1 January	165,680,651	171,727,893	385,545	428,319
Recognised in profit or loss (Note 8)	(3,925,767)	(6,047,242)	(111,278)	(42,774)
At 31 December	161,754,884	165,680,651	274,267	385,545
Presented after appropriate offsetting as follows:				
Deferred tax liabilities	165,950,323	168,726,175	274,267	385,545
Deferred tax assets	(4,195,439)	(3,045,524)	-	-
	161,754,884	165,680,651	274,267	385,545

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:

	At 1.1.2013 RM (Restated)	Recognised in profit or loss RM	At 31.12.2013 RM (Restated)	Recognised in profit or loss RM	At 31.12.2014 RM
Property, plant and equipment	74,870,748	(946,566)	73,924,182	1,504,239	75,428,421
Biological assets	107,517,700	(1,822,344)	105,695,356	636,946	106,332,302
Revaluation of leasehold land and buildings	854,483	(78,702)	775,781	(42,038)	733,743
Fair value changes to investment property	899,800	233,060	1,132,860	55,000	1,187,860
Amount due from customer on service concession	449,580	830,988	1,280,568	7,757,011	9,037,579
Total	184,592,311	(1,783,564)	182,808,747	9,911,158	192,719,905

26. Deferred tax liabilities (cont'd)

Deferred tax assets of the Group:

	At 1.1.2013 RM (Restated)	Recognised in profit or loss RM	At 31.12.2013 RM (Restated)	Recognised in profit or loss RM	At 31.12.2014 RM
Unabsorbed business losses	(6,188,709)	(180,000)	(6,368,709)	(558,217)	(6,926,926)
Unabsorbed capital and agriculture allowances	(6,675,709)	(4,033,095)	(10,708,804)	(9,141,682)	(19,850,486)
Unabsorbed reinvestment and investment tax allowances	-	-	-	(4,170,007)	(4,170,007)
Others	-	(50,583)	(50,583)	32,981	(17,602)
Total	(12,864,418)	(4,263,678)	(17,128,096)	(13,836,925)	(30,965,021)

Deferred tax liabilities of the Company:

	At 1.1.2013 RM	Recognised in profit or loss RM	At 31.12.2013 RM	Recognised in profit or loss RM	At 31.12.2014 RM
Property, plant and equipment	244,631	3,328	247,959	(1,014)	246,945
Biological assets	140,054	(5,602)	134,452	-	134,452
Revaluation of leasehold land and buildings	16,176	(647)	15,529	-	15,529
Fair value changes to investment property	27,458	2,500	29,958	-	29,958
Total	428,319	(421)	427,898	(1,014)	426,884

Deferred tax assets of the Company:

	At 1.1.2013 RM	Recognised in profit or loss RM	At 31.12.2013 RM	Recognised in profit or loss RM	At 31.12.2014 RM
Unabsorbed business losses	-	-	-	(53,884)	(53,884)
Unabsorbed capital and agriculture allowances	-	(42,353)	(42,353)	(56,380)	(98,733)
Total	-	(42,353)	(42,353)	(110,264)	(152,617)

26. Deferred tax liabilities (cont'd)

Unrecognised capital allowances

At the reporting date, the Group has unabsorbed capital allowances of approximately RM1,110,563 (2013 - 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.

27. 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.

28. Payables

	Group		Company	
	2014 RM	2013 RM (Restated)	2014 RM	2013 RM
Trade payables	11,292,675	13,056,613	-	-
Other payables	13,846,098	15,336,765	278,898	204,544
Accruals and deposits	11,092,750	9,558,803	515,855	417,644
Amounts owing to subsidiary companies	-	-	1,364,675	1,516,739
	36,231,523	37,952,181	2,159,428	2,138,927
Total trade and other payables	36,231,523	37,952,181	2,159,428	2,138,927
Hire purchase payables (Note 24)	1,707,969	2,906,596	86,059	130,490
Borrowings (Note 25)	170,075,617	148,958,955	15,150,000	17,350,000
Total financial liabilities carried at amortised cost	208,015,109	189,817,732	17,395,487	19,619,417

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.

29. Employee information

	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Staff costs				
Salaries, wages, bonus, overtime, allowances, annual leave pay and other related expenses	31,919,248	28,230,990	2,647,687	2,522,308
Employees Provident Fund contributions	1,584,030	1,542,119	215,684	184,955
	33,503,278	29,773,109	2,863,371	2,707,263

Included in staff costs of the Group and of the Company are remuneration of directors of the Company amounting to RM3,258,928 (2013 - RM3,256,928) and RM810,336 (2013 - RM808,336) respectively as further disclosed in Note 30.

30. Directors' emoluments

	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Directors of the Company				
Executive:				
Salaries and other emoluments	2,741,360	2,741,360	600,300	600,300
Employees Provident Fund contributions	326,568	326,568	72,036	72,036
Total executive directors' remuneration	3,067,928	3,067,928	672,336	672,336
Non-Executive:				
Allowance	191,000	189,000	138,000	136,000
Total directors' remuneration	3,258,928	3,256,928	810,336	808,336

30. Directors' emoluments (cont'd)

	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Directors of the subsidiary companies				
Executive:				
Salaries and other emoluments	1,370,680	1,564,410	-	-
Employees Provident Fund contributions	29,808	64,287	-	-
Total executive directors' remuneration	1,400,488	1,628,697	-	-
Non-executive:				
Allowance	114,000	154,650	-	-
Total directors' remuneration	1,514,488	1,783,347	-	-

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 2014	Number of directors 2013
Executive directors:		
RM1,500,001 – RM1,550,000	2	2
Non-executive directors:		
RM50,001 – RM100,000	1	1
Below RM50,000	2	2

31. 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 and sale of biomass by-products
(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.

31. Segment information (cont'd)

	Plantation		Oil mill		Power plant		All other segments		Adjustment and elimination		Note	Per consolidated financial statements	
	2014 RM	2013 RM (Restated)	2014 RM	2013 RM (Restated)	2014 RM	2013 RM (Restated)	2014 RM	2013 RM (Restated)	2014 RM	2013 RM (Restated)		2014 RM	2013 RM (Restated)
Revenue:													
External customers	18,100,853	18,669,965	300,502,499	250,311,151	16,151,604	22,189,668	3,544,779	3,578,865	-	-		338,299,735	294,749,649
Inter-segment	71,004,236	60,129,812	-	-	1,800,702	437,564	3,915,268	4,826,029	(76,720,206)	(65,393,405)	A	-	-
Total revenue	89,105,089	78,799,777	300,502,499	250,311,151	17,952,306	22,627,232	7,460,047	8,404,894	(76,720,206)	(65,393,405)		338,299,735	294,749,649
Results:													
Fair value gain on investment properties	-	-	-	-	-	-	1,100,000	4,661,203	-	-		1,100,000	4,661,203
Interest income	404,107	413,340	2,149,131	2,062,222	4,167,740	3,023,954	457,198	803,854	(2,431,379)	(2,612,848)		4,746,797	3,690,522
Depreciation and amortisation	3,483,663	3,028,643	5,171,496	4,212,430	1,979,521	710,972	630,232	1,136,828	5,393,667	5,370,338		16,658,579	14,459,211
Segment profit	55,224,479	23,374,418	5,501,705	8,344,434	1,440,314	2,888,843	29,452,265	9,513,684	(61,540,122)	(11,679,620)	B	30,078,641	32,441,759

31. 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.

32. 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	
	2014	**2013**
	RM	**RM**
Transaction with a Director's spouse:		
Rent of premises	-	11,700
Transactions with non-group enterprise:		
Rental of premises	48,000	48,000
Transactions with a Director:		
Professional fee	50,000	-

	Company	
	2014	**2013**
	RM	**RM**
Transactions with subsidiary companies:		
Interest receivable on advances	6,230	-
Rental income of equipment	25,458	47,034
Rental expenses of equipment	64,157	-
Sale of fresh fruit bunches	4,160,071	4,558,792
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 2014 are disclosed in the respective notes to the financial statements.

32. 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		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Salaries and other emoluments	5,020,308	5,086,333	276,206	174,637
Employees Provident Fund contributions	476,863	484,188	33,247	18,069
Total key management personnel's remuneration	5,497,171	5,570,521	309,453	192,706

33. Commitments

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
(a) Capital commitments **Property, plant and equipment**				
- Approved and contracted for	5,072,000	20,674,010	-	-
- Approved but not contracted for	10,705,000	9,092,690	4,000,000	-

(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.

34. 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.

34. 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 RM95,459,000 (2013 - RM99,709,000) relating to corporate guarantees provided by Cepatwawasan Group Berhad to banks as securities for banking facilities granted to its subsidiary companies.

Information regarding credit enhancements for trade and other receivables is disclosed in Note 17.

Credit risk concentration profile

At the reporting date, approximately 91% 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 17. 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 17.

(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.

34. 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 21, 24 and 25 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 RM2.8 million (2013 - RM4.2 million).

Sensitivity analysis for foreign currency risk

At the reporting date, if the Euro had strengthened/weakened by 5%, 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.

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

(d) Liquidity risk (cont'd)

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

	2014			
	On demand or within one year RM	**One to five years RM**	**Over five years RM**	**Total RM**
Group				
Financial liabilities:				
Borrowings	88,326,454	81,415,847	25,766,083	195,508,384
Hire purchase payables	1,046,832	771,979	-	1,818,811
Payables	36,231,523	-	-	36,231,523
Total undiscounted financial liabilities	125,604,809	82,187,826	25,766,083	233,558,718
Company				
Financial liabilities:				
Borrowings	9,628,414	6,734,396	-	16,362,810
Hire purchase payables	40,450	51,302	-	91,752
Payables	2,159,428	-	-	2,159,428
Total undiscounted financial liabilities	11,828,292	6,785,698	-	18,613,990

	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

34 . 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 RM3,947,707 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.

35. 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

	2014		2013	
	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
Group				
Financial assets:				
Investment securities (non-current)				
- Unquoted investment at cost (Note 15)	314,170	*	280,906	*
- Held-to-maturity investment - 6% preference shares	66,528	**	-	-
Company				
Financial assets:				
Investment securities (non-current)				
- Unquoted investment at cost (Note 15)	311,984	*	278,720	*
- Held-to-maturity investment - 6% preference shares	66,528	**	-	-

35. 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)

<u>* Investment in equity instruments carried at cost (Note 15)</u>

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 do 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.

<u>** Investment held-to-maturity (Note 15)</u>

Fair value information has not been disclosed for the Group's and the Company's held-to-maturity investment that are carried at cost because fair value cannot be measured reliably. This held-to-maturity investment is not quoted on any market and does not have any comparable industry peer that is listed. The Group and the Company have the positive intention and ability to hold the investment to maturity.

(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	17
Hire purchase payables	24
Borrowings	25
Payables	28

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:

<u>Financial guarantees</u>

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.

35. 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 2014				
Group				
Financial assets:				
Available-for-sale investments (Note 15) - Equity instruments (quoted in Malaysia)	109,759	-	-	109,759
Company				
Financial assets:				
Available-for-sale investments (Note 15) - Equity instruments (quoted in Malaysia)	97,325	-	-	97,325
At 31 December 2013				
Group				
Financial assets:				
Available-for-sale investments (Note 15) - Equity instruments (quoted in Malaysia)	125,796	-	-	125,796
Company				
Financial assets:				
Available-for-sale investments (Note 15) - Equity instruments (quoted in Malaysia)	113,791	-	-	113,791

35. 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 2014 and 31 December 2013.

36. 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 2014 and 31 December 2013.

37. Significant events

(i) On 12 May 2014, Cash Horse (M) Sdn. Bhd., obtained the Feed-in Approval from Sustainable Energy Development Authority Malaysia for the provision of renewable energy generated by its biomass power plant at a Feed-In tariff rate of RM0.3386/kWh for 16 years from 17 September 2014 to 16 September 2030.

37. Significant events (cont'd)

(ii) On 10 October 2014, the Group announced that Cash Nexus (M) Sdn. Bhd. ("CNSB"), a wholly-owned subsidiary company of CGB, proposed to undertake a reverse take-over ("RTO") of Timah Resources Limited ("TRL"), a public limited company listed on the National Stock Exchange of Australia, by way of the following:

(a) The disposal by CNSB of 100% of the equity interest in Mistral Engineering Sdn. Bhd. ("MESB") to TRL for a total consideration of AUD8,550,000 (equivalent to RM23,791,230) to be fully satisfied by the issuance of 85,500,000 TRL shares at an issue price of AUD0.10 per TRL share ("Proposed Disposal"); and

(b) The subscription by CNSB and/or its nominee(s) of 10,000,000 TRL shares for a total cash consideration of AUD2,000,000 (equivalent to RM5,565,200) or AUD0.20 per TRL share in conjunction with the transfer listing exercise to be undertaken by TRL ("Proposed Subscription").

The Proposed Disposal and the Proposed Subscription are intended to result in a RTO of TRL by CNSB, whereby CNSB will emerge as the new controlling shareholder of TRL holding more than 50% of the voting shares in TRL upon completion of the Proposed Disposal and the Proposed Subscription. As a result, TRL will become a subsidiary company of CNSB whilst CNSB will retain control over MESB by virtue of its controlling interest in TRL upon completion of the Proposed RTO.

Simultaneous with the execution of the conditional share sale agreement dated 10 October 2014 in relation to the Proposed Disposal, CNSB had also entered into a call option agreement with Timah Pasir Sdn. Bhd. ("TPSB"). In accordance with the Call Option Agreement, CNSB is granted the option to acquire 9,500,000 TRL shares from TPSB on a pre-consolidation basis at any time within one (1) year from the date of the Call Option Agreement or up to the completion date of the proposed share consolidation exercise to be undertaken by TRL, whichever occurs earlier, for a total cash consideration of up to AUD950,000 (equivalent to RM2,643,470).

On 13 November 2014, CNSB had entered into a supplemental deed with TRL to vary certain terms and conditions of the conditional share sale agreement dated 10 October 2014 in relation to the Proposed Disposal.

The Proposed Disposal and the Proposed Subscription have been approved by shareholders at an Extraordinary General Meeting held on 18 March 2015.

38. Subsequent event

On 18 February 2015, a wholly owned subsidiary company of CGB, Mistral Engineering Sdn. Bhd. ("MESB") obtained the Feed-In Approval from Sustainable Energy Development Authority Malaysia for the provision of renewable energy generated by MESB's biogas power plant at a Feed-In tariff rate of RM0.4169/kWh for 16 years from 4 November 2015 to 3 November 2031.

39. Prior year adjustments

Prior to 1 January 2014, expenditure incurred in relation to the assets constructed for the purpose of the Renewable Energy Power Purchase Agreement ("REPPA") were classified as property, plant and equipment. During the year, the directors have determined that it is more appropriate to account for the transaction arising from the REPPA pursuant to the requirements of IC Interpretation 12: Service Concession Arrangements ("IC 12"), as disclosed in Note 2.13.

	As previously stated RM	Adjustments RM	As restated RM
Group			
Statement of financial position			
At 1 January 2013			
Property, plant and equipment	511,276,453	(62,441,801)	448,834,652
Trade and other receivables			
- Non-current	5,221,776	64,315,055	69,536,831
Deferred tax liabilities	173,738,071	432,593	174,170,664
Retained profits	190,472,514	1,008,463	191,480,977
Non-controlling interests	492,837,443	432,198	493,269,641

	As previously stated RM	Adjustments RM	As restated RM
Group			
Statement of financial position			
At 31 December 2013			
Property, plant and equipment	544,272,353	(83,681,133)	460,591,220
Trade and other receivables			
- Non-current	6,035,793	88,819,237	94,855,030
- Current	21,080,604	643,978	21,724,582
Deferred tax liabilities	167,345,072	1,381,103	168,726,175
Retained profits	198,538,955	2,982,333	201,521,288
Non-controlling interests	506,251,120	1,278,142	507,529,262

39. Prior year adjustments (cont'd)

	As previously stated RM	Adjustments RM	As restated RM
Group			
Statement of comprehensive income			
For the financial year ended 31 December 2013			
Revenue	272,559,981	22,189,668	294,749,649
Cost of sales	230,919,733	18,086,438	249,006,171
Other income	8,021,500	2,958,493	10,979,993
Profit before taxation	28,532,931	3,908,828	32,441,759
Income tax expense	93,882	1,089,014	1,182,896
Profit net of tax	28,439,049	2,819,814	31,258,863
Earnings per share attributable to owners of the Company			
Basic	6.35 sen	1.01 sen	7.36 sen
Diluted	4.94 sen	0.78 sen	5.72 sen

40. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2014 were authorised for issue in accordance with a resolution of the directors on 30 April 2015.

41. 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 2014 and 31 December 2013 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	
	2014 RM	**2013 RM (Restated)**	**2014 RM**	**2013 RM**
Total retained profits/ (accumulated losses) of the Company and its subsidiary companies				
- Realised	168,338,594	150,677,392	5,701,750	3,357,112
- Unrealised	7,262,984	4,192,017	324,902	213,624
	175,601,578	154,869,409	6,026,652	3,570,736
Less: Consolidation adjustments	34,015,506	46,651,879	-	-
Total retained profits as per audited financial statements	209,617,084	201,521,288	6,026,652	3,570,736

Statements of Shareholdings
as at 07.05.2015

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

Size of Holdings	No. of Holders	% Holders	No. of Holdings	% of Issued Capital
Less than 100	456	10.06	20,561	0.01
100 - 1,000	241	5.32	124,454	0.06
1,001 - 10,000	2,415	53.29	12,317,547	6.27
10,001 - 100,000	1,296	28.60	36,742,696	18.69
100,001 - 9,827,197 (*)	123	2.71	58,150,688	29.59
9,827,198 and above (**)	1	0.02	89,188,024	45.38
TOTAL	4,532	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 07 MAY 2015

	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.	Reg Board Of Trustees of Dato Mah Pooi Soo Benevolent Fund	6,608,066	3.36
4.	Juwitawan Sdn Bhd	5,441,738	2.77
5.	Tan Lai Kim (Holdings) Sdn Bhd	2,234,621	1.14
6.	Public Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For Yap Qwee Beng)	2,227,000	1.13
7.	HSBC Nominees (Asing) Sdn Bhd (Exempt An For Credit Suisse)	2,150,700	1.09
8.	Ooi Ah Thin	1,905,888	0.97
9.	Syarikat Majuperak Berhad	1,653,866	0.84
10.	Juwitawan Sdn Bhd	1,629,600	0.83
11.	Kenanga Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For Chin Kiam Hsung)	1,069,832	0.54
12.	Seng Siaw Wei	1,046,400	0.53
13.	Affin Hwang Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For Tee Kim Tee @ Tee Ching Tee)	1,018,000	0.52
14.	Menjelang Citarasa Sdn Bhd	1,000,000	0.51
15.	Ngoi Eva	772,400	0.39
16.	Lee Choo Seong @ Lee Cho Seng	613,469	0.31
17.	TLK Capital Sdn Bhd	600,000	0.31

THIRTY LARGEST REGISTERED HOLDERS AS AT 07 MAY 2015

Name of Holder	Holdings	% of Issued Capital
18. Leong Lai Ngan	546,286	0.28
19. Yeoh Kim Leng	513,800	0.26
20. Alliancegroup Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For Tan Heng Chew)	466,666	0.24
21. Mercsec Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For Siow Wong Yen @ Siow Kwang Hwa)	450,000	0.23
22. Cheng Gek Hong	409,032	0.21
23. Ken Fruits Sdn Bhd	407,960	0.21
24. Gan Keng Wah	400,000	0.20
25. Teen Inn Hoon	400,000	0.20
26. The Spastic Children's Association of Selangor and the FT	400,000	0.20
27. Vensta Co Sdn Bhd	393,120	0.20
28. Leong Siew Mun	358,900	0.18
29. Maybank Securities Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For Chong Yuk Sang)	355,000	0.18
30. MKW Jaya Sdn Bhd	353,332	0.18

SUBSTANTIAL SHAREHOLDERS AS AT 07 MAY 2015

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	90,188,024 *	45.89	90,526,972	46.06
Dato' Seri Mah King Thian, JP	93,248	0.05	90,188,024 *	45.89	90,281,272	45.94
Datin Seri Ooi Ah Thin	1,905,888	0.97	90,620,220 **	46.11	92,526,108	47.08
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 07 MAY 2015

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	90,188,024 *	45.89	90,526,972	46.06
Dato' Seri Mah King Thian, JP	93,248	0.05	90,188,024 *	45.89	90,281,272	45.94
Chan Kam Leong	-	-	546,286 **	0.28	546,286	0.28
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.

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 07 MAY 2015

Size of Warrant Holdings	No. of Warrant Holders	% of Warrant Holders	No. of Warrants	% of Warrant Issued
Less than 100	597	18.37	16,454	0.03
100 - 1,000	872	26.83	681,980	1.21
1,001 - 10,000	1,410	43.38	5,151,911	9.17
10,001 - 100,000	327	10.06	9,351,309	16.65
100,001 - 2,807,770 (*)	43	1.32	15,471,293	27.55
2,807,771 and Above (**)	1	0.03	25,482,473	45.38
TOTAL	3,250	100.00	56,155,420	100.00

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

DIRECTORS' INTERESTS AS AT 07 MAY 2015

Name of Directors	Direct		Deemed	
	No. of Holders	% of Holders	No. of Warrants	% of Issued
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	-	-	-	-

Note: * 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 07 MAY 2015

No	Name	Holdings	% of Issued Capital
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.	Juwitawan Sdn Bhd	1,554,782	2.77
4.	RHB Capital Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For Sher Khan Bin Khan Mohamad	1,421,700	2.53
5.	Reg Board of T'Tees of Dato Mah Pooi Soo Benevolent Fund	1,173,733	2.09
6.	HSBC Nominees (Asing) Sdn Bhd (Exempt An For Credit Suisse)	1,082,960	1.93
7.	Menjelang Citarasa Sdn Bhd	1,000,000	1.78
8.	Tan Lai Kim (Holdings) Sdn Bhd	638,463	1.14
9.	Koo Hang Eng @ Koo Hang Chong	478,400	0.85
10.	Syarikat Majuperak Berhad	472,533	0.84
11.	UOB Kay Hian Nominees (Tempatan) Sdn Bhd (Exempt An For UOB Kay Hian Pte Ltd)	383,000	0.68
12.	Juwitawan Sdn Bhd	351,400	0.63
13.	Pang Choong Hin	288,000	0.51
14.	Lok Wei Seong	250,040	0.45
15.	Ewe Chor Lay	220,400	0.39
16.	Phoon Yoon Sim	190,800	0.34
17.	Kenanga Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For Chin Kiam Hsung)	185,666	0.33
18.	Kon Chean Fatt	180,000	0.32
19.	Teo Geok Ting	178,000	0.32
20.	Maria A/P Tio Jau Hong	177,900	0.32
21.	Loh Chee Kong	162,000	0.29
22.	Chia Chu Foo	158,000	0.28
23.	Maybank Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lee Weng Hung	152,700	0.27
24.	Chin Nyeok Yoon	150,000	0.27
25.	Yeoh Kim Leng	146,800	0.26
26.	TLK Capital Sdn Bhd	144,000	0.26
27.	Neo Sau Yee	140,000	0.25
28.	Leong Lai Ngan	133,653	0.24
29.	Alliancegroup Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For Tan Heng Chew)	133,333	0.24
30.	Ng Thian Leong	131,800	0.23

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-Fifth Annual General Meeting of the Company to be held on 12 June 2015 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 Thian, JP		
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 08 June 2015 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.

2nd fold here

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.

1st fold here

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